

EXHIBIT A

terms, and entry of this Settlement Agreement shall remain subject to the provisions of Federal Rule of Evidence 408, and any other analogous rules of evidence that are applicable.

Defendant Releasees have agreed to resolve the wage and hour claims via this Settlement Agreement, but to the extent this Settlement Agreement is deemed void or the Effective Date does not occur, Defendant Releasees do not waive any procedural or substantive defenses, but rather expressly reserve all rights to those defenses to challenge the wage and hour claims in the Litigation upon all procedural and factual grounds, including, without limitation, the ability to challenge collective action treatment on any grounds, including, as applicable, through an opposition to a motion for certification; a motion for decertification; a motion for dismissal of certain claims, plaintiffs, and/or opt-ins; and/or a motion for summary judgment as to any claims, plaintiffs, and/or opt-ins; as well as by asserting any and all other potential defenses or privileges. The Plaintiffs and Class Counsel agree that the Defendant Releasees retain and reserve all of these rights and agree not to take any position to the contrary. Specifically, the Plaintiffs and Class Counsel agree not to argue or present any argument, and hereby waive any argument, that based upon this Settlement Agreement, that Defendant Releasees cannot contest collective action treatment on any grounds or through any means, file motions for dismissal and/or summary judgment as to any claims, plaintiffs, and/or opt-ins, and/or assert any and all other potential defenses and privileges if the Litigation were to proceed.

Similarly, to the extent this Settlement Agreement is deemed void or the Effective Date does not occur, the Plaintiffs do not waive, but rather expressly reserves, all rights to prosecute all wage and hour claims in the Litigation upon all procedural and factual grounds, including, without limitation, through motions for class certification, opposing a motion for decertification, and/or motions for summary judgment. Defendant Releasees agree that the Plaintiffs, both

individually and on behalf of the purported class, retain and reserve these rights, and agree not to take any position to the contrary. Specifically, the Defendant Releasees agree not to argue or present any argument and hereby waive any argument that, based solely upon this Settlement Agreement, the Plaintiffs cannot pursue collective action certification, oppose decertification, or move for summary judgment on any of their pending claims or Defendant Releasees' defenses if the Litigation were to proceed.

II. THE PURPOSE OF THIS SETTLEMENT AGREEMENT

This Settlement Agreement is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the wage and hour claims in the Litigation, upon and subject to the terms and conditions herein.

III. THE LITIGATION

On September 4, 2015, Plaintiffs, on behalf of themselves and all others similarly situated, filed this action against Defendant alleging violations of the FLSA. Plaintiffs also brought individual claims of unlawful retaliation under the FLSA. On behalf of themselves and all others similarly situated, Plaintiffs sought damages for unpaid wages, unpaid overtime, liquidated damages, attorneys' fees, expert fees, and litigation costs.

The Settling Parties exchanged initial disclosures and written discovery, followed by some voluntary production of information to facilitate settlement negotiation. After extensive negotiations, information gathering, data review, document production, and analysis, the Settling Parties resolved the claims which are the subject of this Settlement Agreement.

IV. DEFENDANT RELEASEES' DENIAL OF WRONGDOING OR LIABILITY

Defendant Releasees specifically and generally deny all of the wage and hour claims asserted in the Litigation, including all claims as to liability, damages, penalties, interest,

attorneys' fees or costs, expert fees, restitution, injunctive relief, and all other forms of relief, as well as all collective allegations. Defendant Releasees make no concession or admission of wrongdoing or liability of any kind whatsoever. Neither this Settlement Agreement nor the Class Settlement, nor any act performed or document executed pursuant to, or in furtherance of, this Settlement Agreement or the Class Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of the wage and hour claims, or of any wrongdoing or liability of the Defendant Releasees, or any of them; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of the Defendant Releasees, or any of them, in any civil, criminal or administrative proceeding in any court, administrative agency, or other tribunal for any reason.

Defendant maintains that it fully compensated the Plaintiff Class based on timesheets *they* submitted. Upon learning of an allegation of under-reporting hours, Defendant promptly investigated its Merchandise Assistants' allegations and expanded that investigation to other Merchandise Assistants in the department. And, while disputing the legitimacy of some assertions, Defendant nonetheless paid the Plaintiff Class for all alleged unreported hours. Defendant further implemented new procedures and conducted training to reinforce accurate time-recording processes.

Nonetheless, Defendant has concluded that further defense of the wage and hour claims in the Litigation would be protracted and expensive, and that it is desirable that the wage and hour claims in the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement Agreement. In reaching this conclusion, Defendant has also taken into account the uncertainty and risks inherent in any litigation. Defendant has, therefore, determined that it is desirable and beneficial for it to settle the wage and hour claims

asserted in Litigation in the manner and upon the terms and conditions set forth in this Settlement Agreement.

V. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF CLASS SETTLEMENT

The Plaintiffs and Class Counsel believe that the wage and hour claims asserted in the Litigation have merit and that the evidence developed to date supports their claims. However, the Plaintiffs and Class Counsel recognize and acknowledge the expense and length of time associated with the need to prosecute the wage and hour claims in this Litigation through trial and through appeal. The Class Settlement represents a substantial recovery for the Participating Claimants early in the litigation, without occurring additional fees, expenses, or delay. The Plaintiffs and Class Counsel have also taken into account the uncertain outcome and the risk associated with any litigation, as well as the difficulties and delays inherent in any litigation. Based upon their evaluation, the Plaintiffs and Class Counsel have determined that the Class Settlement set forth in this Settlement Agreement is in the best interests of the Plaintiffs and the Settlement Class.

VI. DEFINITIONS AND TERMS OF THE SETTLEMENT AGREEMENT

NOW, THEREFORE, IT IS HEREBY FURTHER STIPULATED AND AGREED by and between the Plaintiffs (on behalf of themselves and the Settlement Class Members) and Defendant Releasees, with the assistance of their respective counsel of record, that, as among the Settling Parties, including all Settlement Class Members, the wage and hour claims in the Litigation shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed, with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of this Settlement Agreement and the Judgment.

1. Definitions.

As used in all parts of this Settlement Agreement, the following terms have the meanings specified below:

1.1. “Administrative Costs” means the amount approved by the Court to be paid to the Claims Administrator for its costs in connection with administering the terms of this Settlement Agreement, including the costs of all notices.

1.2. “Claim and Consent to Join Settlement Form” means Form 1-A to the Notice Regarding Pendency of Class and Collective Action (attached hereto as Exhibit 1) as approved by both the Settling Parties and the Court, which a Class Member must submit in order to become an eligible Participating Claimant and recover the Individual Settlement Award, except for the Plaintiffs, who shall be deemed Participating Claimants under this Settlement Agreement.

1.3. “Claims Administrator” means the third-party claims administration firm of **[To Be Determined]** or another administrator mutually agreed to by the Settling Parties.

1.4. “Class Counsel” means, collectively, the law firm of Scott Perez LLP and their attorneys, which warrants and represents that no other law firms or attorneys are serving in any capacity as “Class Counsel.”

1.5. “Class Member” or “Member of the Class” means an individual who is a member of the Plaintiff Class as defined below.

1.6. “Class Notice” means a notice entitled “Notice to Class Members Regarding Pendency of a Collective Action and Notice of Hearing On Proposed Settlement” to be submitted to the Court for review and approval, substantially in the form attached hereto as Exhibit 1.

1.7. “Class Settlement” means the terms and conditions set forth in the “Settlement Agreement” as defined herein.

1.8. “Court” means the United States District Court for the Eastern District of Texas, Sherman Division.

1.9. “Database of Class Members” means the electronic file to be provided by Defendant to the Claims Administrator and Class Counsel (only to the extent set forth in paragraph 2.5.1 below as to Class Counsel) containing a list of each Class Member, including each person’s name, last known address, social security number, employee identification number, and the amount paid to each Class Member for all alleged unreported hours.

1.10. “Defendant” means J.C. Penney Corporation, Inc. (“JCPenney”).

1.11. “Defendant Releasees” means J.C. Penney Corporation, Inc., and their current, former, and future affiliates, including, without limitation, parents, subsidiaries, and related entities, predecessors, successors, divisions, joint ventures and assigns, and each of these entities’ past or present directors, officers, employees, partners, members, employee benefit plan administrators and fiduciaries, principals, agents, insurers, co-insurers, re-insurers, managers, shareholders, attorneys, and personal or legal representatives, in their individual and corporate capacities.

1.12. “Effective Date” means the date on which the Judgment becomes a Final Judgment.

