

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

OKLAHOMA POLICE PENSION AND
RETIREMENT SYSTEM,

Plaintiff,

- against -

U.S. BANK NATIONAL ASSOCIATION
(as Trustee Under Various Pooling and
Servicing Agreements),

Defendant.

CASE NO. 1:11-CV-08066-JGK

**NOTICE OF PENDENCY OF CLASS ACTION AND OF
PROPOSED SETTLEMENT AND FINAL APPROVAL HEARING**

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: *Please be advised that your rights may be affected by the above-captioned class action litigation pending in this Court (the “Action”) if you purchased or otherwise acquired Notes from any of the following residential mortgage-backed securities trusts: Bear Stearns Arm Trust Series 2005-2, Bear Stearns Arm Trust Series 2005-5, Bear Stearns Arm Trust Series 2005-7, Bear Stearns Arm Trust Series 2005-9, and Bear Stearns Arm Trust Series 2006-1 (collectively, the “Covered Trusts”).¹*

Please Note: A complete list of the Notes issued by the Covered Trusts and corresponding CUSIPs can be found on the website for the settlement, www.BearStearnsTIASettlement.com.

NOTICE OF SETTLEMENT: Please also be advised that plaintiff Oklahoma Police Pension and Retirement System (“Plaintiff”), on behalf of itself and the Settlement Class (as defined below), have reached a proposed settlement (the “Settlement”) to resolve all Released Claims involving the Covered Trusts asserted in the Action against defendant U.S. Bank National Association (“U.S. Bank,” and together with Plaintiff, the “Parties”), in its individual capacity and its capacity as trustee of the Covered Trusts, for a total of 6 million United States dollars in cash on the terms set forth in the Parties’ Stipulation and described herein.

This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act. **PLEASE READ THIS NOTICE CAREFULLY!**

- **Description of the Action and the Settlement Class:** Filed in November 2011, this class action alleges that Defendant, as trustee for the Covered Trusts, breached its contractual responsibilities and violated the federal Trust Indenture Act of 1939, as amended (the “TIA”), 15 U.S.C. 77aaa *et seq.*, by failing to cause the substitution or repurchase of mortgage loans with allegedly uncured document deficiencies or that allegedly breached representations and warranties by the entities (or their successors) that sold the mortgage loans to the Covered Trusts (“Defective Mortgages”). Plaintiff further alleges that these allegedly Defective Mortgages caused credit losses to the Covered Trusts that impaired the value of Notes issued by the Covered Trusts (“Notes”) and caused out-of-pocket losses to investors in the Notes.

The proposed Settlement of this Action, if approved by the Court, will apply to the following “Settlement Class”: all former and current holders of Notes issued by the Covered Trusts; *provided, however*, that “Settlement Class” shall not include (a) Defendant, JPMorgan Chase & Co., Bear Stearns Companies Inc., and their respective parents, subsidiaries, and affiliates other than Investment Vehicles; and (b) any person or entity that submits a valid and timely request for exclusion from the Settlement Class in accordance with the requirements set forth in the Notice.

- **Statement of Settlement Class’ Recovery:** Subject to Court approval, and as described more fully below, Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle all Released Claims (as defined in Question 12 below) against Defendant in exchange for a cash payment of \$6 million U.S. dollars (the “Settlement Fund”) to be deposited into an interest-bearing escrow account established for this matter (the “Escrow Account”). The Settlement Fund (a) plus any interest earned while the funds are held in the Escrow Account, and (b) less any (i) Taxes and Tax Costs; (ii) Notice and Administration

¹ All capitalized terms that are not defined herein shall have the meanings ascribed to them in the Stipulation of Settlement dated as of December 17, 2014 (the “Stipulation”).

Costs; (iii) Litigation Expenses as awarded by the Court; (iv) attorneys' fees awarded by the Court; and (v) other costs, expenses, or amounts approved by the Court for distribution from the Settlement Fund prior to distribution to Authorized Claimants (the "Net Settlement Fund") will be distributed to members of the Settlement Class in accordance with a plan of allocation approved by the Court (the "Plan of Allocation"). The Plan of Allocation being proposed by Plaintiff is included in this Notice as Appendix A, and may be modified by the Court without further notice to the Settlement Class.

- **Statement Regarding Estimated Average Amount of Recovery:** As discussed above, Plaintiff pursued a recovery on behalf of investors in Notes who suffered out-of-pocket losses allegedly caused by Defendant's alleged failure to take action to remove Defective Mortgages from the Covered Trusts. The Plan of Allocation for distributing the Settlement recovery was designed by Dr. Scott Hakala, a valuation expert. It takes into account that, due to the seniority structure of the Covered Trusts and the possibility that the Covered Trusts may have suffered some losses due to factors unrelated to the allegedly Defective Mortgages, the risk that investors would not prevail on their claims varied depending upon the position of their Notes in the Covered Trusts' hierarchy. Accordingly, Class members' recovery under the Plan of Allocation is based in large part on their out-of-pocket losses and the seniority or subordination of their Notes.

The Plan of Allocation attached as Appendix A hereto addresses how Recognized Claims are calculated. Plaintiff estimates that the average recovery will be approximately \$135.50 for every \$1,000 in damages. The foregoing estimates are before deduction of Court-awarded attorneys' fees and Litigation Expenses and the costs of providing notice and administering the Settlement. **Settlement Class members should note, however, that these amounts are only estimates.** Settlement Class members may recover more or less than these amounts depending on, among other factors, the amount and identity of the Note(s) purchased or otherwise acquired, when the Note(s) were purchased or otherwise acquired and whether or not they were sold, the amount of principal that has been repaid on the Note(s), and the number of Settlement Class members who timely submit Proof of Claim Forms.

- **Statement of the Parties' Litigation Positions:** As set forth above, Plaintiff believes that Defendant breached its contractual responsibilities and violated the TIA in its role as trustee, resulting in losses to the Covered Trusts and, as a result, to investors who purchased the Notes. Defendant denies any and all allegations of wrongdoing and denies that it is liable to Plaintiff or the Settlement Class or that Plaintiff or other members of the Settlement Class suffered any injury. Defendant also filed a partial summary judgment motion which resulted in the Court dismissing Plaintiff's breach of contract claims. Moreover, the Parties do not agree on the amount of recoverable damages or the average amount of damages per Note that would be recoverable if Plaintiff were to prevail on each of the claims. The issues on which the Parties disagree include, but are not limited to: (i) whether Defendant breached the applicable contracts or violated the TIA; (ii) whether any such breach or violation caused harm to Plaintiff or members of the Settlement Class; (iii) whether Plaintiff's claims, and those of the members of the Settlement Class, are time-barred in whole or in part; (iv) whether Plaintiff has standing to represent the entire proposed class for purposes of trial, or only a subset thereof; (v) the amount of and method for determining damages, if any; and (vi) whether it would be appropriate to certify a class for litigation purposes, as opposed to settlement purposes.
- **Statement of Attorneys' Fees and Expenses Sought:** Plaintiff's Counsel will make an application to the Court for an award of attorneys' fees and Litigation Expenses from the Settlement Fund. Plaintiff's Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 30% of the Settlement Fund, plus interest earned on this amount at the same rate and for the same period as earned by the Settlement Fund. Plaintiff's Counsel also will apply for the reimbursement of certain Litigation Expenses paid or incurred in connection with the prosecution and resolution of the Action in an amount not to exceed \$350,000, plus interest earned on this amount at the same rate and for the same period as earned by the Settlement Fund. If approved, the requested attorneys' fees and Litigation Expenses combined (up to \$2.15 million) would amount to an average cost of up to approximately \$.36 for every \$1.00 recovered in this Action. In addition, Plaintiff may seek reimbursement from the Settlement Fund of up to \$10,000 for its time and expenses incurred in representing the Class.

