

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE CITY OF PROVIDENCE, Individually and on Behalf of All Others Similarly Situated,)	
)	No. 11-CV-7132 (CM)(GWG)
)	
Plaintiff,)	<u>CLASS ACTION</u>
)	
vs.)	
)	
AEROPOSTALE, INC., THOMAS P. JOHNSON)	
and MARC D. MILLER,)	
)	
Defendants.)	
)	

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement (the “Stipulation”) is made and entered into by and between Lead Plaintiff, the City of Providence (“Providence” or “Lead Plaintiff”), on behalf of itself and the Class (as defined below) and Aéropostale, Inc. (“Aéropostale”), Thomas P. Johnson, and Marc D. Miller (the “Individual Defendants”) (collectively, together with Aéropostale, “Defendants”).

WHEREAS:

- A. All capitalized words or terms not otherwise defined herein shall have the meaning set forth in Paragraph 1 of this Stipulation entitled “Definitions.”
- B. On October 11, 2011, a class action complaint styled *Arbuthnot v. Aeropostale, Inc.*, No. 11-cv-7132, was filed in the United States District Court for the Southern District of New York alleging claims arising under the federal securities laws as against Defendants by and on behalf of a proposed class of all persons or entities that purchased the common stock of

Aéropostale between February 3, 2011 and August 3, 2011, inclusive, and were damaged thereby.

C. On December 12, 2011, Providence moved pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”) for appointment as lead plaintiff and for the appointment of its counsel, Labaton Sucharow LLP (“Labaton”) as lead counsel to represent the putative class set forth in Paragraph B.

D. On January 11, 2012, the Court appointed Providence as Lead Plaintiff, appointed Labaton as Lead Counsel, and granted Lead Plaintiff leave to file an amended complaint within thirty (30) days.

E. Lead Plaintiff filed the Amended Class Action Complaint for Violation of the Federal Securities Laws (the “Complaint”), which is the operative complaint in the Action, on February 10, 2012. The Complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by the U.S. Securities and Exchange Commission (“SEC”) as against Defendants on behalf of a proposed class of all persons or entities that purchased the common stock of Aéropostale between March 11, 2011 and August 18, 2011, inclusive, and were damaged thereby.

F. On March 12, 2012, Defendants filed a motion to dismiss the Complaint pursuant to Rules 9(b) and 12(b)(6) of the Federal Rules of Civil Procedure, which Lead Plaintiff opposed on March 26, 2012. On April 2, 2012, Defendants filed a reply brief in further support of their motion.

G. On March 25, 2013, the Court denied Defendants’ motion to dismiss the Complaint.

H. On April 8, 2013, Defendants filed an Answer to the Complaint, denying its material allegations and alleging affirmative defenses thereto.

I. On April 24, 2013, Lead Plaintiff moved for an order certifying the Action to proceed as a class action on behalf of a class of all persons or entities that purchased or otherwise acquired the publicly traded common stock of Aéropostale between March 11, 2011 and August 18, 2011, inclusive, and were damaged thereby, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure (“Class Certification Motion”).

J. Merits and class-related discovery commenced, including the production of documents by Defendants, Lead Plaintiff, and third parties, which resulted in the production of over 1 million pages of documents by Defendants, and the depositions of a designated representative of Lead Plaintiff and two representatives of the investment advisor that was responsible for purchasing shares of Aéropostale Common Stock on behalf of Lead Plaintiff.

K. On July 10, 2013, Lead Plaintiff and Defendants jointly filed a stipulation regarding Plaintiff’s Class Certification Motion with the Court (the “Stipulation Regarding Class Certification”).

L. On July 17, 2013, the Court endorsed the Stipulation Regarding Class Certification and certified the Action to proceed as a class action on behalf of all persons and entities that purchased or otherwise acquired the publicly traded common stock of Aéropostale from March 11, 2011 through August 18, 2011, inclusive and who were damaged thereby. Excluded from the Class were (i) Defendants (ii) members of the Immediate Family of the Individual Defendants; (iii) any person who was an Officer or Director of Aéropostale during the Class Period; (iv) any firm, trust, partnership, corporation, or other entity in which any Defendant has or had a controlling interest during the Class Period; (v) the liability insurance

carriers of Defendants' Directors and Officers, and any affiliates or subsidiaries thereof; and (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party.

M. Merits depositions commenced on September 19, 2013. Lead Plaintiff deposed twelve current or former employees of Aéropostale.

N. Lead Plaintiff and Defendants engaged the Honorable Daniel Weinstein (Ret.) ("Judge Weinstein"), a well-respected and highly experienced mediator, to assist them in exploring a potential negotiated resolution of the Action.

O. On October 29, 2013, Lead Plaintiff and Defendants met with Judge Weinstein in an attempt to reach a settlement. The mediation session involved an extended effort to settle the Action. Lead Plaintiff and the Class were represented by Lead Counsel and Defendants were represented by Defendants' Counsel. Additionally, each of Defendants' insurance carriers was represented at the mediation either in person or by their own attorney(s). Pursuant to Judge Weinstein's instructions, the Parties submitted and exchanged detailed mediation statements in advance of the session. At the session, Lead Counsel and Defendants' Counsel voluntarily elected to make presentations to Judge Weinstein and the Parties each conferred with Judge Weinstein in private. Following a full day of intense, hard-fought, arm's-length negotiation under the auspices of Judge Weinstein, Lead Plaintiff and Defendants reached an agreement in principle to settle the Action.

P. Lead Plaintiff, on behalf of itself and other Class Members, and Defendants agree that the Settlement Amount to be paid and the other terms of the Settlement set forth herein were negotiated at arm's-length and in good faith and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

Q. Lead Plaintiff, through Lead Counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action. This process included reviewing and analyzing: (i) documents filed publicly by Aéropostale with the SEC; (ii) publicly available information, including press releases, news articles, and other public statements issued by or concerning Aéropostale and Defendants; (iii) research reports issued by financial analysts concerning Aéropostale; (iv) over 1 million pages of documents produced by Aéropostale; (v) over 300,000 pages of documents produced by third parties, including workpapers produced by Aéropostale's independent registered public accounting firm during the Class Period, emails and documents produced by Aéropostale's vendors, and emails and documents produced by financial analysts that followed Aéropostale during the Class Period; and (vii) the applicable law governing the claims and potential defenses. Lead Counsel also interviewed former Aéropostale employees and other persons with relevant knowledge, and consulted with experts on loss causation, damages, accounting, and retail industry issues.

R. Lead Plaintiff believes that the claims asserted in the Action have merit and that the evidence developed to date supports the claims asserted. However, Lead Plaintiff and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and appeals. Lead Plaintiff and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action here, as well as the difficulties and delays inherent in such litigation. Lead Counsel also is mindful of the inherent problems of proof and the possible defenses to the claims alleged in the Action. Based on their evaluation, Lead Plaintiff and Lead Counsel believe that the Settlement set forth in this Stipulation confers

substantial monetary benefits upon the Class and is in the best interests of Lead Plaintiff and the Class.

S. Defendants have denied and continue to deny (i) all the claims alleged by Lead Plaintiff on behalf of the Class, including all claims in the complaints, referenced in Paragraphs B and E above; (ii) all allegations of wrongdoing, fault, liability, or damages to Lead Plaintiff and the Class; and (iii) that they have committed any act or omission giving rise to any liability or violation of law, including the federal securities laws. Defendants believe they acted at all times properly, in good faith, and consistent with their legal duties and obligations. Although Defendants believe that the claims in the Action lack merit and that they ultimately would prevail at summary judgment or at trial, to eliminate the significant burden, expense, and distraction of further litigation, Defendants wish to settle and resolve the Action on the terms and conditions set forth in this Stipulation and to put the claims to rest finally and forever without in any way acknowledging any wrongdoing, fault, liability, or damages to Lead Plaintiff or the other Class Members.

T. This Stipulation, whether or not consummated, any proceedings relating to any settlement, or any of the terms of any settlement, whether or not consummated, shall in no event be construed as, or deemed to be evidence of, an admission or concession on the part of Defendants with respect to any fact or matter alleged in the Action, or any claim of fault or liability or wrongdoing or damage whatsoever, or any infirmity in any claim or defense that has been or could have been asserted. Defendants are entering into this Settlement solely to eliminate the burden, expense, uncertainty, and distraction of further litigation.