1.13. “Final Approval and Fairness Hearing” means a hearing set by the Court to take place at the Court’s convenience, but at least twenty-one (21) calendar days after the Notice Response Deadline, for the purpose of (i) finally determining the fairness, adequacy, and reasonableness of this Settlement Agreement and the associated Class Settlement pursuant to

collective action procedures and requirements; (ii) determining the good faith of this Settlement Agreement and the associated Class Settlement; (iii) addressing any objections to the Class Settlement; and (iv) entering an Order of Final Approval and Judgment.

1.14. “Final Judgment” means the latest of: (i) the date of final affirmance on an appeal of the Judgment; (ii) the date of final dismissal, with prejudice, of the last pending appeal from the Judgment; or (iii) if no appeal is filed, the expiration date of the time for the filing or noticing of any form of valid appeal from the Judgment.

1.15. “FLSA Opt-In” means any individual who receives Class Notice and who timely submits a Claim and Consent to Join Settlement Form.

1.16. “Individual Retaliation Claim” means the claims of alleged unlawful retaliation under the FLSA asserted by each Plaintiff in the Litigation.

1.17. “Individual Settlement Agreement” means the settlement agreement executed by each Plaintiff to settle Individual Retaliation Claim against Defendant.

1.18. “Individual Settlement Award” means the portion of the Maximum Settlement Amount allocated and distributable to each Participating Claimant. Only individuals who become Participating Claimants are eligible to receive the Individual Settlement Award under this Settlement Agreement.

1.19. “Judgment” means the judgment to be rendered by the Court pursuant to this Settlement Agreement.

1.20. “Last Known Address(es)” means the most recently recorded mailing address for a Class Member as such information is contained in JCPenney’s database(s) containing personnel and/or payroll information.

1.21. The “Litigation” means the action captioned *Anabelle Monteiro et al. v. JC Penney Corporation, Inc.*, Case No. 4:15-cv-00603-CAN, currently pending before the United States District Court for the Eastern District of Texas, Sherman Division.

1.22. “Maximum Settlement Amount” shall mean the total maximum amount that Defendant shall pay under the terms of this Settlement Agreement, which is the gross sum of up to Two Hundred Two Thousand, Four Hundred Ninety-Five Dollars and one cent (\$202,495.01), and includes, without limitation, all Individual Settlement Awards to the Participating Claimants. As set forth herein, the Claims Administrator will issue all of the above-referenced payments in accordance with the applicable provisions of this Settlement Agreement. Under no circumstances in this case, including Court order, shall Defendant be required to pay or contribute any monies in excess of the Maximum Settlement Amount, except that Defendant is responsible for paying the employer’s share of the payroll taxes as discussed in paragraph 2.3.2.

1.23. The “Notice Mailing Date” shall be the date on which the Claims Administrator initially mails the Settlement Documents to the Class Members aside from the Plaintiffs because they are already Participating Claimants, which will occur within fifteen (15) business days after the receipt of the Database of Class Members from Defendant.

1.24. “Notice Regarding Pendency of Class and Collective Action” means “Class Notice” as defined herein.

1.25. The “Notice Response Deadline” shall be the date sixty (60) calendar days after the Notice Mailing Date.

1.26. “Order of Final Approval” or “Final Approval” shall mean an Order to be entered and filed by the Court granting Final Approval of this Settlement Agreement and entering Judgment in accordance with Rule 58 of the Federal Rules of Civil Procedure, a

proposed Order of which shall be submitted to the Court for review and approval.

1.27. “Participating Claimant(s)” means the Plaintiffs and all FLSA Opt-Ins who submit a valid and timely Claim and Consent to Join Settlement Form in response to the Class Notice.

1.28. “Plaintiffs” means Anabelle Monteiro and Jessica Ingram. For the purposes of this Settlement Agreement, the Plaintiffs shall be deemed “Participating Claimants.”

1.29. “Plaintiff Class” means collectively the 53 Merchandise Assistants employed by Defendant in the Merchandising Department, including the two named Plaintiffs, who claimed unrecorded hours worked and who, as a result of Defendant’s investigation in 2014 and 2015, were paid for disputed wages owed.

1.30. “Preliminary Approval Hearing” means the Court hearing to consider the preliminary approval of the terms of this Settlement Agreement, including the sending of Class Notice.

1.31. “Preliminary Approval Date” means the date that the Court enters the Preliminary Approval Order preliminarily approving this Settlement Agreement and approving the sending of Class Notice.

1.32. “Preliminary Approval Order” means the Order of the Court preliminarily approving the terms of this Settlement Agreement, substantially in the form attached hereto as Exhibit 2, including class certification, for settlement purposes only.

1.33. “Released Claims” means any and all state and federal law claims, obligations, demands, actions, rights, causes of action, and liabilities against Defendant Releasees, of whatever kind and nature, character, and description, whether known or unknown, and whether anticipated or unanticipated, including claims that a Class Member does not know

of or suspect to exist in his/her favor, based on his/her employment with JCPenney, that accrued during the period ending on the date of the Order of Final Approval, for any type of relief, including, without limitation, claims for wages, penalties, liquidated damages, willfulness findings, interest, attorneys' fees, litigation costs, or equitable relief, based on any and all claims arising under applicable state law or the Fair Labor Standards Act of 1938 ("FLSA"), as amended, 29 U.S.C. § 201, *et seq.* "Released Claims" shall not include Plaintiffs' Individual Retaliation Claims asserted in the Litigation.

1.34. "Settlement Agreement" means this Stipulation and Settlement Agreement together with all of its attachments and exhibits, which the Settling Parties understand and agree sets forth all material terms and conditions of the Class Settlement between them, and which is subject to Court approval. It is understood and agreed that, except with respect to the payment of any Administrative Costs actually incurred, Defendant's obligations for payment under this Settlement Agreement are conditioned on, *inter alia*, the occurrence of the Effective Date. The Settling Parties further agree that if the Effective Date does not occur, the Settling Parties shall split any Administrative Costs actually incurred to date.

1.35. "Settlement Class" or "Settlement Class Members" the Plaintiffs and the FLSA Opt-Ins.

1.36. "Settlement Documents" mean the Class Notice (attached hereto as Exhibit 1), the Claim and Consent to Join Settlement Form (attached hereto as Form 1-A), and the Change of Name or Address Information (attached hereto as Form 1-B).

1.37. "Settling Parties" or the "Parties" means Defendant on behalf of itself and the Defendant Releasees and the Plaintiffs on behalf of themselves and the Settlement Class.

1.38. “Updated Address” means a mailing address that was updated via an updated mailing address provided by a Class Member.

2. The Class Settlement

2.1. Certification of a Class Action for Settlement Purposes Only

2.1.1. The Settling Parties stipulate, for settlement purposes only, to the certification of a class consisting of the Plaintiffs and FLSA Opt-Ins.

2.1.2. If, for any reason, the Court does not approve this Settlement Agreement, fails to enter the Order of Final Approval, or fails to enter the Judgment, or if this Settlement Agreement is lawfully terminated for any other reason, the Settling Parties’ stipulation to the certification of any class for settlement purposes shall be deemed null and void *ab initio*, and Defendant shall retain the absolute right to dispute the propriety of collective certification on all applicable grounds.

2.2. Consideration to Settlement Class Members.

2.2.1. Calculation of Individual Settlement Award: Each Participating Claimant’s Individual Settlement Award shall constitute 70% of the amount of disputed wages previously paid to each Participating Claimant pursuant to Defendant’s investigation in 2014 and 2015. By way of example, based on individualized representations as to hours worked that they did not include on their timesheets, Ms. Monteiro was paid \$17,447.91 and Ms. Ingram was paid \$7,191.99. As Participating Claimants, they will receive an additional 70% of their prior allocation. Monteiro’s recovery as a Participating Claimant will therefore be \$12,213.54 (70% of \$17,447.91); Ingram’s recovery as a Participating Claimant will be \$5,034.39 (70% of \$7,191.99).

2.2.2. The Individual Settlement Award to each Participating Claimant shall be deemed payment in settlement of claims for alleged unpaid overtime or other wages and is subject to appropriate deductions and withholdings for wages by the Claims Administrator.

2.2.3. The Claims Administrator shall issue the Individual Settlement Awards to eligible Participating Claimants, and will report each payment to state and federal government authorities, including the Internal Revenue Service, as required by law.

