

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE**

In re EPICOR SOFTWARE CORPORATION SHAREHOLDER LITIGATION)	Case No. 30-2011-00465495-CU-BT-CXC
_____)	<u>CLASS ACTION</u>
This Document Relates To:)	Assigned to: Judge Steven L. Perk
ALL ACTIONS.)	
_____)	

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT OF CLASS ACTION, SETTLEMENT HEARING
AND RIGHT TO APPEAR**

TO: ALL PERSONS OR ENTITIES WHO HELD SHARES OF COMMON STOCK IN EPICOR SOFTWARE CORP. (“EPICOR”), EITHER OF RECORD OR BENEFICIALLY, AND WHO RECEIVED CONSIDERATION FOR THEIR SHARES IN THE ACQUISITION OF EPICOR BY APAX PARTNERS L.P. (“APAX”) AT THE PRICE OF \$12.50 PER SHARE

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THE LITIGATION REFERRED TO IN THE CAPTION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS OR ADEQUACY OF THE PROPOSED SETTLEMENT, AND FROM PURSUING THE RELEASED PLAINTIFFS’ CLAIMS (AS DEFINED BELOW).

IF YOU HELD SHARES OF EPICOR FOR THE BENEFIT OF ANOTHER INDIVIDUAL OR ENTITY, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

THE PURPOSE OF THIS NOTICE

1. The purpose of this Notice is to inform you of a proposed settlement (the “Settlement”) of the above-captioned action (the “Action”) by and among the parties to the Action pending before the Superior Court of the State of California, County of Orange (the “Court”), and of a hearing to be held before the Court, in Department CX105 of the Complex Civil Division, 751 West Santa Ana Blvd., Santa Ana, California 92701, on October 24, 2014, at 10:30 a.m. (the “Hearing”). The purpose of the Hearing is to determine: (a) whether the Court should approve the proposed Settlement of the Action for a total of Eighteen Million Dollars (\$18,000,000.00) on the terms and conditions set forth in the Amended Stipulation of Settlement dated May 6, 2014 (“Stipulation”); (b) whether the Court should enter a final judgment in the Action on the merits against the named Plaintiffs and the Class as set forth in the Stipulation¹; (c) whether the Court should approve the proposed plan of distribution; (d) whether the Court should grant the application of Lead Counsel for an award of attorneys’ fees and expenses; and (e) such other matters as may properly come before the Court.

2. The Court has the right to adjourn the Hearing without further notice. The Court also has the right to approve the Settlement with or without modifications, to enter its final judgment and to order the payment of attorneys’ fees and expenses without further notice.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THIS ACTION AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY WISH TO TAKE IN RELATION TO THIS LITIGATION.

BACKGROUND AND DESCRIPTION OF THE LITIGATION

3. On April 4, 2011, Epicor Software Corporation announced that it had entered into a definitive merger agreement with Apax and its affiliates providing for a tender offer (“Tender Offer”) to purchase all of the outstanding shares of Epicor common stock for \$12.50 per share in cash (the “Acquisition” or “Merger”).

4. Between April 6, 2011 and April 15, 2011, four proposed class actions were filed in the Court challenging the Acquisition and asserting that Epicor’s board of directors breached its fiduciary duties, aided and abetted by Apax and Epicor (the “California Actions”), and between April 12, 2011 and April 22, 2011, two proposed class actions were filed in the Delaware Court of Chancery challenging the Acquisition under the same general allegations (the “Delaware Actions”).

5. On May 11, 2011, the Court entered an Order consolidating the California Actions into this Action and appointing Robbins Geller Rudman & Dowd LLP as Lead Counsel for Plaintiffs.

6. The Parties thereafter engaged in expedited discovery, which entailed a production of documents by the Director Defendants, Epicor, and Apax, as well as depositions of L. George Klaus, John Joliet, Michael Kelly, and Robert Smith.

7. The Tender Offer expired at 5:00 p.m., Los Angeles time, on Friday, May 13, 2011, and in accordance with the terms of the Merger Agreement, on May 16, 2011, Apax’s affiliate merged with and into Epicor and all of Epicor’s outstanding shares were cancelled in exchange for the right to receive \$12.50 per share in cash.

8. On September 1, 2011, Plaintiffs filed a Second Amended Consolidated Complaint for Breach of Fiduciary Duty (“SACC”) against the Director Defendants, Epicor, and Apax, and on December 12, 2011, the Court overruled demurrers to the SACC brought by the Director Defendants, Epicor, and Apax. The Director Defendants, Epicor, and Apax filed Answers to the SACC on December 23, 2011, denying all material allegations.

¹ The Stipulation and other settlement documents can be obtained on the case dedicated website at www.epicorsecuritiessettlement.com.