The attorneys representing Plaintiff and the Settlement Class in the Action have expended considerable time and effort to develop the theories of this Action and litigate them over more than three years. The attorneys have done so on a contingent-fee basis, and have advanced all of the expenses of the litigation with the expectation that if they were successful in obtaining a recovery for the Settlement Class they would be paid from such recovery. In this type of litigation, it is customary for plaintiff's counsel to be awarded a percentage of the class' recovery as their attorneys' fees.

- **Identification of Attorney Representatives:** Plaintiff and the Settlement Class are being represented by:
- Deborah Clark-Weintraub and Max Schwartz of Scott+Scott, Attorneys at Law, LLP, The Chrysler Building, 405 Lexington Avenue, 40th Floor, New York, NY 10174; (212) 223-6444; e-mail: dweintraub@scott-scott.com and mschwartz@scott-scott.com.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A PROOF OF CLAIM FORM BY AUGUST 24, 2015	The only way to be eligible to receive a payment from the Settlement.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED BY JUNE 25, 2015	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement. Exclusion is the only option that potentially allows you to bring, maintain, participate in, or receive a monetary or other recovery in connection with another lawsuit against Defendant or any of the other Released Parties with respect to the Released Claims and the Covered Trusts.
OBJECT TO THE SETTLEMENT BY SUBMITTING AN OBJECTION SO THAT IT IS RECEIVED BY JUNE 25, 2015	If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses, you may write to the Court and explain why you do not like them. You can only object to the Settlement, the Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses if you are a Settlement Class member.
GO TO A HEARING ON JULY 24, 2015 AT 2:30 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED BY JUNE 25, 2015	Filing an objection and notice of intention to appear so that it is received no later than June 25, 2015 allows you to speak in Court about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses. If you submit an objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.
DO NOTHING	If you are a member of the Settlement Class and you do not submit a Proof of Claim Form, you will not be eligible to receive any payment from the Settlement. You will, however, remain a member of the Settlement Class, which means that you will give up your right to bring, maintain, participate in, or receive a monetary or other recovery in connection with, another lawsuit against Defendant or any of the other Released Parties with respect to the Released Claims and the Covered Trusts, and that you will be bound by any judgments or orders entered by the Court in the Action.

- These rights and options – **and the deadlines to exercise them** – are further explained in this Notice.
- The Court in charge of the Action still must decide whether to approve the Settlement. Payments will be made to all Settlement Class members who timely submit valid Proof of Claim Forms if the Court approves the Settlement and after any appeals are resolved and all Proof of Claim Forms have been reviewed and processed. Please be patient.

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BASIC INFORMATION

1. **Why Did I Receive This Notice?**

The Court authorized this Notice to be sent to you because you or someone in your family, or an investment account for which you serve as custodian or nominee, may have purchased or otherwise acquired Notes from the Covered Trusts. If this description applies to you or someone in your family, you have a right to know about a proposed Settlement of all claims pertaining to the Notes and the Covered Trusts asserted in a class action litigation, and about your options, before the Court decides whether to approve the Settlement. Additionally, you have the right to understand how a class action may generally affect your legal rights.

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

2. **What Is This Litigation About?**

The Plaintiff in the litigation is Oklahoma Police Pension and Retirement System (“Oklahoma Police”). The Defendant is U.S. Bank National Association (“U.S. Bank”).

Plaintiff alleges claims against U.S. Bank as the trustee of the Covered Trusts. Plaintiff alleges, among other things, (i) that mortgage files for the mortgage loans owned by the Covered Trusts lacked certain documentation, and that Defendant failed to take appropriate steps to enforce the Covered Trusts’ rights to obtain the documentation or to have such mortgage loans repurchased or replaced by the entities (or their successors) that sold the loans to the Covered Trusts; (ii) that mortgage loans owned by the Covered Trusts breached representations and warranties made by the entities that sold the loans to the Covered Trusts, and that Defendant failed to take appropriate steps to enforce the Covered Trusts’ rights to have such breaches cured or to have such loans repurchased or replaced by those entities (or their successors); and (iii) that Defendant failed to provide notice to holders of Notes issued by the Covered Trusts that the servicer of the mortgage loans, and others, allegedly had defaulted on their obligations to take appropriate steps to obtain cures of documentation problems or of breaches of representations and warranties, or to obtain repurchases or replacements of the affected loans. Plaintiff alleges claims for alleged breaches of the contracts that govern the Covered Trusts (called Indentures) and for alleged violations of the TIA.

Defendant has denied Plaintiff’s allegations, denied that it has any liability to Plaintiff or the Settlement Class, denied that Plaintiff or the Settlement Class members have suffered any cognizable harm, and asserted various affirmative defenses such as the statute of limitations.

3. **What Has Happened In The Case So Far?**

Plaintiff Oklahoma Police commenced this litigation by filing a putative class action complaint in the United States District Court for the Southern District of New York on November 9, 2011 (case number 1:11-cv-08066-JGK) alleging claims against Defendant for breach of contract and violations of the TIA. After Oklahoma Police filed its initial complaint, various amended and/or corrected complaints were filed in the case, various motions to dismiss were filed and ruled upon, and a motion for partial summary judgment was filed and ruled upon. As a result of those amendments and rulings, the claims were narrowed to claims for alleged violations of the TIA, and nine trusts that are not a part of this Settlement were dismissed from the case (subject to Plaintiff’s appellate rights), leaving the remaining five Covered Trusts in the Action.

The Action has been heavily litigated. Plaintiff sought and obtained discovery from Defendant and numerous third parties. Likewise, Defendant sought and obtained discovery from Plaintiff and third parties, including Plaintiff’s investment manager. Plaintiff, Defendant, and third parties collectively produced more than 60,000 pages of documents, and both Parties and third parties were deposed. Plaintiff also retained and consulted with numerous experts in connection with developing and litigating the case.

On August 1, 2014, Plaintiff filed a Motion for Class Certification and Appointment of Class Representatives and Class Counsel, seeking to certify a class. In view of the Court’s Order preliminarily approving the Settlement, the motion has been denied without prejudice to renewal.