2.3. *Taxes.*

2.3.1. The Individual Settlement Awards (a) shall be subject to required payroll withholdings and deductions by the Claims Administrator, and so the net amounts payable will be less than the gross amounts; and (b) shall be reported in the year of payment as wage income to the Participating Claimant on a Form W-2 issued by the Claims Administrator and such other state or local tax reporting forms as may be required by law. Other than as set forth above, Defendants will not withhold from the payments to each Participating Claimant any additional deductions, withholdings, or additional payments, including, without limitation, medical or other insurance payments or premiums, employee 401(k) contributions or matching employer contributions, wage garnishments, or charity withholdings, and entry of the Order of Final Approval by the Court shall be deemed authority not to make such deductions, withholdings, or additional payments. Any amount paid to Participating Claimants shall not create any credit or otherwise affect the calculation of any deferred compensation, benefit, pension, or other compensation or benefit plan provided by Defendants, and no payment made pursuant to this Stipulation will be considered as "Compensation" under any pension, savings, retiree or other plan if applicable, or otherwise require any contribution or award under any such plan, or

otherwise modify benefits, contributions, or coverage under any other employee benefit plan or program.

2.3.2. Other than the withholding and reporting requirements set forth in paragraph 2.3.1, Participating Claimants shall be solely responsible for the reporting and payment of the employee's share of any federal, state, and/or local income tax or other tax or any other withholdings, if any, on any of the payments made pursuant to this Settlement Agreement. Defendant will be responsible for paying the employer's share of any applicable payroll taxes, and the Settling Parties expressly agree that such employer payroll taxes are not a part of the Maximum Settlement Amount. Defendant Releasees make no representation, and it is understood and agreed that Defendant Releasees have made no representation as to the taxability to any Participating Claimants of any portion of the Individual Settlement Awards. The Class Notice will advise each Class Member to seek his/her own personal tax advice prior to acting in response to the Class Notice, and Defendant, the Plaintiffs, and Class Counsel agree that each Class Member will have an adequate opportunity to seek tax advice prior to acting in response to the Class Notice.

2.4. *Court Approval of Class Notice and a Settlement Hearing.*

2.4.1. On or before June 2, 2016, the Plaintiffs, by and through their Class Counsel, shall file this Settlement Agreement with the Court, and the Plaintiffs shall move for preliminary approval of the Class Settlement. Class Counsel will prepare and file a Joint Motion for Preliminary Approval of Collective Action Settlement with the Court, which shall be provided to Defendant's counsel for review and comment prior to filing. Through the Joint Motion for Preliminary Approval of Collective Action Settlement, the Plaintiffs, will request the Court to enter the Preliminary Approval Order approving the terms of this Settlement

Agreement, certify a class action for settlement purposes only, approve the sending of the Class Notice, and schedule the Final Approval and Fairness Hearing for the purposes of determining the fairness of the Class Settlement, whether to grant Final Approval of the terms of this Settlement Agreement, and to enter Judgment.

2.4.2. A decision by the Court not to enter the Preliminary Approval Order in its entirety, or a decision by the Court to enter the Preliminary Approval Order with modifications that either of the Settling Parties determines in its reasonable and good faith judgment to be material, will be discretionary grounds for that Settling Party to terminate this Settlement Agreement by providing written notice to the other Settling Party and the Court so stating, such notice to be filed within fourteen (14) calendar days of receipt of the Court's decision.

2.4.3. If any deadlines related to this Settlement Agreement cannot be met, Class Counsel and counsel for Defendant shall confer to reach agreement on any necessary revisions of the deadlines and timetables set forth in this Settlement Agreement. In the event the Settling Parties fail to reach such agreement, any of the Settling Parties may apply to the Court via a noticed motion for modification of the dates and deadlines in this Settlement Agreement, provided that such a request to the Court may seek only reasonable modifications of the dates and deadlines contained in this Settlement Agreement and no other changes.

2.5. *Notice to Class Members; Responses to the Notice.*

2.5.1. Within ten (10) business days after the Court issues the Preliminary Approval Order, Defendant shall provide to the Claims Administrator the Database of Class Members. The Database of Class Members shall be based on Defendant's payroll, personnel, and/or other business records and provided in a format acceptable to the Claims Administrator. Class Counsel may provide the Claims Administrator with any information that may assist the

Claims Administrator in obtaining current contact information for any Class Member. The Claims Administrator shall maintain the Database, and all data contained within the Database, as private and confidential and shall not disclose such data to any persons or entities other than counsel for Defendant, except that copies of Claim and Consent to Join Settlement Forms submitted to the Claims Administrator shall be provided by the Claims Administrator to Class Counsel and counsel for Defendant, and after Participating Claimant's Consent to Join form is submitted, information in the Database as to those Participating Claimants shall be provided to Class Counsel. In addition, any other relevant information may be provided to Class Counsel to the extent necessary to address a disputed claim, and to the extent not covered above, information may be provided to Class Counsel to respond to a specific inquiry from a Class Member. The Database is being supplied solely for purposes of the administration of the Class Settlement set forth in this Settlement Agreement and hence may not be used by the Claims Administrator or Class Counsel for any other purpose. The Settling Parties agree that the information in the Database will not be used to solicit Class Members to file any claim, charge or complaint of any kind whatsoever against Defendant or for any purpose other than to administer the Class Settlement under the terms provided herein.

2.5.2. Within fifteen (15) business days of receipt of the Database of Class Members from Defendant, the Claims Administrator will send via first class mail the Court-approved Class Notice and related Settlement Documents to each Class Member (the Notice Mailing Date). Unless the Settling Parties agree otherwise in writing or the Court so orders, each of the Notices shall be mailed to the Last Known Addresses of the Class Members no later than the Notice Mailing Date.

2.5.3. FLSA Opt-Ins may elect to become Participating Claimants. FLSA Opt-Ins who wish to exercise this option and submit a claim for payment under this Settlement Agreement must fully and timely complete, execute, and return, per the instructions therein, the form entitled Claim and Consent to Join Settlement Form (attached to the Class Notice as Form 1-A) within sixty (60) calendar days from the date of mailing of the Class Notice.

2.5.3.1. If a valid and properly executed Claim and Consent to Join Settlement Form is not received by the Claims Administrator from an FLSA Opt-In on or before the Notice Response Deadline, then that individual will have no right to be a Participating Claimant and will have no right to receive payment under this Settlement Agreement, provided that Defendant reserves the right in their sole discretion to accept and resolve late or disputed claims.

2.5.3.2. Only Participating Claimants will be subject to the Class Settlement. Consistent with the law, however, the statute of limitations for an FLSA claim shall continue to run until a person affirmatively opts into, or files, an FLSA suit.

2.5.4. FLSA Opt-Ins will have sixty (60) calendar days from the Notice Mailing Date within which to file a written objection to the Class Settlement set forth in this Settlement Agreement. No other Class Members may file an objection. To object, an individual must file a written objection and a notice of intention to appear at the Final Approval and Fairness Hearing, send copies to the Claims Administrator as set forth in the Class Notice, and appear at the Final Approval and Fairness Hearing. The Claims Administrator shall supply the written objections and notices of intention to appear to counsel for the Settling Parties. The Settling Parties and their counsel agree that they will not solicit, encourage, counsel or advise any individual to object to the Class Settlement set forth in this Settlement Agreement.

2.5.5. Class Members who wish to change the name or address listed on the envelope in which the Class Notice was first mailed to them (e.g., for future reference and mailings from the Court or Claims Administrator, if any) must fully complete, execute, and mail, per the instructions therein, the form entitled “Change of Name or Address Information” (attached hereto as Form 1-B). The address provided shall be deemed the “Updated Address” for any such Class Member.

2.5.6. Beginning fourteen (14) calendar days after the Notice Mailing Date, the Claims Administrator shall provide to Class Counsel and counsel for Defendant a weekly status report, which will be cumulative, reflecting the names and the number of Class Members who have filed each of the following: completed Claim and Consent to Join Settlement Forms, incomplete Claim and Consent to Join Settlement Forms, untimely or incomplete Claim and Consent to Join Settlement Forms, Claim and Consent to Join Settlement Forms returned as undeliverable, and objections.

2.5.7. In the event that subsequent to the first mailing of the Settlement Documents, prior to the deadline for a response, those Settlement Documents are returned to the Claims Administrator by the United States Postal Service with a forwarding address for the recipient, the Claims Administrator shall re-mail the Settlement Documents to that address, the Settlement Documents will be deemed mailed as of that date, and the forwarding address shall be deemed the Updated Address for that Class Member. In the event that subsequent to the first mailing of Settlement Documents, and at least fourteen (14) calendar days prior to the Notice Response Deadline, those Settlement Documents are returned to the Claims Administrator by the United States Postal Service because the address of the recipient is no longer valid, *i.e.*, the envelope is marked “Return to Sender,” the Claims Administrator may re-send the Settlement

Documents to such Class Member's personal email address, if available from Defendant or other sources. The Settlement Documents shall be deemed received once it is mailed for the second time, and the Class Member shall have up to and including ten (10) calendar days after the Notice Response Deadline to file a Claim and Consent to Join Settlement Form and file any objection.