9. The Delaware Actions were voluntarily dismissed on December 30, 2011 and January 5, 2012.

10. On February 16, 2012, the Court granted the unopposed Motion of the Field Family Trust to intervene, permitting the Field Family Trust to intervene and be added as a plaintiff in the Action.

11. The Parties engaged in discovery throughout 2012 and early 2013, whereby the Parties and six subpoenaed non-parties combined to produce over 600,000 pages of documents; Plaintiffs responded to interrogatories and requests for admission; Plaintiffs took the depositions of Prescott Ashe, Russell Clark, Jesse Cohn, Paul Crisci, John M. Dillon, W. Douglas Hajar, John Joliet, Michael Kelly, L. George Klaus, Kevin Murphy, John Park, Richard H. Pickup, Michael Pietrini, Pervez Qureshi, David Tunnell, and Jason Wright; and Defendants took the depositions of all Plaintiffs, Plaintiffs' expert J.T. Atkins, and Marc Brown.

12. On May 18, 2012, the Court denied in part and granted in part, without prejudice, the Director Defendants' and Epicor's Motion to Compel Deposition (Oral or Written).

13. On June 22, 2012, the Court granted Plaintiffs' Motion for Class Certification and determined that the Action may be maintained as a class action with respect to claims asserted on behalf of the Class, as defined as "All holders of Epicor Software Corp. common stock who received consideration for their shares in the acquisition of Epicor by Apax Partners L.P. at the price of \$12.50 per share, first announced on April 4, 2011. Excluded from the Class are defendants and any person, firm, trust, corporation or other entity related to or affiliated with any defendant." Also excluded from the Class are all who properly excluded themselves from the Class in response to the Notice of Pendency of Class Action sent to Class Members on or about August 13, 2012.

14. Also on June 22, 2012, the Court granted Plaintiffs' unopposed Request for Dismissal of Defendant Michael L. Hackworth Only, which was filed pursuant to Director Defendants' counsel's request after Mr. Hackworth passed away.

15. Also on June 22, 2012, the Court denied Plaintiffs' Motion to Compel Epicor Software Corporation and the Director Defendants to Produce Documents in Response to Document Request Nos. 32 and 33.

16. On February 22, 2013, the Court granted Plaintiffs' Motion for Leave to File the Third Amended Class Action Complaint for Breach of Fiduciary Duty and Aiding and Abetting ("TAC"), which included substantial additional detail regarding Plaintiffs' existing claims and also added Moelis and Pietrini as defendants.

17. Also on February 22, 2013, the Court granted in part Plaintiffs' Motion to Compel Moelis to produce certain materials.

18. On April 5, 2013, the Court granted Plaintiffs' Stipulation and Proposed Order Dismissing Defendant Epicor Software Corporation Only with Prejudice.

19. On April 29, 2013, the Court overruled Moelis and Pietrini's demurrers to the TAC and directed Moelis and Pietrini to file Answers to the TAC on May 10, 2013.

20. The Parties conducted a full-day mediation before Randall W. Wulff on October 21, 2013, wherein the Parties engaged in extensive arm's-length negotiations regarding a possible settlement of the Action.

21. Following the mediation, the Parties reached an agreement-in-principle set forth in a Memorandum of Understanding dated December 13, 2013 (the "MOU"), providing for the settlement of the Action for a total of Eighteen Million Dollars (\$18,000,000.00) on the terms and conditions set forth in the Stipulation and subject to the approval of the Court.

22. On May 6, 2014, the Parties entered into the Stipulation setting forth the terms and conditions of the Settlement, subject to approval by the Court.

REASONS FOR THE SETTLEMENT

23. Plaintiffs, through their counsel, have investigated the claims and allegations asserted in the Action, as well as the underlying events and transactions relevant to the Action.

24. In evaluating the Settlement, Plaintiffs and their counsel have considered: (i) the benefits to the members of the Class (as defined above) from the Settlement; (ii) the attendant risks of continued litigation and the uncertainty of the outcome of the Action; (iii) the probability of success on the merits and the allegations contained in the Action, including the uncertainty relating to the proof of those allegations; (iv) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation; and (v) the conclusion of Lead Counsel that the terms and conditions of the Settlement are fair, reasonable, adequate, and in the best interests of Plaintiffs and the Class.

25. Defendants have denied, and continue to deny, that they have committed or aided and abetted in the commission of any violation of law or engaged in any of the other wrongful acts alleged in any of the above-described actions, and expressly maintain that they have diligently and scrupulously complied with their fiduciary and other legal duties, and are entering into the Stipulation and Settlement solely to eliminate the burden and expense of further litigation.