After over two years of litigation, the Parties retained a highly respected and experienced third-party mediator to assist them in determining whether a resolution relating to the five Covered Trusts remaining in the Action was possible. Over the course of 2014, the Parties participated in multiple mediation sessions and additional negotiations with the assistance of the mediator regarding the Settlement and the terms of the Stipulation, which are summarized herein.

On February 18, 2015, the Court preliminarily approved the Settlement, preliminarily certified the Settlement Class for settlement purposes only, authorized this Notice to be sent to potential members of the Settlement Class, and scheduled a Final Approval Hearing to consider, among other things, whether to grant final approval of the Settlement.

4. **Why Is This Action A Class Action?**

In a class action, one or more persons or entities called class representatives (in this case, Plaintiff) sue on behalf of persons or entities that have allegedly similar claims. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring as individual actions. If a court agrees with the class representatives that the case appropriately can proceed as a class action, the court certifies a class and thereafter resolves the issues for all class members at the same time, except those that timely and validly exclude themselves from the class.

The Honorable John G. Koeltl, United States District Judge for the Southern District of New York, is overseeing this Action.

5. **Why Is There a Settlement?**

Neither Plaintiff nor Defendant has finally prevailed on the merits of the Released Claims asserted against Defendant with respect to the Covered Trusts. Instead, the Parties agreed to this Settlement.

Plaintiff and Plaintiff's Counsel believe, based on their factual investigation, extensive discovery, consultation with numerous experts, research into the applicable law, and consideration of the risks and uncertainties of further litigation, that the terms and conditions of the Parties' Stipulation are fair, reasonable, adequate, and in the best interests of the Settlement Class. Plaintiff and Plaintiff's Counsel believe this, in part, because the Settlement avoids the costs and risks associated with continued litigation, including the risk of no recovery. The Settlement provides an immediate benefit to members of the Settlement Class.

6. **What Would Have Happened If The Case Had Not Settled?**

If there were no Settlement and Plaintiff failed to obtain class certification, there would be no claims advanced on behalf of members of the Settlement Class and the Action would have proceeded on behalf of Plaintiff only. Further, irrespective of the decision on class certification, if Plaintiff failed to establish any essential legal or factual element of its claims against the Defendant, neither Plaintiff nor members of the Settlement Class would recover anything from Defendant. Also, depending on the outcome of the Parties' disputes with respect to certain of Defendant's defenses and Plaintiff's proposed theories of damages, the Settlement Class might have recovered substantially less than the amount provided in the Settlement, or nothing at all.

WHO IS INCLUDED IN THE SETTLEMENT CLASS
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To see if you are eligible to receive a payment from this Settlement, you first have to determine whether you are a member of the Settlement Class.

7. **How Is The Settlement Class Defined?**

The Court has preliminarily certified, for settlement purposes only, a "Settlement Class" defined as all former and current holders of Notes issued by the Covered Trusts; *provided, however*, that "Settlement Class" shall not include (a) Defendant, JPMorgan Chase & Co., Bear Stearns Companies Inc., and their respective parents, subsidiaries, and affiliates other than Investment Vehicles; and (b) any person or entity that submits a valid and timely request for exclusion from the Settlement Class in accordance with the requirements set forth in the Notice.

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU ARE ELIGIBLE TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED PROOF OF CLAIM FORM TO THE CLAIMS ADMINISTRATOR BY AUGUST 24, 2015.

The term "Notes" as used above in the definition of "Settlement Class" and throughout this Notice, means the Notes issued by any of the Covered Trusts: Bear Stearns Arm Trust Series 2005-2, Bear Stearns Arm Trust Series 2005-5, Bear Stearns Arm Trust Series 2005-7, Bear Stearns Arm Trust Series 2005-9, and Bear Stearns Arm Trust Series 2006-1.

8. **What If I Am Still Not Sure If I Am Included In The Settlement Class?**

If you are still not sure whether you are included in the Settlement Class, you can ask for free help. You can contact the Court-authorized Claims Administrator, KCC Class Action Services, by calling toll-free 1-877-564-2244, sending an e-mail to info@bearstearnsiasettlement.com, or writing to Bear Stearns TIA Settlement, c/o KCC Class Action Services, P.O. Box 43034, Providence, RI 02940-3034. Or you can fill out and return the Proof of Claim Form described in Question 10 below to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

9. What Will Settlement Class Members Receive In The Settlement?

The Settlement Fund consists of \$6,000,000 in cash. The recovery of an eligible member of the Settlement Class will be a portion of the “Net Settlement Fund” (*i.e.*, the Settlement Fund plus interest and minus taxes, certain costs associated with determining and paying taxes, the costs of claims administration, the costs of printing and mailing this Notice, the costs of publishing the Publication Notice, attorneys’ fees and Litigation Expenses awarded by the Court, and any other sums approved by the Court for disbursement from the Settlement Fund), determined pursuant to the Plan of Allocation.

Please refer to the Plan of Allocation attached hereto as Appendix A for the calculation of “Recognized Claim” amounts.

The payments provided pursuant to the Plan of Allocation attached hereto as Appendix A shall be final and conclusive as against any and all members of the Settlement Class. All members of the Settlement Class whose claims are not valid shall not receive distributions from the Net Settlement Fund, but shall be bound by all the terms of the Stipulation and of the Settlement, including the terms of any judgment entered in the Action with respect to the Settlement and any releases and injunctions provided for therein. No person or entity shall have any claim against Plaintiff, Plaintiff’s Counsel, the Claims Administrator, Defendant, or Defendant’s counsel based upon distributions made substantially in accordance with the Plan of Allocation or an order of the Court.

HOW TO OBTAIN A PAYMENT – SUBMITTING A PROOF OF CLAIM FORM

10. How Can I Obtain a Payment?

To qualify for a payment, you must submit a timely and valid Proof of Claim Form, and properly document your claim as requested in the form. A Proof of Claim Form is enclosed with this Notice. If you did not receive a Proof of Claim Form, you can get one on the Internet at www.BearStearnsTIASettlement.com. You can also request that a Proof of Claim Form be mailed to you by contacting the Claims Administrator by (i) telephone, toll-free, at 1-877-564-2244, (ii) sending an e-mail to info@bearstearnstiasettlement.com, or (iii) writing to Bear Stearns TIA Settlement, c/o KCC Class Action Services, P.O. Box 43034, Providence, RI 02940-3034.

Read the instructions included in the Proof of Claim Form carefully, fill out the form, include all the documents the form asks for, sign the form, and submit the form and accompanying documents to the P.O. Box address on the form by **August 24, 2015**.

If you submit the Proof of Claim Form by first-class mail, it shall be deemed submitted on the date of the postmark. Otherwise, it shall be deemed submitted when received by the Claims Administrator.

11. When Will I Receive My Payment?

The Court will hold a hearing on July 24, 2015 to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain how these appeals will be resolved, and resolving them can take a long time, perhaps more than a year. It also takes a long time, often as much as a year, for all of the Proof of Claim Forms to be accurately reviewed and processed.