2.5.8. Except as stated in paragraph 1.34, Defendant shall be responsible for paying all Administrative Costs for the Claims Administrator's services, including all costs associated with the above-referenced mailings, as well as the cost of the envelopes in which the Settlement Documents will be mailed, cure letters, the cost of reproducing the Settlement Documents, the cost of postage to send the Settlement Documents and the cost of calculating Individual Settlement Awards. Plaintiffs acknowledge that Defendant's agreement to pay the claims administration and mailing costs from constitutes part of the consideration to the Settlement Class.

2.5.9. Nothing in this Settlement Agreement is intended to limit Class Counsel from responding to inquiries from Class Members, or to limit the Claims Administrator from referring such inquires to Class Counsel. The specific terms of the Claims Administrator's authorized efforts to obtain Claim and Consent to Join Settlement Forms from the Class Members (e.g., mailing of cure letters, etc.) will be identified in an instruction sheet agreed upon by Defendant and Class Counsel.

2.6. *Motion for Final Approval.*

2.6.1. Within fourteen (14) calendar days after the Notice Response Deadline and prior to the Final Approval and Fairness Hearing, and consistent with the rules imposed by the Court, the Plaintiffs shall move the Court for entry of the Order of Final Approval along with the associated entry of Judgment. The Settling Parties shall make all reasonable efforts to secure

entry of the Order of Final Approval and the associated entry of Judgment. If the Court rejects this Settlement Agreement, fails to enter the Order of Final Approval, or fails to enter the Judgment, this Settlement Agreement shall be void *ab initio*, and Defendant shall have no obligation to make any payments under this Settlement Agreement, except for payment of half of the Administrative Costs already incurred by the Claims Administrator, with the other half to be paid by Class Counsel.

2.7. *Funding of the Settlement Proceeds.*

2.7.1. Pursuant to this Settlement Agreement, the Claims Administrator shall establish and administer a Qualified Settlement Fund (“QSF”) within the meaning of Section 468B of the Internal Revenue Code, which may be used for the purpose of processing and paying all or any part of the Maximum Settlement Amount hereunder and for the purpose of reporting to federal and state governmental tax authorities.

2.7.2. Within fifteen (15) business days after the Effective Date, Defendant shall pay into the QSF the amount needed to pay the Individual Settlement Awards to the Participating Claimants. Defendant shall pay into the QSF funds equal to the amount of claims by Participating Claimants (which the Claims Administrator certifies to comply with the claims process) that have not been challenged as provided above, or that have been challenged and accepted. Defendant is not required to pay into the QSF funds for Class Members who do not become Participating Claimants, and such funds shall remain the property of Defendant.

2.8. *Timing of Payment to Participating Claimants.*

2.8.1. Within thirty (30) calendar days after Defendant has made the payment into the QSF, the Claims Administrator shall mail to each Participating Claimant at his/her Last Known Address, or Updated Address if obtained, his/her Individual Settlement Award.

2.8.2. Checks issued to Participating Claimants pursuant to this Settlement Agreement shall remain negotiable for a period of one hundred and twenty (120) calendar days from the date of mailing. In the event that any settlement checks are returned to the Claims Administrator as non-deliverable, the Claims Administrator will, on a weekly basis, provide Class Counsel with the name of those Participating Claimants. Class Counsel will then attempt to obtain updated contact information, and will forward that information to the Claims Administrator. If updated information is located, the Claims Administrator will reissue and/or mail the settlement check to the Participating Claimant's updated address within one week. The reissued check shall become void if not negotiated within sixty (60) calendar days of the date of mailing and the amount of that Participating Claimant's Individual Settlement Award shall be returned to Defendant. Participating Claimants who fail to negotiate their check(s) in a timely fashion shall, like all Settlement Class Members, remain subject to the terms of this Settlement Agreement and Judgment.

2.8.2.1. If any settlement checks have not been cashed by the 120 day threshold, those remaining amounts will revert to the Defendant.

2.8.3. Nothing herein shall be construed to prevent the Claims Administrator or Class Counsel (through the Claims Administrator) from contacting Class Members to inform them of the expiration of their Settlement checks.

2.8.4. Following the mailing of the Individual Settlement Awards to Participating Claimants, the Claims Administrator shall provide counsel for the Settling Parties with a written confirmation of this mailing. Upon receipt of this confirmation, Class Counsel will file a notice or acknowledgement of satisfaction of the Judgment with the Court on behalf of the Settlement Class.

2.9. *Releases.*

2.9.1. Upon the Effective Date, each of the Participating Claimants, on behalf of themselves and each of their heirs, representatives, successors, assigns, and attorneys, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, dismissed, with prejudice, relinquished, and discharged all of the Released Claims.

2.9.2. The above releases given are conditional and shall only take effect unconditionally upon the Effective Date.

2.10. *Payment of Attorneys' Fees and Costs.*

2.10.1. The Individual Settlement Agreements compensate Class Counsel for all attorneys' fees reasonably incurred in prosecuting Plaintiffs' Individual Retaliation Claims, as well as the wage and hour claims asserted on behalf of the Plaintiff Class. Class Counsel will be paid \$90,000, for prosecuting the Litigation.

2.10.2. The payments made pursuant to the Individual Settlement Agreements shall constitute full satisfaction of any claim for attorneys' fees or costs related to the Litigation or this Settlement Agreement. The Plaintiffs and Class Counsel, on behalf of themselves and all Settlement Class Members, agree that they shall neither seek nor be entitled to any additional attorneys' fees or costs under any theory. Defendant does not oppose the amount of attorneys' fees.

2.10.3. Any dispute regarding attorneys' fees and costs shall in no way delay the Final Judgment or any other payments under this Settlement Agreement, with the exception of the distribution of attorneys' fees and costs. To the extent that this Settlement Agreement and/or any other associated documents, proposed orders, or exhibits purportedly conflict with this paragraph, this paragraph shall govern.

2.10.4. Other than any reporting as required by this Settlement Agreement or by law (which Defendant shall make), Class Counsel and the Plaintiffs shall alone be responsible for the reporting and payment of any federal, state, and/or local income or other form of tax on any payment of attorneys' fees. Class Counsel agrees to indemnify and hold the Defendant Releasees harmless for any taxes due or owing by it related to attorneys' fees and costs paid by Defendant pursuant to this Settlement Agreement and for any required reporting under federal, state, and/or local law.

2.11. *Claims Administrator.*

2.11.1. Defendant shall be responsible for paying all Administrative Costs for the Claims Administrator's services. The Plaintiffs and Class Counsel shall have no responsibility for such Administrative Costs, unless the Effective Date does not occur, in which case the Settling Parties agree to split any Administrative Costs incurred to date.

2.12. *Termination of Class Settlement.*

2.12.1. In the event that this Settlement Agreement is not approved in its entirety by the Court, excluding modifications that the Parties determine in their reasonable and good faith judgment to not be material modifications, or in the event that the Class Settlement set forth in this Settlement Agreement is terminated, cancelled, declared void, or fails to become effective in accordance with its terms, or if the Judgment does not become a Final Judgment, or if the Effective Date does not occur, no payments shall be made by Defendant to anyone in accordance with the terms of this Settlement Agreement, and the Settling Parties will each bear their own costs and fees with regard to the efforts to obtain Court approval. In such event, this Settlement Agreement (except for those provisions relating to non-admissibility and non-admission of liability) shall be deemed null and void, its terms and provisions shall have no further force and

effect with respect to the Settling Parties and shall not be used in the Litigation or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of this Settlement Agreement shall be treated as vacated, nunc pro tunc.

2.12.2. Defendant shall have the absolute discretionary right to terminate this Class Settlement and the terms set forth in this Settlement Agreement in the event that any of the following conditions occur in 2.12.2.1 through 2.12.2.4:

2.12.2.1. In the event that less than 15 Class Members opt into the Class Settlement.

2.12.2.2. In the event that this Settlement Agreement is construed in such a fashion that would require Defendant to pay: (i) more than the Maximum Settlement Amount (excluding the employer's share of taxes); and/or (ii) any amount(s) not expressly provided for in Section VI of this Settlement Agreement;

2.12.2.3. In the event that the Court does not certify, for settlement purposes only, a class or collective action or otherwise makes an order materially inconsistent with any of the terms of this Settlement Agreement or the Settlement Documents prepared to effectuate the Class Settlement;

2.12.2.4. In the event that the Plaintiffs or Class Counsel breaches this Settlement Agreement.

12.2.3. To the extent Defendant chooses to exercise the right to terminate this Settlement Agreement, they must do so through written notice to Class Counsel prior to the Order of Final Approval and within fourteen (14) calendar days of Defendant being informed in writing of the occurrence of the operative condition warranting termination.

