

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

WILLIAM MONACHELLI and RANDALL A.
ARVIDSON, Individually and on Behalf of All
Others Similarly Situated,

Plaintiffs,

v.

HORTONWORKS, INC., ROBERT G.
BEARDEN, and SCOTT J. DAVIDSON,

Defendants.

Case No. 3:16-cv-00980-SI

**NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF
CLASS ACTION, MOTION FOR
ATTORNEYS' FEES AND
EXPENSES, AND SETTLEMENT
FAIRNESS HEARING**

IF YOU PURCHASED OR OTHERWISE ACQUIRED SHARES OF HORTONWORKS, INC. ("HORTONWORKS") COMMON STOCK BETWEEN AUGUST 5, 2015, AND JANUARY 15, 2016, BOTH DATES INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

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

Your legal rights are affected whether you act or do not act. Read this Notice carefully.

SUMMARY OF KEY PROVISIONS AND REASONS FOR SETTLEMENT

- The Settlement will provide one million one hundred thousand dollars (\$1,100,000.00) (the "Settlement Fund"). If approved by the Court, the Settlement will settle certain claims, as against the Settling Defendants, from investors who bought or otherwise acquired Hortonworks shares between August 5, 2015, and January 15, 2016, inclusive (the "Settlement Class Period").
- The Settlement resolves a securities fraud class action lawsuit (the "Action") over allegations that Hortonworks and certain of its officers and directors misled its shareholders during the Settlement Class Period about Hortonworks' operations and business prospects.
- The Settling Defendants are Hortonworks, Robert G. Bearden ("Bearden") (its Chairman and Chief Executive Officer), and Scott J. Davidson ("Davidson") (its Chief Financial Officer).
- The Court did not ultimately resolve the Action in favor of the Plaintiffs or the Settling Defendants. Instead, both sides agreed to a Settlement after the Court dismissed the Plaintiffs' First Consolidated Amended Complaint ("Amended Complaint") and before Plaintiffs filed a further amended complaint. This permits these settling parties to avoid the cost, delay, and uncertainty of continued litigation and a trial, and permits eligible Settlement Class Members who submit valid claims to receive some compensation rather than risk ultimately receiving nothing. Both the Plaintiffs and the Settling Defendants have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Action. The Plaintiffs and their attorneys believe the Settlement is best for all Settlement Class Members. The Settling Defendants, while denying the allegations and maintaining they did nothing wrong, have concluded that further defense of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled as per the

parties' Stipulation of Settlement ("Stipulation"). The two sides disagree on whether, even if liability could be proven, total damages would be more than \$0 per damaged share, or if more, how much more.

- Lead Counsel for the Class will ask the Court for no more than 28% of the Settlement Fund in attorneys' fees and reimbursement of up to fifty thousand dollars (\$50,000.00) for litigation costs. Lead Counsel will also ask the Court to pay Lead Plaintiff Randall A. Arvidson and initial Plaintiff William Monachelli (altogether "Plaintiffs") up to seven hundred fifty dollars (\$750.00) each for their contributions to this lawsuit.
- The Court in charge of this case still has to decide whether to approve the Settlement. The Court has set a Settlement Hearing for September 22, 2017 at 10:00 a.m. to consider whether to approve the Settlement. Payments will be made if the Court approves the Settlement, orders distribution of such monies, and all appeals are resolved. Please be patient.
- If the proposed Settlement is approved after the Settlement Hearing, the Court will enter a Judgment and Order of Final Approval (the "Judgment"). The Judgment will dismiss with prejudice, release, and forever discharge both the Settlement Class Claims against the Settling Defendants and the Released Persons, and the Defendant Claims against the Plaintiffs, Lead Counsel, and any Settlement Class Members. The terms of the releases, including the meaning of defined terms like "Settlement Class Claims" and "Unknown Claims" are set forth in the Proof of Claim and Release form that is enclosed.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT		
ACTION	DEADLINE	SIGNIFICANCE
SUBMIT A CLAIM FORM	Postmarked no later than AUGUST 18, 2017	The only way to get a payment.
EXCLUDE YOURSELF	Postmarked no later than AUGUST 18, 2017	Get no Payment. This is the only option that allows you to ever be part of any other lawsuit against Hortonworks, Bearden, Davidson and other Released Persons about the legal claims being released as part of the Settlement in this case.
OBJECT	Received no later than SEPTEMBER 1, 2017	Write to the Court about why you do not like the Settlement.
GO TO A HEARING	10:00 a.m. on SEPTEMBER 22, 2017	Ask to speak in Court about the fairness of the Settlement.
DO NOTHING		You will get no payment and give up your rights to sue the Released Persons about the claims that are being released as a part of this Settlement. You will be bound by any Judgment entered by the Court.