SUMMARY OF THE SETTLEMENT TERMS

26. The principal terms of the Settlement are as follows:

(a) In consideration for the full settlement and release of all Released Plaintiffs' Claims (as defined below), Defendants and their insurers will cause a total of Eighteen Million Dollars (\$18,000,000.00) (the "Settlement Amount") to be paid for the benefit of the Class.

(b) The proposed Settlement creates a fund in the amount of Eighteen Million Dollars (\$18,000,000.00), and will include interest that accrues on the fund ("Settlement Fund"). Historically, actual claims rates are significantly less than 100% of the shares eligible for distribution, which would result in higher distributions per share. Based on publicly available filings, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution per share will be approximately \$0.36 per share. Deducting from the Settlement Fund (i) estimated Court-approved fees and expenses, (ii) taxes and tax related expenses, and (iii) the expense of providing notice to class members (an aggregate approximate amount of \$0.12 per share) results in a net recovery to shareholders of approximately \$0.24 per share. This amount is in addition to the \$12.50 per share consideration class members received in the Merger. Defendants and their counsel take no position on the accuracy of this figure.

- (c) The full terms of the Settlement are set forth in the Stipulation (for further information, see “Scope of This Notice” below).

JUDGEMENT OF THE SETTLEMENT AMOUNT

27. If the Settlement is approved, the Settlement Amount, less any Fee and Expense Award and plaintiff service awards approved by the Court, and Administrative Costs (the “Net Settlement Amount”), will be distributed as follows:

- (a) Proof of Claim

Any Class Member who wishes to participate in the distribution of the Net Settlement Amount shall submit to the Claims Administrator a completed Proof of Claim in the form enclosed postmarked by September 12, 2014. Any Proof of Claim submitted to the Claims Administrator after such date may be rejected as untimely. All Class Members who submit a valid Proof of Claim to the Claims Administrator will be “Settlement Payment Recipients.”

- (b) Distribution of the Settlement Amount

Following the Effective Date, the Net Settlement Amount will be disbursed by the Claims Administrator to the Settlement Payment Recipients and will be allocated on a per-share basis amongst the Settlement Payment Recipients based on the number of shares of Epicor common stock held by the applicable Settlement Payment Recipient upon the closing of the Epicor-Apax transaction. If there is any balance remaining in the Net Settlement Amount after six (6) months from the date of distribution of the Net Settlement Amount (whether by reason of tax refunds, uncashed checks, or otherwise), then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Amount cash their distributions, any balance remaining shall be re-distributed among Settlement Payment Recipients in an equitable and economic manner and any remainder will be distributed pursuant to further Court Order.

JUDGMENT AND RELEASE OF CLAIMS

28. If the Settlement is approved, the Court will enter an order and final judgment (the “Judgment”) on the merits against the named Plaintiffs and the Class that will release Released Defendant Parties from any and all manner of claims, demands, losses, rights, causes of action (including Unknown Claims), liabilities, obligations, judgments, suits, disputes, matters and issues of any kind or nature whatsoever, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, that have been or could have been asserted in the Action or in any court, tribunal, forum or proceeding (including, but not limited to, any claims arising under federal, state or foreign law, common law, statute, rule, or regulation relating to alleged fraud, breach of any duty, negligence, violations of the federal securities laws, or otherwise, and including all claims within the exclusive jurisdiction of the federal courts), by any Class Member in his, her, or its capacity as a shareholder of Epicor, against the Released Defendant Parties, and that arise out of, relate to, concern, or are based upon the allegations, conduct, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions, or any other matter, thing or cause whatsoever, or any series thereof embraced, involved, or set forth or otherwise related, directly or indirectly, to the Action, the Merger Agreement, or the Acquisition, including, without limitation, any disclosures made in connection with any of the foregoing, except claims to enforce the Settlement (the “Released Plaintiffs’ Claims”).

29. The Judgment to be entered by the Court will also release Released Plaintiff Parties from, to the fullest extent permitted by law all claims (including Unknown Claims), demands, losses, rights, and causes of action of any nature whatsoever that have been or could have been asserted in the Action, or in any court, tribunal, forum or proceeding, by any Released Defendant Party against any of the Released Plaintiff Parties, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action; provided, however, that the Released Defendant Parties’ Claims shall not include claims to enforce the Stipulation (the “Released Defendant Parties’ Claims”).

30. “Unknown Claims,” as used in Paragraphs 30 and 31 above, means

(a) any and all Released Plaintiffs’ Claims which Plaintiffs or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiffs’ Claims against the Released Defendant Parties, including (without limitation) claims which if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement; and

(b) any and all Released Defendant Parties’ Claims which any Defendant or any other Released Defendant Party does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties’ Claims against the Released Plaintiff Parties, including (without limitation) claims which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement.