2.13. *Miscellaneous Provisions.*

2.13.1. The only Class Members entitled to any Individual Settlement Award under this Settlement Agreement and the associated Judgment are Participating Claimants, and they shall be entitled to their Individual Settlement Awards only.

2.13.2. Defendant's sole obligations to Class Counsel and the Claims Administrator are set forth in this Settlement Agreement. Class Counsel and the Claims Administrator shall not seek to recover any fees or costs awarded in excess of the terms in this Settlement Agreement.

2.13.3. The Settling Parties (a) acknowledge that it is their intent to consummate this Settlement Agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Settlement Agreement and to exercise their best efforts to accomplish the foregoing terms and conditions of this Settlement Agreement, including, but not limited to, obtaining the dismissal or stay of any pending or subsequently-filed class or collective action lawsuit that allege any of the Released Claims.

2.13.4. This Settlement Agreement compromises claims which are contested in good faith, and it shall not be deemed an admission by any of the Settling Parties as to the merits of any claim or any potential defense. The Settling Parties agree that the amounts paid in connection with this Settlement Agreement and the other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a Class Settlement that was reached voluntarily after consultation with competent legal counsel.

2.13.5. All of the exhibits to this Settlement Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

2.13.6. This Settlement Agreement may be amended or modified only by a written instrument signed by authorized representatives of all Settling Parties or their respective successors-in-interest.

2.13.7. This Settlement Agreement constitutes the entire agreement among the Settling Parties hereto regarding the subject matter discussed herein, and no representations, warranties, or inducements have been made to any party concerning this Settlement Agreement or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise explicitly provided herein, each Settling Party shall bear its own fees and costs.

2.13.8. Class Counsel, on behalf of the Class Members, represent that, after consultation with and approval of the Plaintiffs, they are expressly authorized by the Plaintiffs to take all appropriate action required or permitted to be taken by the Plaintiffs pursuant to this Settlement Agreement to effect its terms, and also are expressly authorized to enter into any modifications or amendments to this Settlement Agreement on behalf of the Class Members which they deem appropriate. Similarly, Defendant's counsel represents that they are expressly authorized to take all appropriate action required or permitted to be taken by Defendant pursuant to this Settlement Agreement to effect its terms, and also are expressly authorized to enter into any modifications or amendments to this Settlement Agreement on behalf of Defendant which they deem appropriate.

2.13.9. Each counsel or other person executing this Settlement Agreement or any of its exhibits on behalf of any Party hereto hereby warrants that such person has the full authority to do so.

2.13.10. This Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

2.13.11. Whenever this Settlement Agreement requires or contemplates that one Party, the Court or the Claims Administrator shall or may give notice to another, notice shall be provided by facsimile and/or next-day (excluding Sundays and Court holidays) express delivery service as follows:

(i) If to Defendant, then to:

Ronald E. Manthey
Morgan, Lewis & Bockius, LLP
1717 Main Street, Suite 3200
Dallas, TX 75201
Tel: 214-466-4000
Fax: 214-466-4001
ron.manthey@morganlewis.com

Lisa Abram, Senior Counsel
J.C. Penney Corporation, Inc. Legal Department
6501 Legacy Dr., MS 1122
Plano, TX 75024-3698
Tel: 972-431-1264
Fax: 972-531-1264
labram@jcp.com

(ii) If to Plaintiffs, then to:

Matthew R. Scott
Scott Perez LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
matt.scott@scottperetzlaw.com

Javier Perez
Scott Perez LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
javier.perez@scottperetzlaw.com

2.13.12. This Settlement Agreement shall be binding upon and inure to the benefit of the Settling Parties hereto and their respective heirs, trustees, executors, administrators, successors, and assigns; but this Settlement Agreement is not designed to and does not create any third party beneficiaries, either express or implied.

2.13.13. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Settlement Agreement, and all Settling Parties hereto submit

to the jurisdiction of the Court for purposes of implementing and enforcing the Class Settlement embodied in this Settlement Agreement. Any action to enforce this Settlement Agreement shall be commenced and maintained only in the Court.

2.13.14. The Settling Parties agree and understand that there shall be no injunctive relief included as part of any Court Order as to them.

2.13.15. This Settlement Agreement and the exhibits hereto shall be considered to have been negotiated, executed, and delivered, and to have been wholly performed, in the State of Texas, and the rights and obligations of the parties to this Settlement Agreement shall be construed and enforced in accordance with, and governed by, the substantive laws of the State of Texas without giving effect to that State's choice of law principles.

2.13.16. The language of all parts of this Settlement Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either Party. No Party shall be deemed the drafter of this Settlement Agreement. The Settling Parties acknowledge that the terms of this Settlement Agreement are contractual and are the product of arms-length negotiations between the parties and their counsel. Each Settling Party and their counsel cooperated in the drafting and preparation of this Settlement Agreement.

2.13.17. Other than necessary disclosures made to a court, the Plaintiffs, Defendant, and their respective counsel and other agents agree to keep the fact of Class Settlement, this Settlement Agreement and any attached documents, and their Class Settlement negotiations confidential and will not disclose that information to any third party (including the press or inclusion on any websites) until such time as the Plaintiffs and Defendant move for preliminary approval of this Class Settlement or otherwise agree in writing.

2.13.18. The Participating Claimants agree to keep confidential the Individual Settlement Awards paid pursuant to this Settlement Agreement and the fact that a settlement was reached between each Participating Claimant and Defendant.

2.13.19. After the Court enters a Preliminary Approval Order, Plaintiffs, Class Counsel, and their agents may communicate with Class Members provided that such communications are accessible only to Class Members; however, they shall not issue, or cause to be issued, any statements to the press, any other media, or to any third party regarding this Class Settlement or this Settlement Agreement, including, but not limited to, communications or statements on web sites or other social media. If Plaintiffs, Class Counsel, or their agents are contacted by the media, they will merely inform the media that the case has been resolved and refer to public filings.

2.13.20. The Plaintiffs are bound by the terms herein and further agree not to request to be excluded from the Class Settlement and not to object to any terms of this Settlement Agreement. Any such request for exclusion or objection shall therefore be void and of no force or effect. Counsel for Defendant, Class Counsel, and the Plaintiffs waive their rights to file an appeal, writ, or any challenge whatsoever to the terms of this Settlement Agreement.

2.13.21. Neither Class Counsel nor any other attorneys acting for, or purporting to act for, the Plaintiffs or the Class, may recover or seek to recover any amounts for attorneys' fees, costs, or other disbursements from the Maximum Settlement Amount or otherwise from the Defendant Releasees except as expressly provided in the Individual Settlement Agreements.

2.13.22. This Settlement Agreement may not be changed, altered, or modified, except in writing signed by the Settling Parties hereto and approved by the Court. This

Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing used by the Settling Parties hereto.

2.13.23. In computing any period of time prescribed or allowed by this Settlement Agreement, unless otherwise stated, such computation or calculation shall be made consistent with Federal Rule of Civil Procedure 6(a) as it exists at the time at issue.

2.13.24. It is agreed that, for purposes of seeking approval of the Class Settlement, this Settlement Agreement may be executed on behalf of the Plaintiff Class by the Plaintiffs and by Class Counsel.

2.13.25. Paragraph titles or captions contained in this Settlement Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement, or any provision thereof.

2.14. *Return of All Documents and Other Discovery.*

2.14.1. No discovery materials or materials shared by the Parties for settlement purposes shall be disseminated or distributed to any person or entity by the Plaintiffs or Class Counsel. All originals or reproductions of any discovery or settlement materials obtained from Defendant and/or given to any party, expert, consultant, or other person shall be retrieved by Class Counsel and destroyed, and Class Counsel shall certify within thirty (30) calendar days of the Effective Date that they have destroyed all such documents or information and all copies thereof.

2.15. *Plaintiffs' Certifications*

2.15.1. Each Plaintiff hereby certifies that:

a) She has signed this Settlement Agreement voluntarily and knowingly, after adequate time to review and consider this Settlement Agreement, in exchange for the consideration described herein, which she acknowledges is adequate and satisfactory;

b) She has been advised by her attorneys and has consulted with her attorneys before signing this Settlement Agreement; and

c) Neither the Defendant nor any of their agents, representatives, employees, or attorneys, have made any representations to the Plaintiff concerning the terms or effects of this Settlement Agreement other than those contained herein.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be executed.