- You may submit a claim or object, or do both, or do nothing.
- The only way to be eligible to receive a payment is to submit a claim.
- You may also exclude yourself. However, if you timely exclude yourself, that is the **only** thing you can do: you cannot then also object in writing, appear at the Settlement Hearing to state any objections, or submit a claim.
- If you object rather than request exclusion, you will remain a Settlement Class Member, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.
- Unless you timely request exclusion from the Settlement Class, or unless the Court rejects the proposed Settlement, you are bound by the Stipulation, whether or not you submit a claim or object.
- These rights and options are explained in this Notice. *Please take careful note of the deadlines to exercise them, set forth above.*

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BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or otherwise acquired Hortonworks, Inc. (“Hortonworks”) common stock between August 5, 2015, and January 15, 2016, inclusive.

The Court caused this Notice to be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, after any objections or appeals are resolved, the Settlement Administrator appointed by the Court will make the payments to those persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of California, U.S. District Judge Susan Illston presiding, and the case is *Monachelli v. Hortonworks, Inc.*, Case No. 3:16-cv-00980-SI. Randall A. Arvidson is called the Lead Plaintiff, and he along with original Plaintiff William Monachelli oversaw the litigation to this point. The Settling Defendants are Hortonworks, its Chairman and Chief Executive Officer, Robert G. Bearden, and its Chief Financial Officer, Scott J. Davidson. The Lead Plaintiff, Plaintiff Monachelli, and the Settling Defendants are referred to together as the “Settling Parties.”

2. What Is This Lawsuit About?

This Action alleged, in the dismissed Amended Complaint, violations of the Federal Securities Laws (specifically Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78(t)(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)) against the Settling Defendants.

Hortonworks is a publicly-traded company that provides and distributes enterprise-scale data management systems. During the Settlement Class Period, Hortonworks traded on the NASDAQ under the ticker symbol “HDP.” Hortonworks went public in December 2014.

In their Amended Complaint, Plaintiffs alleged that Defendants unlawfully inflated Hortonworks’ stock price by misleading investors about Hortonworks’ business prospects and operations, including by misleading investors about Hortonworks’ liquidity, and its intent to raise capital. Plaintiffs allege that the misleading nature of Defendants’ statements remained hidden until January 15, 2016, when Hortonworks announced plans to conduct a follow-on public offering of up to \$100 million. Hortonworks’s stock fell the next trading day. Plaintiffs allege that the Defendants’ conduct at issue had inflated Hortonworks’s stock price and that, when the truth was revealed, investors suffered injury.

Defendants deny all of these allegations, deny that they made any false or misleading statements, and deny that they engaged in any wrongdoing. On December 5, 2016, the Court granted Defendants’ motion to dismiss Plaintiffs’ Amended Complaint. Its Order gave Plaintiffs until January 6, 2017 to file a further amended complaint.

Lead Counsel and counsel for the Settling Defendants thereafter engaged in extensive settlement negotiations, while Plaintiffs continued to investigate a potential further amended complaint, including through work done by their private investigator. Thereafter, on January 5, 2017, Lead Counsel and counsel for Settling Defendants reached an agreement to settle the case.

3. Why Is This a Class Action?

Class actions are generally used when a lawsuit affects a large number of individuals. The class action consolidates into a single action all of the claims of individuals allegedly harmed by the same conduct in the same time period, thus removing the need for members of the class to file their own individual lawsuits to separately seek to recover for the harm alleged. Once the class is certified, the Court is empowered to resolve all issues on behalf of all members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

As part of the preliminary approval process, Plaintiffs will ask the Court to certify a class for settlement purposes only. The proposed Settlement Class will consist of all persons or entities that purchased or otherwise acquired Hortonworks securities between August 5, 2015 and January 15, 2016 (both dates inclusive).

Excluded from the Settlement Class are the Settling Defendants and their immediate family members; any officer or director of Hortonworks during the Class Period; any entity in which any Settling Defendant has, or had during the Class Period, a controlling interest; and the heirs, successors-in-interest, or assigns of any excluded person.

4. Why Is There a Settlement?

The Court has not finally decided in favor of Plaintiffs or the Settling Defendants. Rather, Plaintiffs and the Settling Defendants have chosen to enter into the Settlement.