U. Subject to the terms and conditions set forth herein, and the Court's approval pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Settlement embodied herein is

intended by the Parties to (i) be a full and final disposition of the Action; and (ii) fully, finally, and forever resolve, discharge, dismiss, and settle the Released Plaintiffs' Claims against the Released Defendant Parties.

NOW THEREFORE, without any concession by Lead Plaintiff that the Action lacks merit, and without any concession by Defendants of any liability or wrongdoing or the lack of merit in any of their defenses, it is hereby **STIPULATED AND AGREED** by and between Lead Plaintiff, on behalf of itself and the Class Members, and Defendants, by and through their undersigned counsel, subject to approval by the Court pursuant to Rule 23 of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties, all Released Claims as against all Released Parties shall be fully, finally, and forever settled, released, discharged, and dismissed with prejudice, and without costs, as set forth below:

DEFINITIONS

1. As used in this Stipulation and the exhibits appended hereto, the following terms shall have the meanings set forth below. In the event of any inconsistency between any definition set forth below and any definition in any other document related to the Settlement, the definition set forth below shall control.

(a) "Action" means the civil action captioned *The City of Providence v. Aeropostale, Inc.*, No. 11-cv-7132, pending in the United States District Court for the Southern District of New York before the Honorable Colleen McMahon.

(b) "Aéropostale" means Aéropostale, Inc. (NYSE: ARO).

(c) "Aéropostale Common Stock" means the publicly traded common stock of Aéropostale (CUSIP No. 007865108).

(d) "Alternative Judgment" means a form of Final judgment that may be entered by the Court in this Action in a form other than the Judgment provided for in this

Stipulation where under such circumstances none of the Parties hereto elects to terminate this Settlement in accordance with Paragraph 49.

(e) “Authorized Claimant” means a Class Member that timely submits a valid Proof of Claim and Release form to the Claims Administrator in accordance with the terms of the Stipulation that is accepted for payment by the Court.

(f) “Claims Administrator” means the firm designated by Lead Counsel, subject to Court approval, to provide all notices approved by the Court to Class Members, to process Proofs of Claim and to administer the Settlement.

(g) “Class” or “Class Member” means any and each Person who purchased or otherwise acquired Aéropostale Common Stock from March 11, 2011 through August 18, 2011, inclusive, and who were damaged thereby. Excluded from the Class are (i) Defendants; (ii) members of the Immediate Family of the Individual Defendants; (iii) any person who was an Officer or Director of Aéropostale during the Class Period; (iv) any firm, trust, partnership, corporation, or other entity in which any Defendant has or had a controlling interest during the Class Period; (v) the liability insurance carriers of Defendants’ Directors and Officers, and any affiliates or subsidiaries thereof; and (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party. Also excluded from the Class is any Person that otherwise qualifies as a Class Member but properly excludes himself, herself, or itself by timely submitting a valid request for exclusion from the Class in accordance with the requirements set forth in this Stipulation and in the Notice.

(h) “Class Period” means the period from March 11, 2011 through August 18, 2011, inclusive.

(i) “Court” means the United States District Court for the Southern District of New York.

(j) “Defendants” means Aéropostale, Inc., Thomas P. Johnson, and Marc D. Miller.

(k) “Defendants’ Counsel” means the law firm of Weil, Gotshal & Manges LLP.

(l) “Director” means any member of the board of directors of any of the Defendants.

(m) “Distribution Order” means an order of the Court approving the Claims Administrator’s determinations concerning the acceptance and rejection of the claims submitted and approving any fees and expenses not previously paid, including the fees and expenses of the Claims Administrator and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

(n) “Effective Date” means the date upon which the Settlement shall become effective, as set forth in Paragraph 47 below.

(o) “Escrow Account” means one or more separate escrow account(s) designated by Lead Counsel into which the Settlement Amount will be deposited for the benefit of the Class.

(p) “Escrow Agent” means Lead Counsel.

(q) “Fee and Expense Application” means Lead Counsel’s application for an award from the Settlement Fund of attorneys’ fees and reimbursement of litigation expenses incurred in prosecuting the Action in an amount not to exceed the attorneys’ fees and expense reimbursement disclosure contained in the Notice.

(r) “Final,” with respect to a court order, means the later of: (i) if there is an appeal from a court order, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration, or a petition for a *writ of certiorari* and, if *certiorari* is granted, the date of final affirmance of the order following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of any proceeding on *certiorari* to review the order; or (iii) the expiration of the time for the filing or noticing of any appeal or petition for *certiorari* from the order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond this time by order of the issuing court, by operation of law, or otherwise, or if such extension is requested, the date of expiration of any such extension if any appeal or review is not sought). However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Plan of Allocation of the Net Settlement Fund, or to the Court’s award of attorneys’ fees or expenses, shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment to become Final, or otherwise preclude the Judgment or Alternative Judgment from becoming Final.

(s) “Immediate Family” or “Immediate Families” means, as set forth in 17 C.F.R. § 229.404, children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. “Spouse” as used in this definition also means a husband, a wife, or a partner in a state-recognized domestic partnership, civil union, or marriage.

(t) “Individual Defendants” means Thomas P. Johnson and Marc D. Miller.

(u) “Judgment” means the proposed judgment and order (i) finally approving the Settlement and (ii) dismissing the Action with prejudice, which, subject to the approval of the Court, shall be substantially in the form attached hereto as Exhibit B.

(v) “Lead Counsel” means the law firm of Labaton Sucharow LLP.

(w) “Lead Plaintiff” means the City of Providence.

(x) “Net Settlement Fund” means the Settlement Fund less: (i) Court-awarded attorneys’ fees and expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any other fees or expenses approved by the Court, including any award to Lead Plaintiff for reasonable costs and expenses (including lost wages) pursuant to the PSLRA.

(y) “Notice” means the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys’ Fees and Expenses, which, subject to approval of the Court, will be sent to Class Members and shall be substantially in the form attached hereto as Exhibit 1 to Exhibit A hereto.

(z) “Notice and Administration Expenses” means all costs, fees, and expenses incurred in connection with providing notice to the Class and the administration of the Settlement, including but not limited to: (i) providing notice of the proposed Settlement, by mail, publication, and other means, to Class Members; (ii) receiving and reviewing claims; (iii) applying the Plan of Allocation; (iv) communicating with Persons regarding the proposed Settlement and claims administration process; (v) distributing the proceeds of the Settlement; and (vi) fees related to the Escrow Account and investment of the Settlement Fund.

(aa) “Officer” means any officer of any of the Defendants as the term Officer is defined in 17 C.F.R. § 240.16a-1(f).

(bb) “Party” or “Parties” means any and each of Lead Plaintiff, the other Class Members, and Defendants.

(cc) “Person” or “Persons” means any and each individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock

company, joint venture, limited liability company, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity, as well as each of their spouses, heirs, predecessors, successors, representatives, agents, trustees, administrators, executors, or assigns.

(dd) “Plan of Allocation” means the proposed Plan of Allocation of Net Settlement Fund, which, subject to the approval of the Court, shall be substantially in the form described in the Notice.

(ee) “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval of Class Action Settlement, Approving Form and Manner of Notice, and Setting Date for Hearing on Final Approval of Settlement, which, subject to the approval of the Court, shall be substantially in the form attached hereto as Exhibit A.

(ff) “Proof of Claim” means the Proof of Claim and Release form for submitting a claim, which, subject to approval of the Court, shall be substantially in the form attached as Exhibit 2 to Exhibit A hereto.

(gg) “Released Claims” means collectively Released Plaintiffs’ Claims and Released Defendants’ Claims.

(hh) “Released Defendant Party” or “Released Defendant Parties” means Defendants, their past or present or future subsidiaries, parents, affiliates, principals, successors and predecessors, assigns, Officers, Directors, trustees, general partners, limited partners, agents, fiduciaries, contractors, employees, attorneys, auditors, insurers; the spouses, members of the Immediate Families, representatives, and heirs of the Individual Defendants, as well as any trust of which any Individual Defendant is the settlor or which is for the benefit of any of their

Immediate Family members; any Person in which any Defendants have a controlling interest; and any of the legal representatives, heirs, successors in interest, or assigns of the Defendants.