Executed this ____ day of _____, 2016 by: _____
ANABELLE MONTEIRO
Plaintiff

Executed this ____ day of _____, 2016 by: _____
JESSICA INGRAM
Plaintiff

Executed this ____ day of _____, 2016 by: _____
MATTHEW R. SCOTT
Class Counsel

Executed this ____ day of _____, 2016 by: _____
JAVIER PEREZ
Class Counsel

Executed this ____ day of _____, 2016 by: _____
for J.C. Penney Corporation, Inc.

Print Name: _____

Title: _____

EXHIBIT 1

**NOTICE TO CLASS MEMBERS REGARDING PENDENCY OF A COLLECTIVE
ACTION AND NOTICE OF HEARING ON PROPOSED SETTLEMENT**

I. DESCRIPTION OF CLASS SETTLEMENT

A. What is The Litigation about and Why Was This Class Notice Sent?

Anabelle Monteiro and Jessica Ingram (“Plaintiffs”), on behalf of themselves and all other similarly situated employees, filed the Litigation against JCPenney alleging violations of the Fair Labor Standards Act (“FLSA”). The Litigation alleges that, from approximately June 2012 to February 2015, JCPenney directed its Merchandise Assistants to work “off the clock” outside of their scheduled hours without paying them a minimum wage or one and a half times their regular rate of pay for time worked in excess of forty hours each week. On behalf of themselves and all others similarly situated, Plaintiffs sought damages for unpaid wages, unpaid overtime compensation, liquidated damages, attorneys’ fees and expert fees, litigation costs, and conditional certification under Section 216(b) of the FLSA.

Plaintiffs and JCPenney have agreed to settle the Litigation. In connection with the Class Settlement, the Court has authorized the Parties to issue this Class Notice to you and all other members of the Plaintiff Class (“Class Members”). This Class Notice details, among other things, the steps that you need to take should you choose to receive an Individual Settlement Award (defined in Section V, No. 2 below).

B. Who is Affected by The Proposed Class Settlement?

You are receiving this Class Notice because you were identified as a member of the Plaintiff Class, as that term is defined in Section III below. If you elect to participate in this Class Settlement by timely submitting the Claim and Consent to Join Settlement Form, you will be eligible to receive an Individual Settlement Award.

C. What Are Your Options?

If you are part of the Plaintiff Class, you can choose to join the Litigation and participate in the Class Settlement and receive an Individual Settlement Award. To do so, you must follow the procedures described below, including by returning a Claim and Consent to Join Settlement Form (attached to this Class Notice at Form 1-A). In addition, if you join the Litigation, you may also have the right to object to the Class Settlement. **In order to receive payment, you must join this Litigation.**

D. How Can You Participate in the Class Settlement and How Much Can You Expect to Receive?

The Court has granted preliminary approval of the Class Settlement and has scheduled a hearing on [DATE] at [TIME] in Courtroom [NUMBER], Paul Brown United States Courthouse, 101 East Pecan Street, Sherman, Texas 75090, to determine whether to grant final approval of the Class Settlement. If final approval of the Class Settlement is granted, JCPenney will pay an amount not to exceed \$202,495.01 into a fund administered by a Claims Administrator. To become a Participating Claimant and receive an Individual Settlement Award,

you must return the enclosed Claim and Consent to Join Settlement Form postmarked no later than **[DATE]**.

Should you choose to become a Participating Claimant, your Individual Settlement Award shall constitute 70% of the amount of disputed wages previously paid to you pursuant to JCPenney's investigation in 2015. The estimated amount of your Individual Settlement Award is provided in the attached Claim and Consent to Join Settlement Form.

What if You Do Nothing?

If you do not return the Claim and Consent to Join Settlement Form enclosed with this Class Notice and you have not already joined this lawsuit by filing a notice of consent with the Court, you will not receive an Individual Settlement Award.

No Retaliation

JCPenney will **NOT** take any adverse action against Class Members who either choose to participate in the Class Settlement or decide not to do so.

What if You Have Questions?

This Notice only summarizes the Litigation, the Class Settlement, and related matters. For more information about the Class Settlement, or if you have any questions regarding the Class Settlement, you may contact the Claims Administrator at:

JCPenney Settlement Administration
c/o
[To Be Determined]

You may also contact the attorneys for the Plaintiff Class at:

MATTHEW R. SCOTT
matt.scott@scottperetzlaw.com
JAVIER PEREZ
javier.perez@scottperetzlaw.com
SCOTT | PEREZ LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, Texas 75202
214-965-9675 / 214-965-9680 (Facsimile)

II. IMPORTANT DEADLINES

- The Claim and Consent to Join Settlement Form must be mailed to the Claims Administrator and postmarked by **[DATE]**.
- Written objections to the Class Settlement must be filed with the Court and served on Class Counsel and JCPenney's counsel by **[DATE]**.

To summarize, you may participate in the Class Settlement or not by following the procedures immediately below:

You May:	Description:	Due Date:
Receive Individual Settlement Award	To receive your Individual Settlement Award, you must timely mail the Claim and Consent to Join Settlement Form. If you do so, you will become a Participating Claimant and you will release all of the Released Claims (defined in Section V, No. 4 below) listed in this Class Notice and the Claim and Consent to Join Settlement Form.	Claim and Consent to Join Settlement Form must be postmarked by [DATE] .
Object To The Class Settlement	If you think the Class Settlement is unfair, you may object to the Class Settlement by timely submitting a Claim and Consent to Join Settlement Form and filing a written objection with the Court, which must be served on Class Counsel, JCPenney's Counsel, and the Claims Administrator via the addresses in Section VI, No. 3 below. Filing an objection does not preserve your right to receive an Individual Settlement Award. To receive an Individual Settlement Award, you must still timely postmark a completed Claim and Consent to Join Settlement Form.	Written Objections must be filed with the court and served on Class Counsel, JCPenney's Counsel, and the Claims Administrator by [DATE] .
Do Nothing	You will not receive an Individual Settlement Award.	N/A

III. ELIGIBLE CLASS MEMBERS

This Class Notice explains the Litigation, the terms of the Class Settlement, and your rights and obligations. This Notice should not be understood as an expression of any opinion by the Court as to the merits of any of the claims or defenses asserted by the Parties. This Notice contains important information concerning your rights.

For settlement purposes only, the Court has approved the issuance of this Class Notice to the following Class Members:

The 53 Merchandise Assistants employed by JCPenney in the Merchandising Department, including the two named Plaintiffs, who claimed unrecorded hours worked and who, as a result of JCPenney's investigation in 2014 and 2015, were paid for disputed wages owed (the "Plaintiff Class").

According to JCPenney's records, you are a Class Member because you fall into the category described above.

IV. DESCRIPTION OF THE LITIGATION

Plaintiffs allege that, from approximately June 2012 to February 2015, JCPenney directed its Merchandise Assistants to work "off the clock" outside of their scheduled hours without paying them a minimum wage or one and a half times their regular rate of pay for time worked in excess of forty hours each week. Plaintiffs further allege that, around February 2, 2015, JCPenney began investigating the unpaid hours of its Merchandising Assistants. As a result of this investigation, JCPenney ultimately made payments of \$289,278.59 to 53 Merchandise Assistants who reported unpaid hours.

The Parties to the Litigation exchanged initial disclosures and written discovery, followed by some voluntary production of information to facilitate settlement negotiation. After extensive negotiations, information gathering, data review, document production, and analysis, the Parties resolved the wage and hour claims.

JCPenney specifically and generally denies all of the wage and hour claims asserted in the Litigation, including all claims as to liability, damages, penalties, interest, attorneys' fees or costs, expert fees, restitution, injunctive relief, and all other forms of relief, as well as all collective allegations. JCPenney makes no concession or admission of wrongdoing or liability of any kind whatsoever.

JCPenney maintains that it fully compensated the Plaintiff Class based on timesheets *they* submitted. Upon learning of an allegation of under-reporting hours, JCPenney promptly investigated its Merchandise Assistants' allegations and expanded that investigation to other Merchandise Assistants in the department. And, while disputing the legitimacy of some assertions, JCPenney nonetheless paid the Plaintiff Class for all alleged unreported hours. JCPenney further implemented new procedures and conducted training to reinforce accurate time-recording processes.