Plaintiffs and Lead Counsel believe that the Settlement is in the Settlement Class Members' best interest and provides the Settlement Class Members with a substantial benefit now, in lieu of engaging in years of further litigation against the Settling Defendants – including a second motion to dismiss and, potentially, a motion for class certification, motion(s) for summary judgment, trial, and appeals – all with the possibility of no recovery at all. The Court dismissed Plaintiffs' first amended complaint, but gave them permission to further amend and to try again, which they were prepared to do. However, by settling the Action with the Settling Defendants at this point, Plaintiffs are not admitting that the Amended Complaint or the Action lacked merit or that the Settlement Class's ultimate recovery would not have been greater than the Settlement Consideration. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by the Plaintiffs or the Settlement Class Members that any of their claims are without merit, or that any defenses asserted by the Settling Defendants have any merit, or that damages recoverable in the Action would not have exceeded the Settlement Fund.

The Settling Defendants deny all charges of wrongdoing or liability arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, by Plaintiffs. Nonetheless, the Settling Defendants have concluded that further conduct of the Action could be protracted and expensive, and that it is desirable that the Action be fully and finally settled per the terms of the Stipulation in order to limit further expense, to avoid the burden of protracted litigation, and to permit the operation of Hortonworks's business without the Action causing distraction and diversion of executive personnel. The Settling Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action, including risks posed by Plaintiffs further amending their complaint in conformance with the prior rulings of the Court. The Settling Defendants have, therefore, determined that it is desirable and beneficial that the Action be settled, as regards claims against them, in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants entered into the Stipulation without in any way admitting to or acknowledging any fault, liability, or wrongdoing of any kind, nor have they admitted that the Amended Complaint or the Action have merit or that Settlement Class Members ultimately would have recovered any damages. There has been no adverse determination by any court against the Settling Defendants or anyone else on the merits of the claims asserted in the Amended Complaint. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by the Settling Defendants of the merit or truth of any of the allegations or wrongdoing of any kind on their part, nor shall they be offered as evidence in the Action or in any pending or future civil, criminal, or administrative action against the Settling Defendants, except as expressly set forth in the Stipulation.

The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial, and likely appeals. A trial is a risky proposition. The claims in the Amended Complaint involved numerous complex legal and factual issues, many of which would require expert testimony. The Settling Parties disagree on both liability and damages, and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged against the Settling Defendants. Among their many other disagreements are: (1) whether the Settling Defendants violated the securities laws or otherwise engaged in wrongdoing; (2) whether the misrepresentations and omissions alleged by the Plaintiffs were material, false, misleading or otherwise actionable; (3) the extent (if any) that the alleged misrepresentations and omissions influenced Hortonworks's common stock price during the Settlement Class Period; and (4) the method for determining whether, and the extent to which, purchasers of Hortonworks stock suffered injury and damages that could be recovered at trial.

WHO IS IN THE SETTLEMENT

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

5. How Do I Know if I Am Part of the Settlement?

The potential Settlement Class includes all persons or entities that purchased or otherwise acquired Hortonworks securities between August 5, 2015, and January 15, 2016, (both dates inclusive).

6. What Are the Exceptions to Being Included?

You are not a member of the Settlement Class if you did not purchase Hortonworks securities on or between the dates listed above. If you purchased Hortonworks stock some other time, or did not purchase it at all, you are not included within the Settlement Class.

You are also not a member of the Settlement Class if you are one of the list of persons and entities that are specifically excluded from it, per paragraph 3 above.

7. I Am Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can contact the Settlement Administrator at Strategic Claims Services, 600 North Jackson Street, Suite 3, Media, PA 19063, Tel: 866-274-4004, for more information. Or you can fill out and return the claim form described in question 10 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

The Settlement will result in a gross fund of one million one hundred thousand dollars (\$1,100,000.00) in cash. The balance of this fund, after payment of Court-approved attorneys' fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing notice, and any compensatory award granted to the Plaintiffs (the "Net Settlement Fund"), will be divided among all eligible Settlement Class Members who send in valid claim forms according to the Plan of Allocation set forth herein.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Settlement Class Members send in, the number of shares of Hortonworks common stock you purchased during the Settlement Class Period, and the timing of your purchases and sales. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than ten dollars (\$10.00).