(ii) “Released Defendants’ Claims” means all claims, rights, issues, controversies, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every kind, nature, and description, including both known claims and Unknown Claims (as defined below), whether arising under federal, state, or foreign law, or statutory, common, or administrative law, or any other law, rule, or regulation, whether asserted as claims, cross-claims, counterclaims, or third-party claims, whether fixed or contingent, choate or inchoate, accrued or not accrued, matured or unmatured, liquidated or unliquidated, perfected or unperfected, whether class-wide or individual in nature, that previously existed, currently exist, or that exist as of the date of the Court’s approval of the Settlement, or that may arise in the future, that the Released Defendant Parties could have asserted against any of the Released Plaintiff Parties that arise out of or relate to the commencement, prosecution, or settlement of the Action (other than claims to enforce the Settlement).

(jj) “Released Party” or “Released Parties” means individually and collectively the Released Defendant Parties and the Released Plaintiff Parties.

(kk) “Released Plaintiffs’ Claims” means any and all claims, rights, issues, controversies, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every kind, nature, and description, including both known claims and Unknown Claims (as defined below), whether arising under federal, state, or foreign law, or statutory, common, or administrative law, or any other law, rule, or regulation, whether asserted as claims, cross-claims, counterclaims, or third-

party claims, whether fixed or contingent, choate or inchoate, accrued or not accrued, matured or unmatured, liquidated or unliquidated, perfected or unperfected, whether class-wide or individual in nature, that previously existed, currently exist, or that exist as of the date of the Court's approval of the Settlement, or that may arise in the future, that Lead Plaintiff or any other Class Member asserted or could have asserted in the Action or any other action or in any forum including, without limitation, any federal or state court, or in any other court, arbitration, administrative agency, or other forum in the United States or elsewhere, that in any way arise out of, are based upon, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations, or omissions or failures to act alleged, set forth, referred to, involved in any of the complaints filed in the Action, or which could have been raised in the Action, and that in any way arise out of, are based upon, relate to, or concern the purchase, acquisition, or sale of Aéropostale Common Stock during the Class Period. Released Claims do not include: (i) claims to enforce the Settlement; and (ii) any claims asserted in the lawsuit styled *Bell v. Geiger, et al.*, No. 652931/2011 (N.Y. Sup. Ct.)

(II) "Released Plaintiff Party" or "Released Plaintiff Parties" means Lead Plaintiff, Lead Counsel, and each and every Class Member, regardless of whether that person actually submits a Proof of Claim, seeks or obtains a distribution from the Net Settlement Fund, is entitled to receive a distribution under the Plan of Allocation, or is entitled to receive payment from the Fee and Expense Application; their respective past, current, or future trustees, Officers, Directors, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, assigns, parents, subsidiaries, divisions, joint ventures, general or limited partners or partnerships, and limited liability companies; and the spouses, members of the Immediate Families, representatives, and heirs of any Released Plaintiff Party, as well as any trust of which

any such Released Plaintiff Party is the settlor or which is for the benefit of any of their Immediate Family members; any Person in which any Released Plaintiff Party has a controlling interest; and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member any of the Released Plaintiffs' Claims (or to obtain the proceeds of any recovery therefrom), whether in whole or in part.

(mm) "Settlement" means the resolution of the Action in accordance with the terms and provisions of this Stipulation.

(nn) "Settlement Amount" means the total principal amount of fifteen million dollars (\$15,000,000) in cash. For the avoidance of doubt, under no circumstances shall the total that Aéropostale pays, or causes to be paid, under this Stipulation exceed the Settlement Amount.

(oo) "Settlement Fund" means the Settlement Amount deposited in the Escrow Account under the terms of this Stipulation and any interest earned thereon.

(pp) "Settlement Hearing" means the hearing to be held by the Court to determine whether the proposed Settlement is fair, reasonable, adequate and should be finally approved.

(qq) "Stipulation" means this Stipulation and Agreement of Settlement.

(rr) "Summary Notice" means the Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses, which, subject to approval of the Court, will be published in *Investor's Business Daily* and transmitted over *PR Newswire*, and shall be substantially in the form attached as Exhibit 3 to Exhibit A hereto.

(ss) "Taxes" means all federal, state, or local taxes of any kind on any income earned by or imposed on payments of the Settlement Fund, including withholding taxes, and reasonable expenses and costs incurred in connection with the taxation of the Settlement Fund

(including, without limitation, interest, penalties, and the reasonable expenses of tax attorneys and accountants).

SCOPE AND EFFECT OF SETTLEMENT

2. Subject to approval by the Court, and such approval becoming Final, the obligations incurred pursuant to this Stipulation are in full and final disposition of the Released Claims.

3. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Lead Plaintiff and each and every other Class Member, regardless of whether that Person actually submits a Proof of Claim, seeks or obtains a distribution from the Net Settlement Fund, or is entitled to receive a distribution under the Plan of Allocation, on behalf of themselves and each of their respective past, current, or future heirs, executors, trustees, administrators, predecessors, successors, representatives, agents, assigns, and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member, any of the Released Plaintiffs' Claims (or to obtain the proceeds of any recovery therefrom) (i) have and shall be deemed to have fully, finally, and forever waived, released, relinquished, discharged, and dismissed each and every one of the Released Plaintiffs' Claims against each and every one of the Released Defendant Parties; (ii) have and be deemed to have covenanted not to sue, directly or indirectly, any of the Released Defendant Parties with respect to any and all of the Released Plaintiffs' Claims; and (iii) shall forever be barred and enjoined from directly or indirectly filing, commencing, instituting, prosecuting, maintaining, intervening in, participating in (as a class member or otherwise) (except as a witness compelled by subpoena or court order and no remuneration is received for such action(s)), or receiving any benefits or other relief, from any action, suit, cause of action, arbitration, claim, demand, or other proceeding in any jurisdiction, whether in the United States or elsewhere, on their own or in a

representative capacity, that is based upon, arises out of, or relates to any and all of the Released Plaintiffs' Claims against any and all of the Released Defendant Parties.

4. By operation of the Judgment or Alternative Judgment, as of the Effective Date, the Released Defendant Parties shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Defendants' Claims against each and every one of the Released Plaintiff Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting, or maintaining any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

5. By operation of the Judgment or Alternative Judgment, as of the Effective Date, in accordance with 15 U.S.C. § 78u-4(f)(7)(A), except as provided in Paragraph 44(b), any and all Persons are permanently barred and enjoined, to the fullest extent permitted by law, from commencing, prosecuting, or asserting any and all claims for contribution or indemnity (or any other claim when the alleged injury to that Person is that Person's actual or threatened liability to the Class or a Class Member in the Action) based upon, relating to, or arising out of the Released Plaintiffs' Claims, against each and every one of the Released Defendant Parties, whether arising under state, federal, common, or foreign law, as claims, cross-claims, counterclaims, or third-party claims, in this Action or a separate action, in this Court, any federal or state court, or in any other court, arbitration proceeding, administrative proceeding, or other forum, whether in the United States or elsewhere; and, except as provided in Paragraph 44(b), the Released Defendant Parties are permanently barred and enjoined, to the fullest extent permitted by law, from commencing, prosecuting, or asserting any and all claims for contribution or indemnity (or any other claim when the alleged injury to the Released Defendant Party is that Released Defendant Party's actual or threatened liability to the Class or a Class Member in the Action) based upon,

relating to, or arising out of the Released Plaintiffs' Claims, against any Person, other than a Person whose liability to the Class has been extinguished pursuant to the Settlement and the Judgment, whether arising under state, federal, common, or foreign law, as claims, cross-claims, counterclaims, or third-party claims, in this Action or a separate action, in this Court, any federal or state court, or in any other court, arbitration proceeding, administrative proceeding, or other forum, whether in the United States or elsewhere.