Nonetheless, JCPenney has concluded that further defense of the wage and hour claims in the Litigation would be protracted and expensive, and that it is desirable that the wage and hour claims in the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation and Settlement Agreement ("Settlement Agreement"). In reaching this conclusion, JCPenney has also taken into account the uncertainty and risks inherent in any litigation. JCPenney has, therefore, determined that it is desirable and beneficial for it to settle the wage and hour claims asserted in Litigation in the manner and upon the terms and conditions set forth in the Settlement Agreement.

The Plaintiffs and Class Counsel believe that the wage and hour claims asserted in the Litigation have merit and that the evidence developed to date supports their claims. However, the Plaintiffs and Class Counsel recognize and acknowledge the expense and length of time associated with the need to prosecute the wage and hour claims in this Litigation through trial and through appeal. The Class Settlement represents a substantial recovery for the Participating Claimants early in the litigation, without occurring additional fees, expenses, or delay. The Plaintiffs and Class Counsel have also taken into account the uncertain outcome and the risk associated with any litigation, as well as the difficulties and delays inherent in any litigation. Based upon their evaluation, the Plaintiffs and Class Counsel have determined that the Class Settlement set forth in the Settlement Agreement is in the best interests of the Plaintiffs and the Settlement Class.

On [DATE], the Court granted preliminary approval of the proposed Class Settlement. The Court will decide whether to give final approval to the proposed Class Settlement at a hearing scheduled for [DATE] (“Final Approval and Fairness Hearing”).

The attorneys for the Class Members in the Litigation (“Class Counsel”) are:

SCOTT PEREZ LLP

Javier Perez
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
javier.perez@scottperetzlaw.com

SCOTT PEREZ LLP

Matthew R. Scott
Scott Perez LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
matt.scott@scottperetzlaw.com

The attorneys for the JCPenney in the Litigation are:

MORGAN, LEWIS & BOCKIUS, LLP

Ronald E. Manthey
1717 Main Street, Suite 3200
Dallas, TX 75201
Tel: 214-466-4000
Fax: 214-466-4001
ron.manthey@morganlewis.com

V. SUMMARY OF TERMS OF THE PROPOSED CLASS SETTLEMENT

Subject to Court approval, the terms of the Class Settlement are as follows:

1. JCPenney will allocate Two Hundred Two Thousand, Four Hundred Ninety-Five Dollars and one cent (\$202,495.01) (the “Maximum Settlement Amount”) to pay the proper and timely claims of Class Members.

2. The Maximum Settlement Amount will be allocated to the Class Members who timely file a Claim and Consent to Join Settlement Form (“Participating Claimants”). In particular, JCPenney (through the Claims Administrator) will pay to each Participating Claimant the Individual Settlement Award, which shall constitute 70% of the amount of disputed wages previously paid to each Participating Claimant pursuant to JCPenney’s investigation in 2015 (the “Individual Settlement Award”).

3. The Parties believe this approach fairly allocates the Maximum Settlement Amount between and among the Participating Claimants, and on [DATE], the Court preliminarily approved the Parties’ approach.

4. Each Participating Claimant, on behalf of themselves and each of their heirs, representatives, successors, assigns, and attorneys, is deemed to fully and finally release and discharge Defendant Releasees from all federal law claims, obligations, demands, actions, rights, causes of action, and liabilities against Defendant Releasees, of whatever kind and nature, character, and description, whether known or unknown, and whether anticipated or unanticipated, including claims that a Class Member does not know of or suspect to exist in his/her favor, based on his/her employment with JCPenney, that accrued during the period ending on the date of the order of final approval, for any type of relief, including, without limitation, claims for wages, penalties, liquidated damages, willfulness findings, interest, attorneys’ fees, litigation costs, or equitable relief, based on any and all claims arising under the FLSA as amended, 29 U.S.C. § 201, et seq. (the “Released Claims”). This Class Settlement and the Released Claims do not include Plaintiffs’ individual retaliation claims asserted in the Litigation.

5. “Defendant Releasees” means J.C. Penney Corporation, Inc., and their current, former, and future affiliates, including, without limitation, parents, subsidiaries, and related entities, predecessors, successors, divisions, joint ventures and assigns, and each of these entities’ past or present directors, officers, employees, partners, members, employee benefit plan administrators and fiduciaries, principals, agents, insurers, co-insurers, re-insurers, managers, shareholders, attorneys, and personal or legal representatives, in their individual and corporate capacities.

VI. HOW TO PARTICIPATE IN THIS CLASS SETTLEMENT AND RECEIVE AN INDIVIDUAL SETTLEMENT AWARD

1. How To Participate And Receive Compensation:

In order to receive an Individual Settlement Award, **you must** complete, sign, and mail the enclosed Claim and Consent to Join Settlement Form (enclosed with this Notice as Form 1-A) to the Claims Administrator at the address listed below. **Your Claim and Consent to Join Settlement Form must be postmarked by [DATE]. Late or incomplete Claim and Consent to Join Settlement Forms may or may not be honored at the sole discretion of JCPenney.**

The Claims Administrator is **[To Be Determined]**. Claim and Consent to Join Settlement Forms sent to the Claims Administrator should be sent in the enclosed postage-paid envelope, or in an envelope addressed as follows:

JCPenney Settlement Administration
c/o
[To Be Determined]

To be effective, the Claim and Consent to Join Settlement Form must be completed in full and signed under penalty of perjury.

If you lose or misplace your Claim and Consent to Join Settlement Form, a copy of the Claim and Consent to Join Settlement Form may be obtained by contacting the Claims Administrator at the above address.

2. What If You Do Nothing:

Class Members who do not timely return the Claim and Consent to Join Settlement Form are not eligible to receive an Individual Settlement Award. Consistent with the law, the statute of limitations for your FLSA claim shall continue to run.

3. To Object To The Class Settlement:

If you believe the proposed Class Settlement is unfair or inadequate in any respect, you may object to the Class Settlement by timely submitting a Claim and Consent to Join Settlement Form, filing a written objection with the Court, and serving a copy of the filed objection on Class Counsel, Counsel for JCPenney, and the Claims Administrator at the following addresses:

CLASS COUNSEL	CLAIMS ADMINISTRATOR	COUNSEL FOR JCPENNEY
SCOTT PEREZ LLP c/o Matthew R. Scott and Javier Perez Founders Square 900 Jackson Street, Suite 550 Dallas, TX 75202	JCPenney Settlement Administration c/o [To Be Determined]	MORGAN, LEWIS & BOCKIUS LLP c/o Ronald E. Manthey and Ellen L. Perlioni 1717 Main Street, Suite 3200 Dallas, TX 75201

All objections must be signed and set forth your address, telephone number, and the name of the Litigation. Your objection should clearly explain why you object to the proposed Class Settlement and must state that either you or someone on your behalf intends to appear at the Final Approval and Fairness Hearing. All objections must be filed with the Court, and received by Class Counsel and Counsel for JCPenney, by no later than **[DATE]**. Your appearance at the Final Approval and Fairness Hearing is at your own expense.

Any Class Member who does not object in the manner described above shall be deemed to have waived any objections and shall forever be foreclosed from objecting to the fairness or adequacy of the proposed Class Settlement, and any and all other aspects of the Class Settlement.

Regardless of whether you file an objection, in order to receive an Individual Settlement Award under the Class Settlement, you must properly submit a timely and valid Claim and Consent to Join Settlement Form.

VII. TAXES

For tax reporting purposes, the Individual Settlement Award paid pursuant to the Class Settlement shall be deemed payment in settlement of claims for unpaid wages. Participating Claimant's Individual Settlement Awards will thus be subject to required withholdings and deductions by the Claims Administrator and will be reported as wage income on a Form W-2—and such other state or local tax reporting forms as may be required by law—to be issued by the Claims Administrator.

If you have any questions regarding the tax treatment of any payments pursuant to the Class Settlement, you should consult your own tax advisor.

VIII. NON APPROVAL BY THE COURT

If the Court does not approve the proposed Class Settlement, or if the Parties terminate the Class Settlement due to material modification of its terms by the Court or due to the occurrence of conditions that authorize the Parties to terminate the Class Settlement, the rights

and duties of the Parties will revert to their status prior to the Class Settlement, and Participating Claimants will have no rights to an Individual Settlement Award.

**IX. FINAL APPROVAL AND FAIRNESS HEARING
ON PROPOSED CLASS SETTLEMENT**

The Court will hold a Final Approval and Fairness Hearing on the fairness and adequacy of the proposed Class Settlement and the plan of distribution on [DATE] at [TIME] in Courtroom [NUMBER], Paul Brown United States Courthouse, 101 East Pecan Street, Sherman, Texas 75090. The Final Approval and Fairness Hearing may be continued without further notice to Class Members.