12. What Am I Giving Up To Potentially Receive A Payment Or To Stay In The Settlement Class?

If you are a member of the Settlement Class, then, whether or not you submit a Proof of Claim Form, you will remain a member of the Settlement Class unless you timely and validly exclude yourself. That means, without limitation, that you will not be able to sue, continue to sue, participate in, or receive a recovery from any lawsuit or other legal proceeding bringing any of the Released Claims against Defendant and the other Released Parties with respect to the Covered Trusts. It also means, without limitation, that any judgment in the Action with respect to the Settlement (including any releases and injunctions provided for therein) will apply to you and legally bind you, and that you will release your claims in this case against Defendant and the other Released Parties with respect to the Covered Trusts. Specifically:

Upon the Effective Date, you will have, and will be deemed to have, fully, finally, and forever released, relinquished, waived, discharged, and dismissed with prejudice all Released Claims as to all Released Parties with respect to the Covered Trusts.

The terms “Effective Date,” “Released Claims,” and “Released Parties” mean the following:

- “Effective Date” means the date on which the Judgment Order becomes Final. “Judgment Order” means an order to be entered by the Court approving the Settlement that is substantially identical in all material respects to the form attached as Exhibit A-4 to the Stipulation, or as modified by written agreement of all Parties (filed with the Court under ECF docket #108-6 and available at www.BearStearnsTIASettlement.com). “Final” means that the Judgment Order is not subject to further review on appeal or otherwise.

- “Released Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever, including rights of appeal, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class, derivative and/or individual in nature, including both known claims and “Unknown Claims” (as defined below), (1) that have been asserted in this Action by Plaintiff on behalf of the Settlement Class against any of the Released Parties with respect to the Covered Trusts; or (2) that could have been asserted in this Action, or in any other action or forum by or on behalf of the Plaintiff and/or the members of the Settlement Class or any of them against any of the Released Parties that arise out of or are based upon or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Action with respect to the Covered Trusts. “Released Claims” also includes all rights of appeal from any prior decision of the Court in this Action with respect to the Covered Trusts. “Released Claims” also includes all rights to participate in or benefit from any settlement, judgment, or other recovery in derivative litigation that has been or may be filed against U.S. Bank on behalf of the Covered Trusts arising from or related to the “Released Claims” as defined above, and the members of the Settlement Class shall irrevocably waive and/or assign all such rights to U.S. Bank. “Unknown Claims” includes any and all Released Claims with respect to the Covered Trusts that Plaintiff or any member of the Settlement Class does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her or it might have affected his, her, or its decision(s) with respect to the Settlement, including 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.” For avoidance of doubt, this Settlement is not intended to and does not release any claims or rights of appeal of Plaintiff Oklahoma Police Pension and Retirement System or members of the Settlement Class relating to the nine Bear Stearns MBS trusts dismissed from this case by the Court’s Order dated December 13, 2013. Additionally, note that your ability to participate in the *JPMorgan Settlement* (discussed in paragraph 16 below) will not be affected in any way by your decision to participate in, or to exclude yourself from, this Settlement.
- “Released Parties” means U.S. Bank, in its individual capacity and in its capacity as trustee of the Covered Trusts, and its past, present or future representatives, trusts, trustees, heirs, executors, estates, administrators, predecessors, successors, assigns, attorneys, accountants, parents, subsidiaries, affiliates, insurers, reinsurers, employers, employees, members, directors, officers, representatives, and agents.

Thus, you shall be deemed to have acknowledged, after an opportunity to confer with counsel (which you are urged to do), that you hereafter may discover facts in addition to or different from those that you now know or believe to be true with respect to the subject matter of the Released Claims and the Covered Trusts. Nevertheless, upon the Effective Date, you shall be deemed to have fully, finally, and forever released, relinquished, waived, discharged, and dismissed with prejudice all Released Claims as to all Released Parties with respect to the Covered Trusts, whether known, unknown, suspected, unsuspected, concealed, hidden, accrued, unaccrued, contingent, or non-contingent.

Upon the Effective Date, you also will be permanently enjoined from asserting or pursuing any of the Released Claims against any of the Released Parties with respect to the Covered Trusts, whether directly, indirectly, or derivatively, whether on your own behalf, on behalf of a Covered Trust, or otherwise, and whether alone or in conjunction with others.

The foregoing provisions that pertain to you and/or bind you also will pertain to and/or bind your past and present trustees, named fiduciaries, directors, officers, employees, auditors, principals, attorneys, predecessors, successors, parents, subsidiaries, divisions, participants and beneficiaries (“Releasing Parties”).

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

If you want to keep any right you may have to sue or continue to sue Defendant and the other Released Parties on your own concerning the Released Claims and the Covered Trusts, to participate in any lawsuit or other proceeding against Defendant or the other Released Parties that concerns the Released Claims and the Covered Trusts, or to obtain any recovery in connection with any lawsuit or other proceeding against Defendant or the other Released Parties that concerns the Released Claims and the Covered Trusts, and you are willing to forgo a payment in this Action from this Settlement in order to keep that right, then you must take steps to exclude yourself from the Settlement Class. This is also called “opting out.”

13. How Do I Get Out Of The Settlement Class?

To exclude yourself from the Settlement Class you must timely submit a signed letter to the Claims Administrator at the following address: Bear Stearns TIA Settlement, EXCLUSIONS, c/o KCC Class Action Services, P.O. Box 43034, Providence, RI 02940-3034. The letter must include (i) a request to be excluded from “the Settlement in *Oklahoma Police Pension and Retirement System v. U.S. Bank National Association*”; (ii) your name, address, and telephone number; (iii) the CUSIP of each Note purchased, acquired, sold, or disposed of; (iv) the outstanding face amount as of the date of each purchase, acquisition, sale, or disposition; (v) the per-unit price of each such transaction; (vi) the total amount of consideration paid or received in connection with each such transaction; (vii) the date of each such transaction; and (viii) the CUSIP and current face amount of each Note still held. To be timely, your request for exclusion must be submitted to the Claims Administrator **so that it is received no later than June 25, 2015.**

If you exclude yourself, you will not be eligible to receive any Settlement payment, you will not have any right to object to the Settlement or any aspect thereof, and you will not be legally bound by any of the terms of the Settlement.

Pursuant to the terms of a separate supplemental agreement between the Parties, Defendant shall have the option to terminate the Settlement in the event that a specified threshold is reached with respect to exclusions from the Settlement Class.

14. If I Do Not Exclude Myself, Can I Sue Defendant Or The Other Released Parties For The Same Thing Later?

No. Unless you timely and validly exclude yourself, you give up any right to sue or to continue to sue Defendant and the other Released Parties with respect to the Released Claims and the Covered Trusts. If you do not exclude yourself from the Settlement Class in accordance with the requirements set forth in this Notice, you will not be entitled to receive any recovery in connection with any other action against any of the Released Parties involving the Covered Trusts and based on or arising out of the alleged facts giving rise to the Released Claims. If you have a lawsuit against Defendant, speak to your lawyer in that case immediately.