6. The Released Claims expressly includes any and all claims that Lead Plaintiff, each and every other Class Member, or the Released Defendant Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Claims, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to exclude himself, herself, or itself from the Class, or to object or not to object to any aspect of the Settlement (collectively, "Unknown Claims"). With respect to any and all Released Claims, Lead Plaintiff and each and every other Class Member, on behalf of themselves and each of their respective past, current, or future heirs, executors, trustees, administrators, predecessors, successors, representatives, agents, assigns, and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member, any of the Released Plaintiffs' Claims (or to obtain the proceeds of any recovery therefrom), and the Released Defendant Parties stipulate and agree that, upon the Effective Date, they each shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Lead Plaintiff and each and every other Class Member, on behalf of themselves and each of their respective past, current, or future heirs, executors, trustees, administrators, predecessors, successors, representatives, agents, assigns, and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member, any of the Released Plaintiffs' Claims (or to obtain the proceeds of any recovery therefrom), and the Released Defendant Parties acknowledge that they may hereafter discover facts, legal theories, or authorities in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but they each nevertheless intend to and shall expressly, fully, finally, and forever settle and release, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall be deemed to have settled and released, fully, finally, and forever, any and all Released Claims as applicable, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and the Released Defendant Parties acknowledge, and other Class Members, on behalf of themselves and each of their respective past, current, or future heirs, executors, trustees, administrators, predecessors, successors, representatives, agents, assigns, and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member, any of the Released Plaintiffs' Claims (or to obtain

the proceeds of any recovery therefrom), by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Plaintiffs’ Claims and Released Defendants’ Claims was separately bargained for and was a material element of the Settlement.

THE SETTLEMENT CONSIDERATION

7. In full settlement of the Released Plaintiffs’ Claims and in consideration of the releases specified in Paragraph 3, above, Aéropostale shall pay, or cause to be paid, the Settlement Amount into the Escrow Account on or before twenty (20) business days after both (i) the Court has entered the Preliminary Approval Order and (ii) Lead Counsel has provided to Defendants’ Counsel all information necessary to effectuate a transfer of funds, including, but not limited to, wiring instructions, payment address, and a complete, accurate, and signed W-9 form for the Settlement Fund that reflects a valid taxpayer identification number.

8. The Settlement Amount represents the entirety of the Released Defendant Parties’ financial obligations under this Stipulation and in connection with this Settlement, meaning that it includes all attorneys’ fees and expenses, Notice and Administration Expenses, Taxes, and any other costs of any kind whatsoever associated with the Settlement. The payment of the Settlement Amount into the Escrow Account by Aéropostale in accordance with Paragraph 7 above fully discharges the Released Defendant Parties’ financial obligations under this Stipulation and in connection with the Settlement, meaning that no other Released Defendant Parties shall have any obligation to make, or cause to make, any payment into the Escrow Account or to any Class Member or any other Person under this Stipulation or as part of the Settlement. For the avoidance of doubt, under no circumstances shall the total to be paid, or caused to be paid, by Released Defendant Parties under this Stipulation exceed the Settlement Amount.

9. With the sole exception of Aéropostale's obligation to pay the Settlement Amount into the Escrow Account in accordance with Paragraph 7, the Released Defendant Parties and Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to: (i) any act, omission, or determination by Lead Counsel, the Escrow Agent, or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation, or its implementation, administration, or interpretation; (iv) the determination, administration, calculation, or payment of any claims asserted against the Settlement Fund; (v) any losses suffered by, or fluctuations in value of, the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection with the Settlement Fund or the filing of any federal, state, or local tax returns.

USE AND TAX TREATMENT OF SETTLEMENT FUND

10. The Settlement Fund shall be used as follows and only as follows: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by the Court; (v) to pay any other costs, fees, or expenses approved by the Court, including any award to Lead Plaintiff permitted by the PSLRA; and (vi) to pay the Net Settlement Fund to Authorized Claimants.

11. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in Paragraphs 23-35 hereof. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date unless the Settlement is terminated under the provisions of this Stipulation, the Settlement is not approved, or the Effective Date otherwise does not occur. All funds held in the Escrow Account shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be disbursed or returned, pursuant

to the terms of this Stipulation, and/or further order of the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed by the full faith and credit of the United States Government (or a mutual fund invested solely in such instruments), or deposit some or all of the funds in non-interest bearing transaction account(s) that are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) in amounts that are up to the limit of FDIC insurance, and shall collect and reinvest any and all interest accrued thereon in the same instruments. The Released Defendant Parties and Defendants’ Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions executed by the Escrow Agent. All risks related to the investment of the Settlement Fund shall be borne solely by the Settlement Fund.

12. Lead Plaintiff intends to treat the Settlement Fund, as a “qualified settlement fund” within the meaning of Treas. Reg. § 1.468B-1. Lead Counsel shall timely make, or cause to be made, such elections as necessary or advisable to carry out the provisions of this Paragraph, including the “relation-back election” (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements contained in applicable regulations. It shall be the sole responsibility of Lead Counsel to timely and properly prepare and deliver, or cause to be prepared and delivered, the necessary documentation for signature by all necessary parties, and thereafter take all such action(s) as may be necessary or appropriate to cause the appropriate filing(s) to occur. The Parties agree to cooperate with Lead Counsel, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Paragraph.

(a) For the purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and Treas. Reg. § 1.468B promulgated thereunder, the “administrator” shall be Lead

Counsel or its successor(s), who shall timely and properly file, or cause to be filed, all informational and other federal, state, or local tax returns necessary or advisable with respect to the earnings on the funds deposited in the Escrow Account (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such tax returns (as well as the election described above) shall be consistent with this subparagraph and in all events shall reflect that all Taxes (including any estimated taxes, earnings, or penalties) on the income earned on the funds deposited in the Escrow Account shall be paid out of such funds as provided in subparagraph (c) of this Paragraph.

(b) All Taxes shall be paid by the Escrow Agent solely out of the Settlement Fund. In all events, the Released Defendant Parties and Defendants' Counsel shall have no liability or responsibility whatsoever for the Taxes or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. In the event any Taxes of any kind whatsoever, including but not limited to any Taxes payable by reason of indemnification, are owed by any of the Released Defendant Parties on any earnings on the funds on deposit in the Escrow Account, such amounts shall also be paid out of the Settlement Fund. Any Taxes or tax expenses owed on any earnings on the Settlement Amount prior to its transfer to the Escrow Account shall be the sole responsibility of Aéropostale or the party that deposits the Settlement Amount into the Escrow Account.

(c) Taxes shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by the Escrow Agent out of the Settlement Fund without prior order from the Court or approval by the Released Defendant Parties, and the Escrow Agent and the Claims Administrator shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds

necessary to pay such amounts (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)).

ATTORNEYS' FEES AND EXPENSES

13. Lead Counsel will apply to the Court for an award from the Settlement Fund of attorneys' fees and reimbursement of litigation expenses incurred in prosecuting the Action in an amount not to exceed the attorneys' fees and expenses reimbursement disclosure contained in the Notice, plus any earnings on such amounts at the same rate and for the same periods as earned by the Settlement Fund. The Settlement Fund shall be the sole source of payment from the Released Defendant Parties for the award of attorneys' fees and litigation expenses ordered by the Court. The Released Defendant Parties shall take no position with respect to the Fee and Expense Application, provided it is consistent with the terms of the Stipulation.

14. The amount of attorneys' fees and litigation expenses awarded by the Court is within the sole discretion of the Court. Any attorneys' fees and litigation expenses awarded by the Court shall be paid from the Settlement Fund to Lead Counsel immediately upon entry of the order awarding such attorneys' fees and litigation expenses, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof.