X. ADDITIONAL INFORMATION

Any questions regarding this Notice or the enclosed forms should be directed to the Claims Administrator at:

JCPenney Settlement Administration
c/o
[To Be Determined]

XI. IF YOU CHANGE YOUR NAME OR ADDRESS

If, for future reference and mailings from the Court or Claims Administrator, you wish to change the name or address listed on the envelope in which this Class Notice was mailed to you, you must fully complete, execute, and mail the Change of Name and/or Address Information Form, attached to this Class Notice at Form 1-B, to the Claims Administrator.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.

FORM 1-A

CLAIM AND CONSENT TO JOIN SETTLEMENT FORM

CLAIM AND CONSENT TO JOIN SETTLEMENT FORM

To be eligible to receive an Individual Settlement Award, you MUST complete and sign this Claim and Consent to Join Settlement Form and send it to the Claims Administrator (address listed below) so that it is postmarked no later than [DATE].

If you have any questions about completing this Claim and Consent to Join Settlement Form, please contact the Claims Administrator at:

JCPenney Settlement Administration
c/o
[To Be Determined]

By signing, dating, and submitting this Claim and Consent to Join Settlement Form, you will be eligible to receive an Individual Settlement Award—as described in the Class Notice to which this Form 1-A is attached—which shall constitute 70% of the amount of disputed wages previously paid to you pursuant to JCPenney’s investigation in 2015. As a Participating Claimant and in exchange for the Individual Settlement Award, you will be releasing the “Released Claims” against Defendant Releasees as described in the Class Notice. You may use the enclosed addressed, pre-paid envelope to mail your Claim and Consent to Join Settlement Form. This is the address/contact information we have on file for you:

[CLASS MEMBER NAME]
[CLASS MEMBER STREET ADDRESS]
[CLASS MEMBER CITY, STATE ZIP CODE]

If this information is incorrect or it changes, please notify the Claims Administrator of your new address by completing the Change of Name and/or Address Form attached to the Class Notice at Form 1-B and sending it to the Claims Administrator.

According to JCPenney’s records, the estimate of your Individual Settlement Awards is: **[\$[AMOUNT]]**. This is only an estimate. The actual value may be higher or lower depending on the formula used by the Parties and approved by the Court as stated in the Class Notice to which this Form is attached.

I certify that I am one of the 53 Merchandise Assistants employed by JCPenney in the Merchandise Department who claimed unrecorded hours worked and who, as a result of JCPenney’s investigation in 2014 and 2015, was paid for disputed wages owed. If the Class Settlement becomes final, I will (1) be deemed to have consented to join the claims made in the Litigation pursuant to Section 216(b) of the Fair Labor Standards Act, and (2) to have fully and finally released and discharged Defendant Releasees from the “Released Claims,” as described in the Class Notice and Settlement Agreement. I declare under penalty of perjury under the laws of

the United States of America that the foregoing is true and correct.

X _____
(Signature) (Date)

Printed Name: _____

Last Four Digits of Your Social Security Number: XXX-XX-____

Telephone Number: (____) _____

Email Address: _____

FORM 1-B

CHANGE OF NAME AND/OR
ADDRESS FORM

JCPENNEY CLASS SETTLEMENT
CHANGE OF NAME AND/OR ADDRESS FORM

Instructions: Please complete this Form only if you wish to change your name and/or mailing address information.

Former name and mailing address:

Name (first, middle and last): _____

Home Street Address: _____

City, State, Zip Code: _____

Home Telephone Number: (____) _____

Email Address: _____

New name and/or mailing address:

Name (first, middle and last): _____

Home Street Address: _____

City, State, Zip Code: _____

Home Telephone Number: (____) _____

Email Address: _____

I understand that all future correspondence in this action, including, but not necessarily limited to, important notices or payments to which I am entitled (if any), will be sent to the new address listed above and not to the address previously used. I hereby request and consent to the use of the address listed above for these purposes.

Dated: _____

(Signature)

(Print Name)

PLEASE RETURN THIS FORM VIA UNITED STATES MAIL TO:

JCPenney Settlement Administration
c/o
[To Be Determined]

EXHIBIT 2

PRELIMINARY APPROVAL ORDER

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

**ANABELLE MONTEIRO
AND JESSICA INGRAM,**

**Individually, and on behalf of
all others similarly situated,**

Plaintiffs,

v.

JC PENNEY CORPORATION, INC.,

Defendant.

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CIVIL ACTION NO.

4:15-CV-00603-ALM-CAN

**ORDER GRANTING
PRELIMINARY APPROVAL OF SETTLEMENT**

Before the Court is the Parties’ Joint Motion for Preliminary Approval of Collective Action Settlement (the “Motion”). After considering the Motion and the papers in support of same, the Stipulation and Settlement Agreement (“Settlement Agreement”), and the arguments of counsel, IT IS HEREBY ORDERED AS FOLLOWS:

1. Solely for the purpose of settlement, and pursuant to the collective action procedures of Section 216(b) of the Fair Labor Standards Act (“FLSA”), the Court conditionally certifies the following settlement class:

The 53 Merchandise Assistants employed by Defendant in the Merchandising Department, including the two named Plaintiffs, who claimed unrecorded hours worked and who, as a result of Defendant’s investigation in 2014 and 2015, were paid for disputed wages owed (the “Plaintiff Class”).

2. The Court orders that the Plaintiff Class is preliminarily certified for settlement purposes only. If the Class Settlement does not become final for any reason, the fact that the Parties were willing to stipulate to collective action certification for settlement purposes shall have no bearing on, and will not be admissible in connection with, the issue of whether a collective action is properly certified in a non-settlement context. The Court’s findings are for

purposes of conditionally certifying the Plaintiff Class and will not have any claim, issue, or evidentiary preclusion or estoppel effect in any other action against Defendant or in this Litigation if the Class Settlement is not finally approved.

3. In accordance with the FLSA, the Court approves the following attorneys as Class Counsel for the Plaintiff Class:

Matthew R. Scott
Scott Perez LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
matt.scott@scottperetzlaw.com

and

Javier Perez
Scott Perez LLP
Founders Square
900 Jackson Street, Suite 550
Dallas, TX 75202
Tel: 214-965-9675
Fax: 214-965-9680
javier.perez@scottperetzlaw.com

4. The Court finds that the plan for Class Notice (as defined in the Settlement Agreement) is the best notice practicable under the circumstances and satisfies the requirements of due process. The plan is approved and adopted. The Court further finds that the Class Notice is appropriate as part of the plan for issuing notice set forth in the Settlement Agreement as approved and adopted.

5. The Court finds and orders that no other notice is necessary.

6. The Court finds that _____ is qualified to act as the Claims Administrator (as defined in the Settlement Agreement) for this Class Settlement.

7. To effectuate the Class Settlement, the Court hereby establishes the following deadlines and dates for the acts and events as set forth in the Settlement Agreement, and directs

the Settling Parties to incorporate the deadlines and dates in the Class Notice and required forms attached to the Settlement Agreement as follows:

DESCRIPTION	DEADLINE
Deadline for Defendant to provide Claims Administrator with Database of Class Members (as defined in Settlement Agreement)	Within 10 business days after the Court issues the Preliminary Approval Order
Deadline for mailing and emailing of Class Notices by Claims Administrator	Within 15 business days after receipt of the Database of Class Members from Defendant
Deadline for Class Members to submit Claim and Consent to Join Settlement Forms (attached to Settlement Agreement at Exhibit 1 Form 1-A) (Notice Response Deadline)	Within 60 calendar days after the Notice Mailing Date (as defined in the Settlement Agreement)
Deadline for Class Members to file written objections to the Class Settlement	Within 60 calendar days after the Notice Mailing Date (as defined in the Settlement Agreement)
Deadline for Plaintiffs to file Motion for Final Approval	Within 14 calendar days of the Notice Response Deadline
Deadline for Final Approval and Fairness Hearing	At least 21 calendar days after the Notice Response Deadline
Deadline for funding into the Qualified Settlement Fund (“QSF”) of the amount needed to pay the Individual Settlement Awards (as defined in the Settlement Agreement) to the Participating Claimants (as defined in the Settlement Agreement).	Within 15 business days after the Effective Date (as defined in the Settlement Agreement)
Deadline for Claims Administrator to mail Individual Settlement Awards to each Participating Claimant.	After the Effective Date and within 30 calendar days after Defendant has funded the QSF

8. The fairness hearing and hearing for Final Approval set forth in the Class Notice is hereby scheduled for _____ at _____ a.m./p.m, in Courtroom_____, Paul Brown United States Courthouse, 101 East Pecan Street, Sherman, Texas 75090.

IT IS SO ORDERED.