15. If I Exclude Myself, Can I Receive Money From The Settlement?

No. If you timely and validly exclude yourself, do not send in a Proof of Claim Form because you no longer will be a member of the Settlement Class. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendant and the other Released Parties.

Should you elect to exclude yourself from the Settlement Class, you should understand that Defendant will have the right to assert any and all defenses it may have to any claims that you may seek to assert. Although Defendant has decided to settle the Action with respect to the Covered Trusts in order to avoid the continuing expense of litigation and for the other reasons described in this Notice, Defendant will retain and is not waiving in any way the right to assert that the claims asserted by any individual Settlement Class members who elect not to participate in the Settlement are time-barred, are otherwise subject to dismissal, or otherwise lack merit.

16. If I Am A Current Certificate Holder, Will I Be Able To Receive Any Benefit That May Be Achieved From The Article 77 Proceeding in New York Supreme Court Entitled *In the matter of the application of U.S. Bank National Association, et al., Index No. 652382/2014 (N.Y. Sup. Ct.)*?

On November 15, 2013, certain institutional investors who hold Notes issued by Bear Stearns sponsored mortgage-backed securities trusts and Notes issued by JPMorgan Chase & Co. sponsored mortgage-backed securities trusts (JPMorgan is the successor to Bear Stearns) entered into a settlement with JPMorgan for its (including Bear Stearns’) alleged role in placing Defective Mortgages in those trusts. That settlement includes the Covered Trusts, among others. It has been approved by the trustees of the relevant trusts, and is awaiting final approval from a court in a case styled: *In the matter of the application of U.S. Bank National Association, et al., Index No. 652382/2014 (N.Y. Sup. Ct.) (JPMorgan Settlement)*. If that settlement is ultimately approved by the presiding court, some current holders of Notes issued by the relevant trusts may be entitled to a settlement payment. Current holders of Notes issued by the Covered Trusts may participate in both this Settlement and the *JPMorgan Settlement*, although a recovery in that case may off-set the recovery, if any, from this Settlement.

THE LAWYERS REPRESENTING YOU

17. Do I Have A Lawyer In This Case?

The Court has appointed Plaintiff’s Counsel (the law firm of Scott+Scott, Attorneys at Law, LLP) to represent you and the other Settlement Class members. You will not be directly charged for these lawyers. The Court will determine the amount of Plaintiff’s Counsel’s fees and Litigation Expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How Will The Lawyers Be Paid?

For their work over the past 3+ years, Plaintiff's Counsel will ask the Court to award attorneys' fees of up to 30% of the Settlement Fund and Litigation Expenses of up to \$350,000, plus accrued interest on these amounts. In addition, Plaintiff may seek reimbursement from the Settlement Fund of up to \$10,000 for its time and expenses incurred in representing the Class.

The Court ultimately will decide what constitutes a reasonable award of attorneys' fees and Litigation Expenses, and may award less than the amount requested by Plaintiff's Counsel. Likewise, if Plaintiff seeks reimbursement for its time and expenses, the Court will decide that application as well. Settlement Class members are not personally liable for any such fees or expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund prior to distributions to Authorized Claimants.

OBJECTING TO THE SETTLEMENT

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

19. How Do I Tell The Court That I Do Not Like The Settlement?

If you are a Settlement Class member and do not exclude yourself, you can object to the Settlement if you do not like any part of it, including the Judgment Order, the Plan of Allocation, and the request for attorneys' fees or Litigation Expenses. If you would like the Court to consider your views, you must file and deliver a proper objection within the deadline identified, and according to the following procedures.

To object, you must file a written objection (together with supporting briefs and any other supporting papers) with the Clerk of the United States District Court for the Southern District of New York. This filing may be done electronically via the Court's ECF system or at the Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, New York, 10007-1312. The filing must be **received by the Court no later than June 25, 2015, with copies of all papers delivered to all Parties' counsel on or before that date**, as follows:

Counsel for Plaintiff:

Deborah Clark-Weintraub
Max R. Schwartz
SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
The Chrysler Building
405 Lexington Avenue, 40th Floor
New York, New York 10174

Counsel for U.S. Bank:

Michael S. Kraut
John M. Vassos
MORGAN, LEWIS & BOCKIUS LLP
101 Park Avenue
New York, New York 10178-0600

Your written objection must state the reasons for the objection, and include (i) your name, address, and telephone number; (ii) the CUSIP of each Note purchased, acquired, sold, or disposed of; (iii) the outstanding face amount as of the date of each purchase, acquisition, sale, or disposition; (iv) the per-unit price of each such transaction; (v) the total amount of consideration paid or received in connection with each such transaction; (vi) the date of each such transaction; (vii) the CUSIP and current face amount of each Certificate still held; (viii) a written statement of all grounds for the objection accompanied by any legal support for the objection; (ix) copies of any papers, briefs or other documents upon which the objection is based; (x) a list of all persons who will be called to testify in support of the objection; (xi) a statement of whether the objector intends to appear at the Final Approval Hearing; (xii) a list of other cases in which the objector or the objector's counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five years; and (xiii) the objector's signature, even if represented by counsel.

If you do not timely make your objection in the manner provided above with the information specified above, you shall be deemed to have waived such objection and shall be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement, of the Judgment Order, of the Plan of Allocation, or of any award of attorneys' fees and/or Litigation Expenses.

You do not need to attend the Final Approval Hearing to have your written objection considered by the Court. Any Settlement Class member who has not previously submitted a request for exclusion from the Settlement Class and who has complied with the procedures set out in this Question 19 may also appear at the Final Approval Hearing and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation, or Plaintiff's Counsel's motion for an award of attorneys' fees and Litigation Expenses. Any such objector may appear in person or arrange, at his or her own expense, for a lawyer to represent him or her at the Final Approval Hearing.

20. What's The Difference Between Objecting And Seeking Exclusion?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you are not permitted to object.

THE FINAL APPROVAL HEARING

The Court will hold a hearing, called a Final Approval Hearing, to consider whether to approve the proposed Settlement. At or after the Final Approval Hearing, the Court will also decide whether to approve the proposed Plan of Allocation of the Net Settlement Fund and Plaintiff's Counsel's application for attorneys' fees and Litigation Expenses.

21. When Will The Court Decide Whether To Approve The Settlement?

The Court will hold the Final Approval Hearing on July 24, 2015, at 2:30 p.m. in Courtroom 12B, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, 10007-1312. The Court retains the right to reschedule the Final Approval Hearing without further notice to you. The Court may decide whether to approve the Settlement, whether to approve the proposed Plan of Allocation, and whether and to what extent to approve any request for attorneys' fees and Litigation Expenses at the Final Approval Hearing, or the Court may take these matters under consideration and issue a decision later.