15. Any payment of attorneys' fees and litigation expenses pursuant to Paragraphs 13-14 above shall be subject to Lead Counsel's obligation to make refunds or repayments to the Settlement Fund of any paid amounts, plus accrued earnings at the same net rate and for the same periods as is earned by the Settlement Fund, if (i) the Settlement is terminated pursuant to the terms of this Stipulation or fails to become effective for any reason; or (ii) as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or litigation expenses is reduced, vacated, or reversed by Final non-appealable court

order. If any one or more of the events set forth above in this Paragraph occur, Lead Counsel shall refund or repay the full amount of attorneys' fees and/or litigation expenses that is reversed, vacated, or, as applicable, the amount by which any award of attorneys' fees and/or litigation expenses is reduced or modified, no later than thirty (30) calendar days after receiving notice of such events, including, as applicable, notice of termination of the Settlement, or of the Court's decision to not approve the Settlement, or of any reduction, vacatur, or reversal of the award of attorneys' fees and/or litigation expenses, by Final non-appealable court order. It shall be the responsibility and obligation of Lead Counsel (or its successor(s)) to ensure repayment under this Paragraph, and Lead Counsel (or its successor(s)) submit itself to the jurisdiction of the Court in the event of any dispute in connection with this Paragraph. If Lead Counsel does not comply with its obligation to refund and repay within the thirty (30) calendar day period of this Paragraph, Lead Counsel shall pay any expenses or fees (including attorneys' fees) incurred by the Released Defendant Parties in connection with enforcing that obligation. The obligations in this Paragraph shall survive and remain in full force and effect and shall be binding in all respects on the Parties even if this Stipulation is terminated, the Settlement is not approved, or the Effective Date does not occur.

16. With the sole exception of Aéropostale's obligation to pay, or cause to be paid, the Settlement Amount into the Escrow Account in accordance with Paragraph 7, the Released Defendant Parties and Defendants' Counsel shall have no responsibility for, and no liability whatsoever with respect to, any payment whatsoever to Lead Counsel in the Action that may occur at any time. Lead Plaintiff, Lead Counsel, and each and every other Class Member shall have no recourse against the Released Defendant Parties for the payment of any attorneys' fees and/or litigation expenses.

17. The Released Defendant Parties and Defendants' Counsel shall have no responsibility for, and no liability whatsoever with respect to, any allocation of any attorneys' fees or expenses between or among Lead Counsel and any other Person who may assert some claim thereto, or any fee or expense awards the Court may make in the Action.

18. The Released Defendant Parties and Defendants' Counsel shall have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses incurred by or on behalf of the Class Members, whether or not paid from the Escrow Account.

19. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part, or a necessary term, of the Settlement set forth in this Stipulation, are separate from the Court's consideration of, and shall not affect the validity or finality of, this Stipulation or the Settlement. Any order or proceeding relating to any Fee and Expense Application, including an award of attorneys' fees, costs, or expenses in an amount less than the amount requested by Lead Counsel, or any appeal from any order relating thereto, or reversal or modification thereof, shall not operate to terminate, cancel, or in any way affect this Stipulation or the Settlement, impose any obligation on the Released Defendant Parties or any other Person to increase the consideration paid in connection with the Settlement, or affect or delay the Effective Date or finality of the Judgment or Alternative Judgment approving the Settlement, including, but not limited to, the release, discharge, and relinquishment of the Released Plaintiffs' Claims against the Released Defendant Parties, or any other orders entered pursuant to this Stipulation. Lead Plaintiff, either on its own behalf or on behalf of the Class, and Lead Counsel may not cancel or terminate the Stipulation, whether in accordance with this Stipulation or otherwise, based on the Court's or any appellate court's ruling with respect to the

Fee and Expense Application or any application for the award of attorneys' fees or litigation expenses in the Action.

20. All proceedings with respect to any disputes arising under Paragraphs 13-19 of this Stipulation, including but not limited to any proceedings concerning Lead Counsel's repayment obligations under Paragraph 15, shall be subject to the jurisdiction of the Court.

ADMINISTRATION EXPENSES

21. Except as otherwise provided herein, the Settlement Fund shall be held in the Escrow Account until the Effective Date.

22. Prior to the Effective Date, without further approval from Defendants or further order of the Court, Lead Counsel may expend up to \$250,000 from the Settlement Fund to pay Notice and Administration Expenses actually and reasonably incurred. Taxes and fees related to the Escrow Account and investment of the Settlement Fund may be paid as incurred, without further approval of the Released Defendant Parties or further order of the Court. After the Effective Date, Notice and Administration Expenses may be paid as incurred, without further approval of the Released Defendant Parties or further order of the Court.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

23. Lead Counsel will apply to the Court for a Distribution Order, on notice to Defendants' Counsel, approving the Claims Administrator's determinations concerning the acceptance and rejection of the claims submitted pursuant to this Stipulation, and, if the Effective Date has occurred, directing the payment of the Net Settlement Fund to Authorized Claimants. The Released Defendant Parties will take no position with respect to the Plan of Allocation, provided it is consistent with the terms of the Stipulation.

24. The allocation and distribution of the Net Settlement Fund to Class Members shall be subject to the Plan of Allocation, which Lead Plaintiff shall propose in its discretion, subject to notice to the Class members and approval by the Court.

25. The Claims Administrator shall administer the Settlement under Lead Counsel's supervision in accordance with the terms of this Stipulation and subject to the jurisdiction of the Court.

26. With the sole exception of Aéropostale's obligation to pay, or cause to be paid, the Settlement Amount into the Escrow Account in accordance with Paragraph 7, the Released Defendant Parties and Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to, the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability to the Class in connection with such administration.

27. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss, as defined in the Plan of Allocation included in the Notice, or in such other plan of allocation as the Court may approve.

28. The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or Finality of this Stipulation or the Settlement. The Plan of Allocation is not a necessary term of this Stipulation, the Settlement, the Preliminary Approval Order, or the Judgment or Alternative Judgment, and it is not a condition of this Stipulation or the Settlement that any particular plan of allocation be approved by the Court or any appellate court. Lead Plaintiff, either on its own behalf or on behalf of the Class, and Lead Counsel may not cancel or

terminate the Stipulation or the Settlement, whether in accordance with this Stipulation or otherwise, based on the Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in the Action. The Released Defendant Parties and Defendants' Counsel shall have no responsibility for, and no liability whatsoever with respect to, reviewing or challenging claims, the allocation of the Net Settlement Fund, or the distribution of the Net Settlement Fund.

29. Payment pursuant to the Distribution Order shall be deemed final and conclusive against any and all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and the releases provided for herein and therein, and will be barred from bringing any action against the Released Defendant Parties that is based upon, arises out of, or relates to any and all of the Released Plaintiffs' Claims.

30. All proceedings with respect to the administration, processing, and determination of claims described by this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment or Alternative Judgment.

31. No Person shall have any claim of any kind against the Released Defendant Parties or Defendants' Counsel with respect to the matters set forth in Paragraphs 23-30 of this Stipulation, or otherwise related in any way to the administration of the Settlement, including, without limitation, the processing of claims and distributions.

32. No Person shall have any claim against Lead Plaintiff or Lead Counsel or the Claims Administrator, or other agent designated by Lead Counsel, based on distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

33. No Person that other than a Class Member, including without, limitation, those who timely and validly exclude themselves from the Class, shall have any right to any share of the Net Settlement Fund or to receive any distribution therefrom.

34. This is not a claims-made settlement. As of the Effective Date, the Released Defendant Parties and/or such other persons or entities funding the Settlement on behalf of the Released Defendant Parties, shall not have any right to the return of the Settlement Fund or any portion thereof for any reason.

35. If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if feasible and economical, reallocate such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion until it is no longer feasible or economical to do so. Any balance that still remains in the Net Settlement Fund, after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to non-sectarian, not-for-profit charitable organizations serving the public interest, designated by Lead Plaintiff and approved by the Court.

ADMINISTRATION OF THE SETTLEMENT

36. Any Class Member who fails to timely submit a valid Proof of Claim will not be entitled to receive any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the Court, but will otherwise be bound by all of the terms of this Stipulation and the

Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and all releases provided for herein and therein, and will be barred from bringing any action against the Released Defendant Parties that is based upon, arises out of, or relates to any and all of the Released Plaintiffs' Claims.

37. Upon receiving any request(s) for exclusion pursuant to the Notice, Lead Counsel shall promptly notify Defendants' Counsel of such request(s) for exclusion upon receiving each request for exclusion, and certainly no later than five (5) calendar days after receiving a request for exclusion or fifteen (15) calendar days prior to the Settlement Hearing, whichever is earlier, and provide copies of such request(s) for exclusion and any documentation accompanying them by email.

38. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to the approval of the Court, and for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what Lead Counsel deems to be *de minimis* or formal or technical defects in any Proofs of Claim submitted. The Released Defendant Parties and Defendants' Counsel shall have no responsibility for, and no liability whatsoever with respect to, the administration of the Settlement, the allocation of the Net Settlement Fund, or the reviewing or challenging of claims of Class Members.