You can calculate your Recognized Claim (also known as the "Recognized Loss") in accordance with the formula shown below in the Plan of Allocation, which seeks to give more credit to purchases made later in the Settlement Class Period than to those made earlier, for reasons set forth below. After all Settlement Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all persons submitting valid Proof of Claim forms. The Recognized Claim is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is to be allocated among all persons submitting claims.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Can I Obtain a Payment?

To qualify for payment, you must be an eligible Settlement Class Member, send in a valid Proof of Claim and Release form by the deadline, and properly document your claim as requested in the Claim Form. A Proof of Claim and Release form is enclosed with this Notice. You may also download a Proof of Claim and Release form at www.strategicclaims.net/hortonworks. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents required by that form, sign it, and mail it postmarked no later than August 18, 2017.

11. When Will I Receive My Payment?

The Court will hold a hearing on September 22, 2017, at 10:00 a.m. to decide whether to approve the Settlement. If the Court approves the Settlement, there may be an appeal of such approval. It is always uncertain whether there will be an appeal and when any appeal will be resolved, and resolving an appeal can take time, perhaps more than a year. Even if no appeals are filed, it will take several months for the Settlement Administrator to process all of the Proof of Claim and Release forms and determine the ultimate distribution amounts. Please be patient.

12. What Am I Giving Up to Receive a Payment?

As a Settlement Class Member, you will be giving up certain rights that you currently have if the Court approves the Settlement. Unless you timely exclude yourself from the Settlement Class by sending your request postmarked by the August 18, 2017 deadline, you are a Settlement Class Member and will be bound by the Release of claims against the Settling Defendants and the Released Persons. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Released Persons about the Settlement Class Claims in this Action. It also means that all of the Court's orders will apply to you and legally bind you, and you will release your claims in this Action against the Settling Defendants and the Released Persons. The terms of the Release are included in the Proof of Claim and Release form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

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

13. How Do I Get Out of the Settlement Class?

You cannot exclude yourself on the phone or by e-mail. To exclude yourself from the Settlement Class, you must send a letter by mail stating that you, "request exclusion from the Settlement Class in *Monachelli v. Hortonworks, Inc.*, Case No. 3:16-cv-00980-SI." You must include your name, address, telephone number, your signature, and the number of shares of NASDAQ-listed Hortonworks common stock you purchased or acquired between August 5, 2015 and January 15, 2016, inclusive, the number of shares of Hortonworks common stock sold during this same time period, if any, the dates of such purchases and/or sales, and the price paid or received per share for each purchase or sale. You must mail your exclusion request postmarked no later than August 18, 2017 to:

Monachelli v. Hortonworks, Inc.
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004

If you ask to be excluded, and your request is processed, you are not eligible to receive any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in the Action.

14. If I Do Not Exclude Myself, Can I Sue the Settling Defendants or the Released Persons for the Same Thing Later?

No. Unless you exclude yourself from the Settlement Class, you give up any right to sue the Settling Defendants or the Released Persons for the Settlement Class Claims in the Settlement in the future. If you have a pending lawsuit against the Settling Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is postmarked by August 18, 2017.

15. If I Exclude Myself, Can I Receive Money from the Net Settlement Fund?

No. If you exclude yourself, do not send in a Proof of Claim and Release form, as you will be ineligible to receive any payment.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firm Pomerantz LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. They can be reached by contacting Matthew L. Tuccillo, Pomerantz LLP, 600 Third Avenue, 20th Floor, New York, NY 10016, (212) 661-1100. You will not be personally liable for the fees and expenses incurred by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees of no more than 28% of the Settlement Fund and for reimbursement of expenses up to \$50,000.00 which were advanced in connection with the Action up to the point of the Settlement. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

Lead Counsel shall file a formal motion with the District Court for approval of the Settlement, the Plan of Allocation, the request for attorneys' fees and reimbursement of expenses, and the request for compensatory awards to the Plaintiffs of up to \$750.00 per Plaintiff no later than twenty-eight (28) days prior to the Settlement Hearing.