22. Do I Have To Attend The Final Approval Hearing?

No. Plaintiff's Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense or to pay a lawyer to attend on your behalf. If you attend, you may ask to speak in favor of the Settlement, or if you have timely submitted a written objection, you may ask to speak against the Settlement. Submission of a written objection does not obligate you to come to the hearing to talk about it; as long as you submitted your written objection on time and in accordance with the instructions in this Notice, the Court will consider it.

23. May I Speak At The Hearing?

You may ask the Court for permission to speak at the Final Approval Hearing, but if you intend to speak against the Settlement, you will only be permitted to do so if you submit a timely objection in accordance with the instructions in this Notice. To ask the Court for permission to speak, you must file a written request with the Clerk of the United States District Court for the Southern District of New York. This filing may be done electronically via the Court's ECF system or at the Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, New York, 10007-1312. The filing must be **received by the Court, with copies of all papers delivered to all Parties' counsel, no later than June 25, 2015**, as described above in connection with the discussion of how to submit written objections. Your request must state whether you intend to speak in favor of or against the Settlement, and include (i) your name, address, and telephone number; (ii) the CUSIP of each Note purchased, acquired, sold, or disposed of; (iii) the outstanding face amount as of the date of each purchase, acquisition, sale, or disposition; (iv) the per-unit price of each such transaction; (v) the total amount of consideration paid or received in connection with each such transaction; (vi) the date of each such transaction; and (vii) the CUSIP and current face amount of each Note still held. In addition, if you seek to present evidence or witnesses, you must explain in your filing what information you seek to present, and identify the specific documents you seek to introduce and the specific witnesses you seek to present.

You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

24. What Happens If I Do Nothing At All?

If you are a member of the Settlement Class and you do nothing, you will remain a member of the Settlement Class, and you and the Releasing Parties (as defined above) will be bound by any judgment entered in connection with the Settlement. You will not be able to start, continue with, participate in, or receive any recovery from any lawsuit or other legal proceeding against Defendant or any of the other Released Parties involving the Released Claims and the Covered Trusts. You also will not receive any money from the Settlement because you must submit a timely and valid Proof of Claim Form to be eligible to receive money from the Settlement. Additionally, note that your ability to participate in the *JPMorgan Settlement* will not be affected by your decision to participate in, or to exclude yourself from, this Settlement.

GETTING MORE INFORMATION

25. Where Can I Get More Information?

This Notice only summarizes the proposed Settlement. More details are contained in the Stipulation, which is incorporated herein by reference as if fully set forth herein. You can view and/or download a copy of the Stipulation from the website, www.BearStearnsTIASettlement.com.

You also can obtain more information by contacting the Claims Administrator by: (i) calling toll-free 1-877-564-2244; (ii) sending an e-mail to info@bearstearnstiasettlement.com; or (iii) writing to Bear Stearns TIA Settlement, c/o KCC Class Action Services, P.O. Box 43034, Providence, RI 02940-3034; or you can visit the website for the Settlement, www.BearStearnsTIASettlement.com, where you will find answers to common questions about the Settlement, as well as a downloadable copy of the Proof of Claim Form, and other information to help you determine whether you are a Settlement Class member and whether you are eligible for a payment. Additional information also can be obtained by contacting Plaintiff's Counsel.

You should *not* contact the Court for more information.

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you purchased, acquired, or held any Note as a nominee for a beneficial owner, then, within 10 days after you receive this Notice and Proof of Claim Form, you must either (i) send a copy of this Notice and Proof of Claim Form by first-class mail to each such beneficial owner; or (ii) provide a list of the names and addresses of all such beneficial owners (preferably in electronic format (e.g., excel, csv)) to the Claims Administrator at the following address: Bear Stearns TIA Settlement, c/o KCC Class Action Services, P.O. Box 43034, Providence, RI 02940-3034, or by email to nominees@bearstearnstiasettlement.com. If you choose the first option, you may obtain from the Claims Administrator (without cost to you) as many additional copies of such documents as you need to complete the mailings. Additionally, if you choose to mail the Notice and the Proof of Claim Form yourself, you may obtain reimbursement for reasonable administrative costs actually incurred in doing so to the extent you would not otherwise have incurred those costs, upon submission of appropriate documentation to the Claims Administrator and subject to the right of the Court to resolve disputes concerning any such request for reimbursement. If you choose the second option, KCC Class Action Services will send a copy of the Notice and Proof of Claim Form to the beneficial owners whose names and address you supply.

**PLEASE DIRECT YOUR QUESTIONS REGARDING THIS NOTICE TO
THE CLAIMS ADMINISTRATOR OR TO PLAINTIFF'S COUNSEL.**

DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: February 18, 2015
New York, New York

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

APPENDIX A
PLAN OF ALLOCATION FOR THE NET SETTLEMENT FUND

INTRODUCTION

The Plan of Allocation set forth below (the “Plan”) equitably distributes the settlement proceeds to Settlement Class members who have suffered an economic loss proximately caused by Defendant’s alleged wrongdoing and who provide valid Proof of Claim Forms (“Authorized Claimants”) – *i.e.*, claims that are ultimately approved for payment from the Net Settlement Fund. The Plan is based on a general estimate of the amount of loss that an Authorized Claimant could claim owing to the alleged wrongdoing (“Recognized Claims”), and then a pro-rata distribution from the Net Settlement Fund to the Authorized Claimants in proportion to their Recognized Claims. Accordingly, this is not a formal damages analysis. The Recognized Claims are not supposed to and do not estimate the amount of losses that an Authorized Claimant might have been able to recover after trial. Nor do the Recognized Claims estimate the amount that will ultimately be paid to an Authorized Claimant under the Settlement. Instead, the Recognized Claims and the Plan are designed to fairly and reasonably weigh the claims of Authorized Claimants against one another, so that pro-rata distributions can be made from the Net Settlement Fund.

Here, Plaintiff claimed that Defendant failed to ensure that certain mortgages – which Defendant allegedly knew did not meet their representations and warranties or did not have certain required documentation (“Defective Mortgages”) – were substituted out of, or repurchased from, the Covered Trusts. This misconduct allegedly violated Defendant’s statutory (and contractual) duties as trustee. Further, Plaintiff claimed that as a result of Defendant’s misconduct, the Covered Trusts suffered principal losses from the Defective Mortgage Loans, which in turn reduced the value of the notes issued by the Covered Trusts (“Notes”) and caused investors in the Notes to suffer out-of-pocket losses corresponding to that lost principal. It is those out-of-pocket losses that the Action seeks to compensate. Accordingly, the Plan makes distributions to former holders of the Notes who suffered out-of-pocket losses on their investments, and to current holders of certain Notes who would suffer an out-of-pocket loss on their investment. Further, to the extent that the Covered Trusts issued securities that do not have an actual principal balance at issuance and do not involve the repayment of principal, such as notional, interest only or residual certificates, the Plan does not compensate investors in those securities.