39. For purposes of determining the extent, if any, to which a Class Member shall be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Class Member shall be required to submit a Proof of Claim, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents

as are designated therein, including proof of the claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by Lead Counsel in their discretion or by Order of the Court. Any Class Member who fails to submit a Proof of Claim by such date shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation unless, by Order of the Court or the discretion of Lead Counsel, late-filed Proofs of Claim are accepted, but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment and all releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against any Released Defendant Parties. Provided that it is received before the motion for the Distribution Order is filed, a Proof of Claim shall be deemed to be submitted when mailed, if received with a postmark on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the Court;

(d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejecting a Proof of Claim in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable

deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all claimants whose claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph (e) below;

(e) If any claimant whose claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the claimant must, within twenty (20) calendar days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court; and

(f) The determinations of the Claims Administrator accepting or rejecting disputed claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Distribution Order.

40. Each claimant who submits a Proof of Claim shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's claim, including but not limited to all releases provided for herein and in the Judgment or Alternative Judgment, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's claim. In connection with processing the Proofs of Claim, no discovery shall be allowed on the merits of the Action or the Settlement.

TERMS OF THE PRELIMINARY APPROVAL ORDER

41. Concurrently with its application for preliminary Court approval of the Settlement contemplated by this Stipulation and promptly upon execution of this Stipulation, Lead Counsel and Defendants' Counsel shall jointly apply to the Court for entry of the Preliminary Approval Order, which shall be substantially in the form attached hereto as Exhibit A. The Preliminary Approval Order will, *inter alia*, set the date for the Settlement Hearing and prescribe the method for giving notice of the Settlement to the Class.

42. Within ten (10) days of the entry of the Preliminary Approval Order by the Court, Aéropostale shall use its best efforts to provide, or cause to be provided, to Lead Counsel or the Claims Administrator a searchable list in electronic form of the names and addresses of Persons that were record holders of Aéropostale Common Stock during the Class Period.

TERMS OF THE JUDGMENT

43. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and Defendants' Counsel shall jointly request that the Court enter a Judgment substantially in the form annexed hereto as Exhibit B.

44. The proposed Judgment shall include, and the Parties agree to the entry by the Court of an order including, a Bar Order that contains the following provisions:

(a) In accordance with 15 U.S.C. § 78u-4(f)(7)(A), upon the Effective Date, except as provided in subparagraph (b), any and all Persons are permanently barred and enjoined, to the fullest extent permitted by law, from commencing, prosecuting, or asserting any and all claims for contribution or indemnity (or any other claim when the alleged injury to that Person is that Person's actual or threatened liability to the Class or a Class Member in the Action) based upon, relating to, or arising out of the Released Plaintiffs' Claims, against each and every one of the Released Defendant Parties, whether arising under state, federal, common, or foreign law, as

claims, cross-claims, counterclaims, or third-party claims, in this Action or a separate action, in this Court, any federal or state court, or in any other court, arbitration proceeding, administrative proceeding, or other forum, whether in the United States or elsewhere; and, except as provided in subparagraph (b), the Released Defendant Parties are permanently barred and enjoined, to the fullest extent permitted by law, from commencing, prosecuting, or asserting any and all claims for contribution or indemnity (or any other claim when the alleged injury to the Released Defendant Party is that Released Defendant Party's actual or threatened liability to the Class or a Class Member in the Action) based upon, relating to, or arising out of the Released Plaintiffs' Claims, against any Person, other than a Person whose liability to the Class has been extinguished pursuant to the Settlement and the Judgment, whether arising under state, federal, common, or foreign law, as claims, cross-claims, counterclaims, or third-party claims, in this Action or a separate action, in this Court, any federal or state court, or in any other court, arbitration proceeding, administrative proceeding, or other forum, whether in the United States or elsewhere.

(b) Notwithstanding the Bar Order in subparagraph (a), and for the avoidance of doubt, nothing in this Judgment shall (i) bar any action by any of the Parties to enforce or effectuate the terms of this Stipulation, the Settlement, the Preliminary Approval Order, or the Judgment or Alternative Judgment; or (ii) bar any action by the Released Defendant Parties to enforce the protections from liability granted to them under this Stipulation; or (iii) bar the Released Defendant Parties from asserting any claims against their own insurers.

45. The proposed Judgment shall also contain the releases provided in Paragraphs 3-4 of this Stipulation and the following provisions:

(a) Upon the Effective Date, Lead Plaintiff and each and every other Class Member, regardless of whether that Person actually submits a Proof of Claim, seeks or obtains a distribution from the Net Settlement Fund, or is entitled to receive a distribution under the Plan of Allocation, on behalf of themselves and each of their respective past, current, or future heirs, executors, trustees, administrators, predecessors, successors, representatives, agents, assigns, and any other Person who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member, any of the Released Plaintiffs' Claims (or to obtain the proceeds of any recovery therefrom) (i) have and shall be deemed to have fully, finally, and forever waived, released, relinquished, discharged, and dismissed each and every one of the Released Plaintiffs' Claims against each and every one of the Released Defendant Parties; (ii) have and be deemed to have covenanted not to sue, directly or indirectly, any of the Released Defendant Parties with respect to any and all of the Released Plaintiffs' Claims; and (iii) shall forever be barred and enjoined from directly or indirectly filing, commencing, instituting, prosecuting, maintaining, intervening in, participating in (as a class member or otherwise) (except as a witness compelled by subpoena or court order and no remuneration is received for such action(s)), or receiving any benefits or other relief, from any action, suit, cause of action, arbitration, claim, demand, or other proceeding in any jurisdiction, whether in the United States or elsewhere, on their own behalf or in a representative capacity, that is based upon, arises out of, or relates to any and all of the Released Plaintiffs' Claims against any and all of the Released Defendant Parties.

(b) Upon the Effective Date, the Released Defendant Parties shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Defendants' Claims against each and every one of the Released Plaintiff

Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting, or maintaining any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

46. Nothing in this Stipulation shall prevent any Person that timely submits a valid request for exclusion from commencing, prosecuting, or asserting any of the Released Plaintiffs' Claims against any of the Released Defendant Parties. If any such Person commences, prosecutes, or asserts any of the Released Plaintiffs' Claims against any of the Released Defendant Parties, nothing in this Stipulation shall prevent the Released Defendant Parties from asserting any claim of any kind against such Person, including any of the Released Defendants' Claims, or from seeking contribution or indemnity from any Person, including another Released Defendant Party, in respect of the claim of that Person who is excluded from the Class pursuant to a timely and valid request for exclusion.

EFFECTIVE DATE OF SETTLEMENT

47. The Effective Date of this Settlement shall be the first business day on which all of the following shall have occurred or been waived:

- (a) entry of the Preliminary Approval Order, which shall be in all material respects substantially in the form set forth in Exhibit A annexed hereto;
- (b) payment of the Settlement Amount into the Escrow Account;
- (c) approval by the Court of the Settlement, following notice to the Class and the Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure;
- (d) a Judgment, which shall be in all material respects substantially in the form set forth in Exhibit B annexed hereto, has been entered by the Court and has become Final; or, in the event that an Alternative Judgment has been entered and none of the Parties elects to

terminate the Settlement by reason of such variance, the Alternative Judgment has become Final; and

(e) expiration of the time for Lead Plaintiff and Defendants, as applicable, to exercise their termination rights set forth in Paragraphs 49-56 of this Stipulation and/or the Supplemental Agreement (as defined below).

48. For the avoidance of doubt, the time set forth in Paragraph 47 for the Effective Date to occur shall not be affected in any respect whatsoever by any appeal or proceeding seeking judicial review pertaining to: (i) Court approval of the Plan of Allocation; (ii) the Fee and Expense Application; or (iii) the Court's findings and/or conclusions under Section 21D(c)(1) of the Exchange Act, 15 U.S.C. § 78u-4(c)(1).