Lead Counsel believes that the requested attorneys' fees are warranted in light of its efforts, on a wholly contingent basis, to investigate the underlying claims, to work with a private investigator and a damages analyst, to file initial and amended complaints, to negotiate and achieve the Settlement, and to document the Settlement and seek its approval by the Court overseeing this class action. Lead Counsel's motion will argue that the requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court determines what counsel should receive from the Settlement Fund for fees and expenses, and may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation or the request for attorneys' fees. You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Monachelli v. Hortonworks, Inc.*, Case No. 3:16-cv-00980-SI. Be sure to include your name, address, telephone number, your signature, the number of shares of Hortonworks common stock purchased between August 5, 2015 and January 15, 2016, inclusive, the precise dates and prices of any such transactions, and the reasons you object. If you object to either the Settlement, requested attorneys' fees, or Plaintiffs' compensatory award, you subject yourself to the jurisdiction of the Court in this matter and Plaintiffs will have the right to take your deposition prior to the Settlement Hearing. If you refuse to have your deposition testimony taken upon Plaintiff's request, your objection will be deemed invalid. The motions in support of the Settlement and the request for attorneys' fees will be filed no later than August 25, 2017, and they will be available from Lead Counsel, the Settlement Administrator or the Court. (The Settlement Administrator's contact information is listed in Section 23, below.) Any objection must be mailed or delivered such that it is received by *each* of the following no later than September 1, 2017:

Court:

Clerk of the Court
United States District Court
Northern District of California
450 Golden Gate Avenue
San Francisco, CA 94102

Lead Counsel:

Matthew L. Tuccillo, Esq.
Pomerantz LLP
600 Third Avenue, 20th Floor
New York, NY 10016

Claims Administrator:

Monachelli v. Hortonworks, Inc.
Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063

Counsel for Settling Defendants:

Jordan Eth
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105-2482

THE COURT'S SETTLEMENT HEARING

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

19. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Settlement Hearing at 10:00 a.m. on September 22, 2017, at the courthouse for the United States District Court, Northern District of California, Courtroom 1, 17th Floor, 450 Golden Gate Avenue, San Francisco, CA 94102. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also consider how much money from the Settlement Fund will be allocated to pay Lead Counsel for their work on the Action and to reimburse their expenses, and whether to grant a compensatory award to Plaintiffs, and whether the Plan of Allocation is fair, reasonable and adequate. The Court may decide these issues at the hearing or take them under consideration for a later decision.

20. Do I Have to Come to the Hearing?

No. Lead Counsel will answer any questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it, though you are welcome to do so. You may also pay your own lawyer to attend, but it is not necessary.

21. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *Monachelli v. Hortonworks, Inc.*, Case No. 3:16-cv-00980-SI. Be sure to include your name, address, telephone number, your signature, and the number of NASDAQ-listed shares of Hortonworks common stock you purchased between August 5, 2015 and January 15, 2016, inclusive, and the precise dates and prices of any such transactions. Your letter must also set forth: (i) whether you are a Settlement Class Member; (ii) to which part of the Stipulation you object; (iii) the specific reason(s), if any, for such objection, including any legal support you wish to bring to the Court's attention and any evidence you wish to introduce in support of such objection. If you intend to have counsel appear on your behalf at the Settlement Hearing, your letter must state the identity of all attorneys who will appear at the Final Approval Hearing, and your attorneys must submit a notice of their intent to appear. Your notice of intent to appear must be received no later than twenty one (21) days prior to the Settlement Hearing, September 1, 2017, by the Clerk of the Court, Lead Counsel and the Settling Defendants' Counsel, at the addresses listed in question 18.

IF YOU DO NOTHING

22. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Settling Defendants and the Released Persons will be released, but you will not receive any money from this Settlement, because it is necessary to submit a Proof of Claim and Release form to share in the Settlement proceeds.

GETTING MORE INFORMATION

23. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation. You can obtain a copy of the Stipulation or more information about the Settlement by downloading them at www.strategicclaims.net/hortonworks or by contacting the Claims Administrator:

Monachelli v. Hortonworks, Inc.
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004
info@strategicclaims.net

UNDERSTANDING YOUR PAYMENT

The Net Settlement Fund shall be distributed to Class Members who submit acceptable Proof of Claim and Release forms (“Authorized Claimants”) in the following manner.

The Settlement Administrator shall determine each Authorized Claimant’s share of the Net Settlement Fund based upon the recognized loss formula (the “Recognized Loss”) described below. The Recognized Loss formula is intended to equitably apportion the Net Settlement Fund among Authorized Claimants. The Recognized Loss formula is not an estimate of what an Authorized Claimant would have recovered after trial; nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement.

An Authorized Claimant’s actual share of the Net Settlement Fund will be determined by the ratio of the Authorized Claimant’s Recognized Loss divided by the aggregate of the Recognized Loss of all Authorized Claimants.

The Settlement Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible. If there is any balance remaining in the Net Settlement Fund after the initial distribution of the Net Settlement Fund, such remaining balance shall then be donated to an appropriate non-profit organization selected by Lead Counsel, in which Lead Counsel shall not have any financial interest or other affiliation.