Plaintiff retained Dr. Scott Hakala, Ph.D, to develop the Plan for the Net Settlement Fund.

METHODOLOGY

In implementing the Plan, the first step is to determine whether Settlement Class members have an out-of-pocket loss and the amount of any such loss (the “Recognized Loss Amount”). This is based on the transaction data for a Settlement Class member’s investment(s) in the Notes (such data will be furnished with each Proof of Claim Form, and may be also publicly available in part). More specifically, it is based on a Note’s purchase price, sales price for those who sold before or on the Settlement Date,² price as of October 31, 2014 for those who did not sell before or on the Settlement Date), principal balance on the purchase and sale dates, and principal losses between the purchase and sale dates. Using this data, and entering it into the following formula, an investor’s Recognized Loss Amount on each Note is approximately equal to: (1) the purchase price paid, (2) less any principal payments, and (3-A) less the sale proceeds if the note was sold by the Settlement Date, or (3-B) if not sold by the Settlement Date, less the value of the Note on October 31, 2014, as estimated using price data from Bloomberg, L.P.

Second, once a Recognized Loss Amount is determined, the Plan estimates the approximate percentage of the Recognized Loss Amount that was proximately caused by Defendant’s wrongdoing. That estimate is an investor’s “Recognized Claim.”

Given that Defendant’s alleged wrongdoing consisted of failing to have Defective Mortgages repurchased and allowing principal losses from those Mortgages to undermine the Notes’ value, estimating the amount of Recognized Losses proximately caused by Defendant entails estimating the number of Defective Mortgages in the Covered Trusts (“Breach Rate”) and assessing their impact on the Notes. Such an estimate was accordingly made, and was based on the following information (“Defective Mortgage Data”):

1. Historical reported trade prices for each tranche in each Covered Trust from 2009 forward, to the extent obtained in discovery from broker-dealers, or from FINRA beginning on May 16, 2011.
2. Quoted prices for each tranche in each Covered Trust to the extent it has principal remaining as of October 31, 2014.³
3. Bloomberg, L.P. Matrix or estimated prices from each tranche in each Covered Trust to the extent available from December 2010 to October 31, 2014, and to the extent principal remained outstanding.
4. Historical data on monthly principal payments, recognized principal losses, interest payments, principal balance remaining and deferrals for each tranche in each Covered Trust from inception through the end of October 2014.
5. Historical monthly data on delinquency rates, HPI (“Home price index adjusted”), LTVs (“loan-to-value ratios”), weighted average credit scores, loss rates, and the geographic mix of loan balances for each Covered Trust.

² The Settlement Date is the October 15, 2014, the date on which the Parties executed the Short-Form Agreement to Settle Class Action.

³ The price quotes were compared with earlier transaction pricing, as well as quoted prices on certain dates in November 2014, to ensure that the prices used are reliable.

6. The original Prospectus for each Covered Trust, which, among other things, sets forth the characteristics of each loan pool, the priority schedules for distributing principal and interest payments to each tranche, and certain specific loan information (summary loan information through October 2014 was in some cases available as well).
7. Information concerning the Article 77 proceeding in New York Supreme Court involving J.P. Morgan Chase, a number of MBS trustees, and 21 Institutional Investors. The caption of that proceeding is *In the matter of the application of U.S. Bank National Association, et al.*, Index No. 652382/2014 (N.Y. Sup. Ct.) (*JPMorgan Settlement*). The information obtained therefrom included filings and expert reports or declarations setting forth analyses of losses, estimates of likely recovery, and other information available at: <http://www.rmbstrusteesettlement.com>. (Although the claims in this case are against a different defendant than the claims in the *JPMorgan Settlement*, their subject matter overlaps somewhat, and all of the Covered Trusts at issue here are part of the *JPMorgan Settlement*).
8. Estimates of representation and warranty breach rates and likely recoveries for such breaches associated with various originators or resellers, made available in prior litigation involving mortgage-backed securities; and estimates of breach rates asserted by the Federal Housing Finance Agency (“FHFA”) with respect to put-back claims against originators who sold mortgage loans to Freddie Mac and Fannie Mae between 2004 and 2007.

The percentage of Defective Mortgages found, and range of recoverable losses identified, in the Defective Mortgage Data was quite wide. Therefore, the methodology relies more heavily on information from settlements, such as the percentage of the total loans at issue in a settlement that were repurchased (or put-back), as well as the percentage of the total loans at issue that were delinquent, and the percentage of the total loan losses at issue that were recovered. (The FHFA filings noted above contained considerable pertinent information.) This information was analyzed to provide estimates of the likely Breach Rates for each Covered Trust, based on the originators of the mortgages in each Covered Trust, each Covered Trust’s percentage of low document or no document loans, and each Covered Trust’s observed delinquency rates and loss severities.

Each Breach Rate was then applied to the respective Covered Trust’s historic principal losses (which are publicly reported) to determine the amount of principal losses to date that could have been avoided had Defendant acted appropriately, and had the associated Defective Mortgage Loans removed (the “Realized Defective Recovery Amount”). Similarly, the projected principal losses that are expected to occur going forward for each tranche within the Covered Trusts were estimated using the tranches’ current prices, current delinquency rates and current loan-to-value ratios. The Breach Rate for each Covered Trust was then applied to each Covered Trust’s projected principal losses to determine the amount of projected principal losses that could be avoided if Defendant acted appropriately (the “Projected Defective Recovery Amount”).

Next, the Realized Defective Recovery Amount was used to determine and reallocate the historic principal payments and losses over time to each tranche within each Covered Trust on a monthly basis from inception to the present. Thus, each Covered Trust’s Realized Defective Recovery Amount was distributed across its tranches, pursuant to the rules in the Covered Trust’s Indenture setting forth the allocation of principal between the tranches. This resulted in reversing prior losses to date for certain tranches, revising the principal balances outstanding historically on a monthly basis through October 31, 2014, and identifying the principal losses that could have been avoided for each tranche, or class of Notes, within each Covered Trust. Similarly, for current holders of Notes only (who may be eligible to participate in the recovery from the *JPMorgan Settlement*), each Covered Trust’s likely proceeds from that settlement were factored into the foregoing analysis, based on treating those proceeds as “subsequent recoveries” pursuant to that settlement’s terms. Finally, the Projected Defective Recovery Amount for each tranche within each Covered Trust was taken into account. Together, these adjustments provided an estimate of the percentage of principal losses that each tranche in each Covered Trust would have likely avoided had Defendant removed the Defective Mortgages.

Due to the Covered Trusts’ seniority structure, the more junior tranches were determined unlikely to have avoided losing their remaining principal balances by October 31, 2014, even had Defendant taken appropriate action. The risk that investors in those subordinate tranches would not have been able to recover had this Action proceeded to trial is therefore greater than the risk of some of the more senior tranches. Given that risk, and the possibility that a recovery of principal losses by the senior tranches might have also affected the price and performance of the junior tranches, a modest percentage of principal losses avoided was determined to be appropriate for the junior tranches.