TERMINATION

49. Defendants and Lead Plaintiff shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so ("Termination Notice"), through counsel, to all other Parties hereto within fourteen (14) calendar days of: (i) the Court's Final refusal to enter the Preliminary Approval Order in any material respect; (ii) the Court's Final refusal to approve this Stipulation or any material part of it including, without limitation, by making any material changes to the releases or Bar Order set forth in Paragraphs 3-5 and 44-45; (iii) the Court's Final refusal to enter the Judgment in any material respect including, without limitation by making any material changes to the releases or Bar Order set forth in Paragraphs 3-4 and 44-45; or (iv) the date upon which the Judgment or Alternative Judgment is vacated, modified or reversed in any material respect by a Final order of the United States Court of Appeals or the Supreme Court of the United States.

50. For the avoidance of doubt, Lead Plaintiff shall not have the right to terminate the Settlement due to any decision, ruling, or order respecting an application for attorneys' fees or litigation expenses or any plan of allocation.

51. Simultaneously herewith, Defendants' Counsel and Lead Counsel are executing a Confidential Supplemental Agreement (the "Supplemental Agreement"). The Supplemental Agreement sets forth certain conditions under which Defendants shall have the option, which must be exercised unanimously, to terminate the Settlement and render this Stipulation null and void in the event that requests for exclusion from the Class exceed certain agreed-upon criteria (the "Termination Threshold"). The Parties agree to maintain the confidentiality of the Termination Threshold in the Supplemental Agreement, which, unless otherwise ordered by the Court, shall not be filed with the Court, but it may be examined *in camera*, if so requested by the Court (unless otherwise required by court rule).

52. Lead Plaintiff shall have the right to terminate the Settlement in the event that Aéropostale does not pay, or cause to be paid, the Settlement Amount in the time period provided for in Paragraph 7 of this Stipulation, by providing written notice of its election to terminate to all other Parties and, thereafter, Aéropostale fails to pay, or cause to be paid, the Settlement Amount within fourteen (14) calendar days of such written notice.

53. If, before the Judgment or Alternative Judgment becomes Final, a court of competent jurisdiction determines that the transfer of money or any portion thereof to the Settlement Fund by or on behalf of a Defendant to be a preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is required to be returned by court order or under applicable law, and such amount is not deposited into the Settlement Fund by others within thirty (30) calendar days from the date of such determination, then, at the election of Lead

Plaintiff, the Parties shall jointly move the Court to vacate and set aside the Judgment or Alternative Judgment entered, and the Parties shall be restored to their respective litigation positions immediately prior to the date of the mediation, October 29, 2013.

54. If an option to withdraw from and terminate this Stipulation and Settlement arises under any of Paragraphs 49-52 above: (i) neither the Defendants nor Lead Plaintiff (as the case may be) will be required for any reason, or under any circumstance, to exercise that option; and (ii) any exercise of that option shall be made in good faith.

55. In the event the Settlement is terminated in accordance with this Stipulation, the Settlement is not approved by the Court, the Effective Date does not occur, or the Settlement otherwise fails for any reason, then: (i) any Settlement Fund, including the Settlement Amount together with any accrued interest or earnings thereon, less any Taxes paid or due, and less Notice and Administration Expenses actually incurred and paid or payable, shall be returned or refunded to the Person(s) that made the deposit(s) within twenty (20) business days after written notification of such event(s); (ii) Lead Counsel shall refund the amount of any award of attorneys' fees and/or litigation expenses already paid to Lead Counsel from the Settlement Fund, plus accrued earnings at the same net rate and for the same periods as is earned by the Settlement Fund, no later than thirty (30) calendar days after receiving notice of the events in Paragraph 15; (iii) the Settlement shall be null, void, and without prejudice, and none of its terms shall have any further force or effect or be enforceable except as specifically provided herein; (iv) the Parties shall be deemed to have reverted to their respective litigation positions in the Action immediately prior to the date of the mediation, October 29, 2013; (v) the Parties in the Action shall proceed in all respects as if this Stipulation had not been entered and all negotiations, discussions, acts, Court orders, and other proceedings in connection therewith

treated as if they never occurred or existed; (vi) any judgment(s) or order(s) entered by the Court in accordance with and a result of the terms of this Stipulation and Settlement shall be treated as vacated, *nunc pro tunc*; and (vii) the facts and terms of this Stipulation, or any aspect of the discussions or negotiations leading to this Stipulation, shall not be admissible in this Action or any other action, or used in any court filings, depositions, at trial, or otherwise.

56. In the event the Settlement is terminated in accordance with this Stipulation, the Settlement is not approved by the Court, the Effective Date does not occur, or the Settlement otherwise fails for any reason, the Escrow Agent or its designee shall, at the request of Aéropostale, apply for any tax refund owed on the amounts in the Settlement Fund and pay the proceeds, less Notice and Administration Expenses actually incurred in connection with such application(s), for refund to the Person(s) that made the deposit(s) or as otherwise directed by Defendants' Counsel.

57. If either of the Parties terminates the Settlement and this Stipulation (whether in accordance with the provisions hereof or otherwise) but the other disputes the basis for that termination, the Parties agree that (i) in the first instance, they shall consult with Judge Weinstein (or, if he is not available, a mediator agreed upon by the Parties) in a good-faith effort to achieve a mediated resolution of the dispute; and (ii) if that mediation is unsuccessful, then they shall submit that dispute to the Court, which shall have exclusive jurisdiction to resolve and rule on the right of the party seeking termination to terminate the Settlement and this Stipulation.

NO ADMISSION OF WRONGDOING

58. Defendants have denied and continue to deny, *inter alia*, that Lead Plaintiff and putative Class Members have suffered any or all damages alleged in the Complaint; that the price of Aéropostale Common Stock was artificially inflated by reason of any alleged misrepresentations, omissions, or otherwise; that Defendants acted fraudulently or wrongfully in

any way; or that the alleged harm suffered by Lead Plaintiff and other Class Members, if any, was causally linked to any alleged misrepresentations or omissions. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

59. Nonetheless, Defendants have concluded that further litigation of the Action, especially given the complexity of cases such as this one, would be protracted, burdensome, and expensive, and that it is desirable and beneficial to them that they secure releases to the fullest extent permitted by law and that the Action be fully and finally settled and terminated in the manner and upon the terms and conditions set forth in this Stipulation.

60. Except as set forth in Paragraph 61 below, this Stipulation, whether or not consummated, and whether or not approved by the Court, and any discussions, negotiations, acts performed, proceedings, communications, drafts, documents, or agreements relating to this Stipulation, the Settlement, and any matters arising in connection with settlement discussions or negotiations, proceedings, or agreements, shall not be offered or received against or to the prejudice of the Parties for any purpose other than in an action to enforce the terms hereof, and in particular:

(a) do not constitute, shall not be described as, construed as, or offered or received against, or to the prejudice of Defendants as evidence of, or deemed to be evidence of, any presumption, concession, or admission by any Defendants with respect to (i) the truth of any allegation by Lead Plaintiff on behalf of the Class or in any complaint in the Action; (ii) the validity of any claim that has been or could have been asserted in the Action or in any litigation or proceeding in any forum, including but not limited to the Released Plaintiffs' Claims; (iii) the deficiency of any defense that has been or could have been asserted in the Action or in any other

litigation or proceeding in any forum; or (iv) of any liability, damages, negligence, fault, or wrongdoing of the Defendants or any Person whatsoever;

(b) do not constitute, shall not be described as, construed as, or offered or received against or to the prejudice of Defendants as evidence of, or deemed to be evidence of, any presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by Defendants, or against or to the prejudice of Lead Plaintiff or any Class Member as evidence of any infirmity in the claims of Lead Plaintiff or the other Class Member;

(c) do not constitute, shall not be described as, construed as, or offered or received against or to the prejudice of Defendants, Lead Plaintiff, or any Class Member, as evidence of, or deemed to be evidence of, any presumption, concession, or admission with respect to any liability, damages, negligence, fault, infirmity, or wrongdoing, or in any way referred to for any other reason against or to the prejudice of any of the Parties, in any other civil, criminal, or administrative action or proceeding;

(d) do not constitute, shall not be described as, construed as, or offered or received against or to the prejudice of Defendants, Lead Plaintiff, or any Class Member, as evidence of (or deemed to be evidence of) any presumption, concession, or admission that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) do not constitute, shall not be described as, construed as, or offered or received against or to the prejudice of Lead Plaintiff or any Class Member, as evidence of, or deemed to be evidence of, any presumption, concession, or admission that any of their claims are

without merit or infirm or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

61. Notwithstanding Paragraph 60, the Released Defendant Parties and Released Plaintiff Parties may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, statute of limitations, statute of repose, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any liability protection granted to them. The Released Defendant Parties and Released Plaintiff Parties may file or refer to this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought to enforce the terms of this Stipulation and/or the Judgment or Alternative Judgment. All Released Defendant Parties and Released Plaintiff Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

MISCELLANEOUS PROVISIONS

62. All of the exhibits to the Stipulation, except any plan of allocation and the Supplemental Agreement, are material and integral parts hereof and are fully incorporated herein by reference.