Plan of Allocation

The Plan of Allocation bases recognized losses for purposes of the Settlement on only Hortonworks stock purchases made during the Settlement Class Period. It seeks to give more credit to purchases made during the back half than to the front half of the Settlement Class Period. That is because this Action revolved around allegations based on timing. At its core, it alleged that the Settling Defendants’ public statements during the Settlement Class Period that Hortonworks did not need or intend to pursue an equity offering were false or misleading, as revealed by its announcement on January 15, 2016 that it was pursuing one. One confidential witness recalled an internal announcement, before that witness left Hortonworks in late November 2015, that it intended to pursue such an offering. For that reason, purchases made between early November 2015 and mid-January 2016 gave rise to stronger claims than purchases made between early August 2015 through early November 2015.

With that said, the Plan of Allocation is based on the following principles and calculations:

(1) If you purchased Hortonworks stock during the Settlement Class Period, between the dates of August 5, 2015 and November 3, 2015, inclusive; and held it as of close of markets on January 15, 2016; and sold it on January 19, 2016 (the next trading day), first calculate the difference between the price you paid for your stock and the price you received for it by selling it on January 19, 2016. That figure will be multiplied by 0.50 (or 50%), which is the Discount Factor being applied to purchasers during the earlier part of the Settlement Class Period to account for the greater difficulty in proving their claim. The result will be your Recognized Loss under the Plan of Allocation.

(2) If you purchased Hortonworks stock during the Settlement Class Period, between the dates of August 5, 2015 and November 3, 2015, inclusive; and held it as of close of markets on January 15, 2016; and still held it as of the close of markets on January 19, 2016 (the next trading day), first calculate the difference between the price you paid for your stock and the closing price on January 19, 2016. That figure will be multiplied by 0.50 (or 50%), which is the Discount Factor being applied to purchasers during the earlier part of the Settlement Class Period to account for the greater difficulty in proving their claim. The result will be your Recognized Loss under the Plan of Allocation.

(3) If you purchased Hortonworks stock during the Settlement Class Period, between the dates of November 4, 2015 and January 15, 2016, inclusive; and held it as of close of markets on January 15, 2016; and sold it on January 19, 2016 (the next trading day), first calculate the difference between the price you paid for your stock and the price you received for it by selling it on January 19, 2016. That figure will be your Recognized Loss under the Plan of Allocation.

(4) If you purchased Hortonworks stock during the Settlement Class Period, between the dates of November 4, 2015 and January 15, 2016, inclusive; and held it as of close of markets on January 15, 2016; and still held it as of the close of markets on January 19, 2016 (the next trading day), first calculate the

difference between the price you paid for your stock and the closing price on January 19, 2016. That figure will be your Recognized Loss under the Plan of Allocation.

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

1. The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of eligible shares of common stock that participate in the Settlement, when those securities were purchased and sold, and the potential application of the Discount Factor as described in the Plan of Allocation above. The number of claimants who send in claims varies widely from case to case.

2. A purchase or sale of Hortonworks common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

3. If a Class Member acquired Hortonworks common stock during the Settlement Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that Hortonworks common stock was originally purchased prior to commencement of the Settlement Class Period, the Recognized Loss for that acquisition shall be deemed to be zero dollars (\$0.00).

4. Notwithstanding any of the above, receipt of Hortonworks common stock during the Settlement Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Hortonworks common stock.

5. The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order by trade date, first against the common stock held as of the close of trading on August 4, 2015 (the last day before the Settlement Class Period begins) and then against the purchases during the Settlement Class Period.

6. The Recognized Loss with respect to a purchase or acquisition of Hortonworks common stock is calculated by multiplying the number of shares by the appropriate Recognized Loss per share, as described above.

7. No Authorized Claimant whose proportionate share of cash distributions from the Net Settlement Fund is less than \$10.00 shall receive a distribution from the Settlement Fund.

8. Settlement Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims will not share in the recovery, but nevertheless will be bound by the Settlement and the Judgment of the Court dismissing this Action.

9. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Hortonworks common stock purchased or acquired between August 5, 2015, and January 15, 2016, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such beneficial owners; or (2) provide a list of the names and addresses of such beneficial owners to the Settlement Administrator:

Monachelli v. Hortonworks, Inc.
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004
info@strategicclaims.net

If you choose to mail the Notice and Proof of Claim and Release form yourself, you may obtain from the Settlement Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Settlement Administrator.

DATED: JUNE 12, 2017

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA