

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: All members of Destination’s “Perks” Program and/or persons who subscribed through Destination to *Parents* or *Parenting* magazines who made at least two transactions at a Destination retail location(s) within California during the period of July 15, 2012, through July 20, 2015, the second or subsequent transaction(s) of which consisted of a credit card purchase transaction(s) without simultaneous merchandise exchange or return that occurred during the period of January 15, 2013, through July 20, 2015, (the “Class” or “Class Member(s)”). Excluded from the Class are: (1) persons whose provision of personal identification information to Destination at the time of the second or subsequent credit card purchase(s) was made in conjunction with (a) supplying shipping information for merchandise purchased during the transaction, (b) arranging delivery of merchandise purchased during the transaction, (c) servicing of merchandise purchased during the transaction, or (d) a special order; and (2) officers and directors of Defendants and of their corporate parents, subsidiaries, affiliates, or any entity in which Defendants have a controlling interest, and the legal representatives, successors, or assigns of any such excluded persons or entities.

THIS NOTICE AFFECTS YOUR RIGHTS

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION AND, IF YOU ARE A MEMBER OF THE CLASS, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT.

PURPOSE OF THIS NOTICE

The United States District Court for the Central District of California (the “Court”) authorized this notice (the “Notice”) for the proposed settlement (the “Settlement”) in a class action lawsuit pending in the Court entitled *Alana Schwartz, et al. v. Destination Maternity Corporation, et al.*, Civil Action No. 2:14-CV-01477-GHK-FFM (the “Action”), involving Destination Maternity Corporation (“Defendant” or “Destination”).

The purpose of this Notice is to provide a summary of the claims asserted and the terms of the settlement. This Notice advises you of the benefits that may be available to you under the proposed settlement and your rights and options as a potential Class Member and notifies you that a court hearing will be held to approve the Settlement.

If you wish to be included in the proposed Settlement, you do not have to do anything to indicate your consent.

WHAT'S THIS ABOUT?

The Settlement will resolve the Action involving plaintiff Alana Schwartz’s (“Plaintiff”) claims that Destination violated California law by requesting and recording personal identification information in conjunction with or during in-store credit card purchase transactions.

Destination denies that it has done anything wrong and denies that any Class Member has been injured or suffered damages.

After analyzing the claims and defenses in this Action, and taking into account the risks and uncertainty inherent in a trial and appeals relating to the Action, the parties have concluded that it is in their respective best interests to settle the Action on the terms summarized in this Notice. The Court did not decide which side was right, but both sides agreed to the Settlement.

The Settlement was reached through lengthy arms-length negotiations between the parties and with the assistance of a neutral mediator, The Honorable Edward A. Infante (Ret.).

The Honorable George H. King, Central District of California Chief Judge, has determined that the Action should proceed as a class action, for purposes of settlement only, with Plaintiff as the representative of the Class.

THE PROPOSED SETTLEMENT

THE PARTIES HAVE AGREED TO THE SETTLEMENT GENERALLY DESCRIBED BELOW:

All Class Members who do not opt out of the proposed settlement shall automatically receive by email or U.S. Mail a Twenty-five Dollar (\$25.00) certificate (“Certificate”) to be used at any Destination California standalone retail stores that is owned and operated by Destination Maternity, namely, Destination Maternity, A Pea in the Pod, and Motherhood Maternity, subject to certain terms and conditions. Class Members also have the opportunity to remove themselves from Destination’s mailing list by filling out a form at the Class Administrator’s website at <http://destinationmaternitysettlement.com>.

Additionally, Destination agrees to comply with California Civil Code section 1747.08 in its California retail stores so long as section 1747.08 remains in effect.