63. Defendants warrant that, at the time of payment of the Settlement Amount, Defendants will not be insolvent, nor will payment, if made by Defendants themselves, render Defendants insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including Sections 101 and 547 thereof.

64. Pending final determination of whether the Settlement should be approved, Lead Plaintiff, all Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not institute, commence, participate in, or prosecute any action or proceeding that

asserts, whether directly or indirectly, any of Released Plaintiffs' Claims against the Released Defendant Parties.

65. The Parties intend the Settlement to be the full, final, and complete resolution of all claims asserted or which could have been asserted by the Parties with respect to the Released Claims. The Parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length and in good faith by the Parties and their respective counsel in connection with a mediation conducted under the auspices of Judge Weinstein, and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

66. Accordingly, the Parties agree not to assert in any forum that the Action was brought, prosecuted, or defended in bad faith or without a reasonable basis. The Parties and their counsel agree that each has complied fully with Rule 11 of the Federal Rules of Civil Procedure in connection with the maintenance, prosecution, defense, and settlement of the Action and agree not to make any applications for sanctions, pursuant to Rule 11 or other court rule or statute, with respect to any claims or defenses in this Action.

67. The Parties agree that the terms of this Stipulation and the fact that it has been executed are strictly confidential until this Stipulation has been filed with the Court, except to the extent required by law or as mutually agreed to by the Parties hereto in writing.

68. While maintaining their position that the claims asserted in the Action are meritorious, Lead Plaintiff and Lead Counsel shall not make any public statements or statements (whether or not for attribution) that disparage the business, conduct, or reputation of any Defendants based on the subject matter of the Action, provided that this sentence does not apply to statements in any judicial proceeding. While maintaining their position that the claims

asserted in the Action are not meritorious, Defendants and Defendants' Counsel shall not make any public statements or statements (whether or not for attribution) that disparage the business, conduct, or reputation of Lead Plaintiff or Lead Counsel based on the subject matter of the Action, provided that this sentence does not apply to statements in any judicial proceeding. In all events, Lead Plaintiff, Lead Counsel, and Defendants and Defendants' Counsel, shall not make any accusations of wrongful or actionable conduct by any party to the Action concerning the resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged. The obligations in this Paragraph shall survive and remain in full force and effect and be binding in all respects on the Parties even if this Stipulation is terminated, the Settlement is not approved, or the Effective Date does not occur.

69. This Stipulation, along with its exhibits, and the Supplemental Agreement, may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Parties hereto or their successors.

70. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

71. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and any expenses, and implementing and enforcing the terms of this Stipulation.

72. Any condition contained in this Stipulation may be waived by the party entitled to enforce the condition in a writing signed by that party or his, her, or its counsel. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior, contemporaneous, or subsequent breach of this Stipulation.

73. This Stipulation, its exhibits, and the Supplemental Agreement constitute the entire agreement between and among the Parties concerning the Settlement, and no representations, warranties, or inducements have been made by any Party concerning this Stipulation and its exhibits other than those contained and memorialized in such documents. In entering into this Stipulation, none of the Parties is relying on any promise, warranty, inducement, or representation other than those set forth in this Stipulation and Supplemental Agreement and the Parties disclaim the existence of any such promise, warranty, inducement, or representation.

74. Nothing in the Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

75. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation.

76. All designations and agreements made, or orders entered during the course of the Action relating to the confidentiality of documents or information shall survive and remain in full force and effect and be binding in all respects on the Parties even if this Stipulation is terminated, the Settlement is not approved, or the Effective Date does not occur. Within sixty (60) days after receiving notice of entry of an order, judgment, or decree finally ending the Action, including without limitation any appeals therefrom, or the running of time to take such an appeal, if later, all persons having received Discovery Material, as defined in the Stipulation and Order for the Production and Use of Confidential Information, entered May 1, 2013, which shall survive this Stipulation and the Settlement, shall identify and destroy all such Discovery Material, including all copies thereof and material derived therefrom, or upon request of the

Producing Party, return such materials to the Producing Party or their counsel, and Lead Counsel shall confirm in writing that it has complied with the requirements of this Paragraph including, but not limited to, that notice was sent to any other Persons that have or had, at any point in time, access to such Discovery Material, and that all such Discovery Material, whether within the possession, custody, or control of Lead Plaintiff or other Persons, has been destroyed or returned.

77. This Stipulation 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. Signatures sent by facsimile or by pdf via e-mail shall be deemed originals.

78. This Stipulation shall be binding when signed, but the Settlement shall be effective only on the condition that the Effective Date occurs.

79. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

80. The construction, interpretation, operation, effect, and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by and construed according to the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

81. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all the Parties have contributed substantially and materially to the preparation of this Stipulation.

82. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the

full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

83. The Parties and their counsel agree to cooperate fully with one another in promptly seeking Court approval of the Settlement, and to agree promptly upon and execute all such other documentation as reasonably may be required to obtain Final approval by the Court of the Settlement.

84. If any disputes arise out of the finalization of the settlement documentation or the Settlement itself prior to joint submission to the Court of the application for preliminary approval of the Settlement as set forth in Paragraphs 41-42 above, those disputes will be resolved by Judge Weinstein first by way of expedited telephonic mediation and, if unsuccessful, then by way of final, binding, non-appealable resolution. This agreement to submit disputes to Judge Weinstein for binding resolution shall not apply to any attempts by any Party to alter any of the terms expressly agreed to in the Stipulation.

85. The provisions of and obligations in Paragraphs 15, 60, 68 and 76 shall survive and remain in full force and effect and be binding in all respects on the Parties even if this Stipulation is terminated, the Settlement is not approved, or the Effective Date does not occur.

86. Whenever this Stipulation requires or contemplates that a Party shall or may give notice to the other, notice shall be provided by electronic mail or next-day express delivery service as follows and shall be deemed effective upon such transmission or delivery, as set forth below:

If to Defendants, then to:

Joseph S. Allerhand (joseph.allerhand@weil.com)
Caroline H. Zalka (caroline.zalka@weil.com)
Justin D. D'Aloia (justin.daloia@weil.com)
WEIL, GOTSHAL & MANGES LLP

767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000

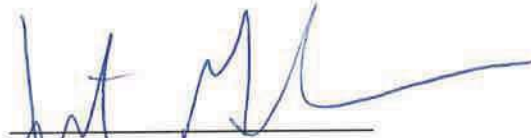
If to Lead Plaintiff, then to:

Jonathan Gardner (jgardner@labaton.com)
Mark S. Goldman (mgoldman@labaton.com)
Carol C. Villegas (cvillegas@labaton.com)
LABATON SUCHAROW LLP
140 Broadway
New York, NY 1000
Telephone: (212) 907-0700

87. Except as otherwise provided herein, each Party shall bear its own costs.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed, by their duly authorized attorneys, as of January 29, 2014.

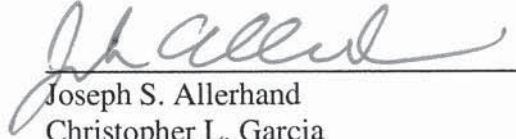
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*Lead Counsel for Lead Plaintiff The City of
Providence*

WEIL, GOTSHAL & MANGES LLP

A handwritten signature in dark ink, appearing to read "J. Allerhand", is written over a horizontal line.

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Christopher L. Garcia
Caroline Hickey Zalka
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*Attorneys for Defendants Aéropostale, Inc.,
Thomas P. Johnson and Marc D. Miller*