Additionally, the most senior tranches within each Covered Trust, with a few exceptions, are currently not expecting to realize any principal losses related to Defective Mortgages. Thus, current holders of Notes in those senior tranches will receive no recovery from this Settlement to the extent that the current bids for those tranches are in excess of \$97 per \$100 of principal outstanding.

The percentages of principal losses that each tranche in each Covered Trust was likely to have avoided had Defendant acted appropriately (“Recovery Percentage”) are set forth in Tables 1 through 5 below.⁴ For the reasons set forth in the preceding paragraphs, the Recovery Percentages for some investors who are current holders of Notes may be different than the Recovery Percentages of sellers (or former holders) of those Notes.

A Settlement Class member’s Recognized Claim, for each Note purchased, is equal to his/her/its Recognized Loss Amount times that Note’s (or tranche’s) Recovery Percentage. As the total Recognized Claims will likely exceed the gross settlement amount of \$6 million, each Authorized Claimant will receive compensation from the Net Settlement Fund on a pro rata basis, in relative proportion to his/her/its Recognized Claim.

⁴ All Tables referenced in this Plan can be found on the website for the Settlement, www.BearStearnsTIASettlement.com.

SUMMARY

1. The calculation of a Recognized Claim amount will depend on the following information, as provided in part by the documentation submitted by the Settlement Class member:
 - a. when the Note was purchased or acquired and the price paid;
 - b. the principal amount of the Note as of the date purchased;
 - c. whether the Note was sold or is still being held; and
 - d. if the Note was sold, the date of sale, the amount of principal remaining at the time of sale, and the sale price.
2. The calculation of a Recognized Claim amount under this Plan will also depend on the Recovery Percentages for each Note, as set forth below in Tables 1 through 5.
3. If a Settlement Class member purchased more than one Note in the same tranche, then the purchase and sale dates will be matched on a first-in-first-out (FIFO) basis. If some transactions result in a negative Recognized Claim amount, these negative values will be used to offset any positive Recognized Claim amounts.
4. Notwithstanding any of the other provisions in this proposed Plan, for all purchases or acquisitions of Notes that occurred after the applicable Settlement Date, the Recognized Claim is zero.

TABLE 1

(BEAR STEARNS ARM TRUST SERIES 2005-2)

The following Table applies to Settlement Class members who purchased or acquired Notes issued by the Bear Stearns ARM Trust Series 2005-2. For each class of Note, or Tranche, the Table lists: (i) the Note's assumed price as of October 31, 2014 for Settlement Class members who still held the Note as of the Settlement Date ("Current Holders"); (ii) the Recovery Percentage for Current Holders of the Note; and (iii) the Recovery Percentage for Settlement Class members who sold the Note prior to the Settlement Date ("Sellers").

Tranche	Assumed Price for Current Holders	Recovery Percentage for Current Holders	Recovery Percentage for Sellers
A1	99	0%	50%
A2	98.5	0%	50%
A3	99	0%	50%
A4	98	0%	50%
B1	100	0%	50%
B2	94.5	50%	70%
B3	38	20%	45%
B4	1	25%	25%
B5	0	8%	8%
B6	0	5%	5%

TABLE 2

(BEAR STEARNS ARM TRUST SERIES 2005-5)

The following Table applies to Settlement Class members who purchased or acquired Notes issued by the Bear Stearns ARM Trust Series 2005-5. For each class of Note, or Tranche, the Table lists: (i) the Note's assumed price as of October 31, 2014 for Settlement Class members who still held the Note as of the Settlement Date ("Current Holders"); (ii) the Recovery Percentage for Current Holders of the Note; and (iii) the Recovery Percentage for Settlement Class members who sold the Note prior to the Settlement Date ("Sellers").

Tranche	Assumed Price for Current Holders	Recovery Percentage for Current Holders	Recovery Percentage for Sellers
A1	99.5	0%	50%
A2	100	0%	50%
M	100	0%	50%
B1	97	0%	50%
B2	22	40%	50%
B3	0	10%	10%
B4	0	5%	5%
B5	0	5%	5%
B6	0	5%	5%

TABLE 3**(BEAR STEARNS ARM TRUST SERIES 2005-7)**

The following Table applies to Settlement Class members who purchased or acquired Notes issued by the Bear Stearns ARM Trust Series 2005-7. For each class of Note, or Tranche, the Table lists: (i) the Note's assumed price as of October 31, 2014 for Settlement Class members who still held the Note as of the Settlement Date ("Current Holders"); (ii) the Recovery Percentage for Current Holders of the Note; and (iii) the Recovery Percentage for Settlement Class members who sold the Note prior to the Settlement Date ("Sellers").

Tranche	Assumed Price for Current Holders	Recovery Percentage for Current Holders	Recovery Percentage for Sellers
1A1	100	0%	50%
1A2	42.5	60%	90%
2A1	94	20%	90%
2A2	25	100%	100%
B1	0	40%	40%
B2	0	5%	5%
B3	0	3%	3%
B4	0	2%	2%
B5	0	2%	2%
B6	0	2%	2%

TABLE 4**(BEAR STEARNS ARM TRUST SERIES 2005-9)**

The following Table applies to Settlement Class members who purchased or acquired Notes issued by the Bear Stearns ARM Trust Series 2005-9. For each class of Note, or Tranche, the Table lists: (i) the Note's assumed price as of October 31, 2014 for Settlement Class members who still held the Note as of the Settlement Date ("Current Holders"); (ii) the Recovery Percentage for Current Holders of the Note; and (iii) the Recovery Percentage for Settlement Class members who sold the Note prior to the Settlement Date ("Sellers").

Tranche	Assumed Price for Current Holders	Recovery Percentage for Current Holders	Recovery Percentage for Sellers
A1	98.5	0%	50%
A2	57	50%	100%
B1	0	45%	45%
B2	0	5%	5%
B3	0	5%	5%
B4	0	3%	3%
B5	0	3%	3%
B6	0	2%	2%

TABLE 5**(BEAR STEARNS ARM TRUST SERIES 2006-1)**

The following Table applies to Settlement Class members who purchased or acquired Notes issued by the Bear Stearns ARM Trust Series 2006-1. For each class of Note, or Tranche, the Table lists: (i) the Note's assumed price as of October 31, 2014 for Settlement Class members who still held the Note as of the Settlement Date ("Current Holders"); (ii) the Recovery Percentage for Current Holders of the Note; and (iii) the Recovery Percentage for Settlement Class members who sold the Note prior to the Settlement Date ("Sellers").

Tranche	Assumed Price for Current Holders	Recovery Percentage for Current Holders	Recovery Percentage for Sellers
A1	98	0%	50%
A2	98	0%	50%
A3	95	50%	60%
A4	70.5	70%	80%
B1	0	8%	10%
B2	0	5%	5%
B3	0	3%	3%
B4	0	3%	3%
B5	0	2%	2%
B6	0	2%	2%