STAY

31. All proceedings in this Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, have been stayed and suspended until further order of the Court.

THE APPLICATION FOR ATTORNEYS’ FEES AND EXPENSES

32. Concurrently with seeking final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys’ fees of up to 30% of the Settlement Fund (or up to \$5.4 million) and up to \$400,000.00 in expenses (the “Fee and Expense Application”). At the same time, Lead Counsel may also apply to the Court for service awards to the Plaintiffs of up to \$1,000 each. Any Fee and Expense Award or plaintiff service awards approved by the Court will be paid from the Settlement Amount.

33. Lead Counsel will make the Fee and Expense Application on or before August 29, 2014.

RIGHT TO APPEAR AND OBJECT

34. Any member of the Class who objects to the Settlement, the Judgment to be entered in the Action, the proposed plan of distribution or the Fee and Expense Application, or who otherwise wishes to be heard, may appear personally or by counsel at the Hearing and present evidence or argument that may be proper and relevant; provided, however, that no person or entity (other than

counsel for Plaintiffs and Defendants) shall be heard and no papers, briefs, pleadings, or other documents submitted by any person or entity shall be considered by the Court unless, by September 12, 2014, such person or entity files with the Clerk of the Court and serves upon counsel listed below a written notice of intention to appear that includes: (i) the person or entity's name, address, and telephone number, and, if represented, their counsel; (ii) a written statement certifying that the person or entity is a member of the Class; (iii) a detailed written statement of such person or entity's objections to any matters before the Court and the grounds therefor or the reasons that such person or entity desires to appear and be heard; and (iv) a copy of all documents or writings such person or entity desires the Court to consider. Such papers shall be served by hand, e-filing, or overnight mail upon the following counsel on or before the date of filing with the Court:

Edward M. Gergosian
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

At the same time, these papers must be filed with the Civil Complex Center, Dept. CX105, 751 West Santa Ana Blvd., Santa Ana, California 92701. Unless the Court otherwise directs, no member of the Class shall be entitled to object to the Settlement, or to the Judgment to be entered herein, or to the award of attorneys' fees and expenses to Lead Counsel, or otherwise to be heard, except by serving and filing written objections as described above. Any person who fails to object in the manner provided above shall be deemed to have waived such objection and shall forever be barred from making any such objection in the Action or in any other action or proceeding. The parties to this litigation will submit responses, if any, to any objectors on or before September 26, 2014.

THE ORDER AND FINAL JUDGMENT OF THE COURT

35. If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of the Class, the parties to the Action will ask the Court to enter an Order and Judgment against the named Plaintiffs and the Class, which will, among other things:

- (a) approve the Settlement as fair, reasonable, adequate, and in the best interests of the Class and direct consummation of the Settlement in accordance with its terms and conditions;
- (b) release the Released Defendant Parties from the Released Plaintiffs' Claims, and release the Released Plaintiff Parties from the Released Defendant Parties' Claims;
- (c) effectively prevent the members of the Class from instituting, commencing, prosecuting, participating in, or continuing any action or other proceeding in any court or tribunal of any jurisdiction, either directly, representatively, derivatively, or in any other capacity, asserting any Released Plaintiffs' Claims; and
- (d) retain jurisdiction over all matters relating to the administration and consummation of the Settlement described therein.

36. In the event the Settlement is not approved, or such approval does not become final, the Settlement shall be of no further force and effect and each party shall then be returned to his, her, or its respective position prior to the Settlement without prejudice and as if the Settlement had not been entered into.

SCOPE OF THIS NOTICE

37. The foregoing description of the Hearing, the Action, the terms of the proposed Settlement and other matters described herein does not purport to be comprehensive. Accordingly, members of the Class are referred to the documents filed with the Court in the Action. You or your attorney may examine the documents filed in the Action during regular business hours on any business day at the office of the Civil Complex Center, 751 West Santa Ana Blvd., Santa Ana, California 92701 or online at: <http://www.occourts.org/online-services/case-access/>.

38. If you would like further information, you may contact:

Rick Nelson
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
1-800-449-4900

NOTICE TO THOSE HOLDING STOCK FOR THE BENEFIT OF OTHERS

39. Brokerage firms, banks and/or other persons or entities who held shares of Epicor's common stock for the benefit of others are directed promptly to send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such additional copies may be made to:

Epicor Shareholder Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

PLEASE DO NOT WRITE OR CALL THE COURT.

Dated: May 23, 2014

BY ORDER OF THE SUPERIOR COURT
STATE OF CALIFORNIA
COUNTY OF ORANGE