Destination further agrees to amend the signs that are currently posted in its California retail locations regarding the Perks Program. Specifically, for a period of two years following the Final Order, or as long as Civil Code section 1747.08 remains in effect during that period (whichever is shorter), Destination will either: (1) place a sign in the immediate vicinity of each register in its California stand-alone retail locations in a minimum of fourteen (14) point font that informs its retail customers that they are not required to provide their personal identification information in order to process their credit card transactions; or (2) in the event that a California stand-alone retail location does not have a register area, Destination will place such sign in conspicuous and unobstructed view of the shopping area, in a minimum of fourteen (14) point font, such font size to be proportionally enlarged such that it may reasonably be readable to a customer from the shopping area. Such sign may be in any form of Destination's choosing as long as it meets the requirements herein.

Destination also agrees to provide its California employees who process in-store credit card purchase transactions with additional training regarding the requirements of California Civil Code section 1747.08. Specifically, for a period of two years from the date of the Final Order, or as long as Civil Code section 1747.08 remains in effect during that period (whichever is shorter), Destination will provide regular reminders to the managers of its California retail locations to instruct employees about Destination's California-specific policies regarding compliance with the Song-Beverly Credit Card Act of 1971. Destination's training manuals will also instruct employees to follow Destination's California-specific policies regarding compliance with the Song-Beverly Credit Card Act of 1971. These reminders and training manuals will include instructions that Destination employees cannot request PII from customers in a manner where the customer may reasonably perceive the provision of PII as a condition for the use of a credit card in a purchase transaction.

The class representative Alana Schwartz will request an incentive award of Five Thousand Seven Hundred Fifty Dollars and No Cents (\$5,750.00), and the attorneys for the Class ("Class Counsel") will request One Hundred and Ninety-Eight Thousand Seven Hundred Fifty Dollars and No Cents (\$198,750.00) total for their attorneys' fees and up to Twelve Thousand Five Hundred Dollars and No Cents (\$12,500.00) for costs incurred in the Action. Class Members will have an opportunity to object to these awards at the final hearing before Chief Judge King. The incentive award and fees will be awarded only if approved by the Court after considering any objections. Payment of the incentive award and attorneys' fees will not affect the benefits provided to the members of the Class.

RELEASE OF CLAIMS

If the Court approves the Settlement, effective upon the date of the Court's final approval of the Settlement, Plaintiff and each member of the Class, and each of their, his, or her, as the case may be, respective successors, assigns, legatees, heirs and personal representatives that have not timely requested exclusion from the Settlement Class shall release and forever discharge Destination Maternity Corporation, and each of its past and present parents, divisions, subsidiaries, affiliates, predecessors, partners, successors, assigns, officers, directors, employees, attorneys, contractors, subcontractors, agents, and representatives and all persons acting by, through, under or in concern with them, or any of them (the "Released Parties"), from any and all claims, actions, damages, liabilities and causes of actions that were alleged or that could have arisen out of the facts alleged in the Complaint that were or could have been the basis of claims by Plaintiff or any member of the Settlement Class alleging that Defendant violated California Civil Code section 1747.08, including but not limited to, claims for statutory violations, negligence, common law or constitutional invasion of privacy, or intrusion (the "Released Claims"). The Released Claims described above include any unknown claims for violation of Civil Code section 1747.08 that the Plaintiff or Settlement Class Members do not know or did not suspect to exist in their favor at the time of the Final Order.

Plaintiff, and each member of the Settlement Class, and each of their, his, or her successors, assigns, legatees, heirs and personal representatives, as the case may be, respectively, also expressly waive and relinquish, as to the Released Claims, to the fullest extent permitted by law, the provisions, rights and benefits of section 1542 of the California Civil Code, or any other similar provision under federal or state law, 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.

In addition, the Parties hereby knowingly and voluntarily waive any protection that may exist under any comparable or similar statutes and principles of common law as it pertains to the enforcement of the release described herein.

Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the Released Claims, but the Plaintiff and Class members, effective upon the date of Final Judicial Approval, shall be deemed to have, and by operation of the Final Order shall have, fully, finally, and forever settled and released any and all of the Released Claims.

WHAT YOU CAN DO

1. To Receive a Certificate. If you are a Class Member, and you do not opt out of the Class, you do not need to do anything to receive this benefit.

2. To Exclude Yourself From the Settlement. You have the right to exclude yourself from the Settlement. If you wish to be excluded, you must submit a letter or postcard postmarked no later than September 28, 2015, with the case name, your name, address, and telephone number, along with the statement “I wish to be excluded from the Settlement in this Action.” **TO BE CONSIDERED VALID, A REQUEST FOR EXCLUSION MUST SET FORTH ALL OF THIS INFORMATION AND MUST BE TIMELY RECEIVED.** Your request must be sent to the Settlement Claims Administrator at the below address:

Destination Maternity Settlement Administrator
c/o Gilardi & Co. LLC
P.O. Box 6002
Larkspur, CA 94977-6002

If you timely and validly request exclusion from the Class, you will be excluded from the Class; you will not receive any benefits from the settlement; you will not be bound by the judgment entered in the Action; and you will not be precluded from otherwise prosecuting any individual claim, if timely, against Destination based on the transactions complained of in the Action. If you do not wish to exclude yourself, and have no objection to the Settlement, you will get the benefits of the Settlement if the Settlement is approved.

3. To Object to the Settlement. If you object to the Settlement, you may intervene in the Action and/or object to the terms of the Settlement, including Plaintiff’s incentive award or Class Counsel’s award for fees and costs, under the procedures set forth below. If your objection is rejected, you will be bound by the final judgment in the same manner as if you had not objected.

If you object to the Settlement, you may appear at the hearing scheduled on December 7, 2015, to show cause why the Settlement should not be approved by the Court, provided that you have filed with the Court a written notice of your intention to appear, all supporting papers, and a statement under penalty of perjury that you are in fact a member of the Class.

If you decide to appear and object, you (or your attorney if you retain one at your own cost) must file and serve your notice of appearance and/or objection with the Court, and upon counsel for all of the parties, all of which must be postmarked by September 28, 2015. If you intend to present evidence at the hearing, you must include with your notification a list identifying the witnesses who you may call to testify and true copies of any exhibits you intend to offer. You must serve all such notice and papers upon Class Counsel and Defendant’s counsel at the following addresses:

Class Counsel

James T Ryan, Esq.
James T. Ryan, PC
1110 Glenville Drive #307
Los Angeles, California 90035

Kenneth A. Goldman, Esq.
Law Office of Kenneth A. Goldman, PC
15300 Ventura Boulevard, Suite 207
Sherman Oaks, California 91403

Defendant’s Counsel

Molly M. Lane, Esq.
Morgan, Lewis & Bockius LLC
One Market Plaza
Spear Street Tower
San Francisco, CA 94105

The mailing address for the United States District Court for the Central District of California is:

Edward R. Roybal Federal Building and United States
255 East Temple Street
Los Angeles, California, 90012-3332

CLASS MEMBERS WHO DO NOT TIMELY MAKE THEIR OBJECTIONS IN THE ABOVE MANNER WILL BE DEEMED TO HAVE WAIVED ALL OBJECTIONS AND SHALL NOT BE ENTITLED TO BE HEARD AT THE SETTLEMENT APPROVAL HEARINGS.

FINAL FAIRNESS HEARING

A final hearing will be held before Chief Judge King on December 7, 2015, at 9:30 a.m., to determine whether the proposed Settlement is fair, reasonable and adequate and should be finally approved by the Court. The hearing will take place in Courtroom 650 of the Edward R. Roybal Federal Building and United States Courthouse, located at 255 East Temple Street, Los Angeles, CA 90012. **You are not required to attend the hearing in order to participate in the settlement.**

ADDITIONAL INFORMATION

The above description of the Action is general in nature. To see the complete file you may visit the Clerk of the Court, 255 East Temple Street, Los Angeles, CA 90012. The Clerk will make the lawsuit's file available for inspection and copying at your own expense.

If you have further questions regarding this lawsuit you may write to Class Counsel at the following address: Destination Maternity Class Action, James T. Ryan, PC, 1110 Glenville Drive #307, Los Angeles, CA 90035.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT, TO THE JUDGE, OR TO COUNSEL FOR DEFENDANT. They are not permitted to answer your questions.