

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE THE BEAR STEARNS COMPANIES, INC.
SECURITIES, DERIVATIVE, AND ERISA LITIGATION

This Document Relates To:

Securities Action, 08 Civ. 2793 (RWS)

Master File No.:

08 MDL No. 1963 (RWS)

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENTS WITH THE BEAR STEARNS DEFENDANTS AND DELOITTE AND MOTION FOR ATTORNEYS' FEES AND EXPENSES

If you purchased or acquired the publicly traded equity securities or options of The Bear Stearns Companies Inc. ("Bear Stearns") or were an employee who received vested stock units during the period from December 14, 2006 to and through March 14, 2008, inclusive (the "Class Period"), and were damaged thereby, you may be entitled to a payment from two class action settlements.

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

The purpose of this Notice is to inform you of (a) the pendency of this class action (the "Action"), (b) the proposed partial settlement of the Action with the Bear Stearns Defendants (defined below), (c) the proposed partial settlement of the Action with Deloitte & Touche LLP ("Deloitte"), and (d) the hearing to be held by the Court to consider (i) whether the settlements should be approved, (ii) the application of plaintiff's counsel for attorneys' fees and expenses, and (iii) certain other matters (the "Settlement Hearing"). This Notice describes important rights you may have and what steps you must take if you wish to participate in the settlements or wish to be excluded from the Settlement Class (defined below).¹

- If approved by the Court, the settlement with the Bear Stearns Defendants will provide a \$275 million cash settlement fund for the benefit of eligible investors (the "Bear Stearns Settlement"). If approved by the Court, the settlement with Deloitte will provide a \$19.9 million cash settlement fund for the benefit of eligible investors (the "Deloitte Settlement" and, together with the Bear Stearns Settlement, the "Settlements").
- The Settlements resolve claims by The State of Michigan Retirement Systems ("Lead Plaintiff") that the Bear Stearns Defendants and Deloitte misled investors about Bear Stearns's financial condition and business prospects, avoids the costs and risks of continuing the litigation, pays money to investors like you, and releases the Bear Stearns Defendants and Deloitte from liability.²
- **Your legal rights are affected whether you act or do not act. Read this Notice carefully.**
- The Court will review the Settlements at the Settlement Hearing to be held on September 19, 2012.

YOUR LEGAL RIGHTS AND OPTIONS IN THESE SETTLEMENTS

SUBMIT A CLAIM FORM BY OCTOBER 25, 2012	The only way to get a payment.
EXCLUDE YOURSELF BY AUGUST 29, 2012	Get no payment. This is the only option that allows you to ever bring or be part of any <u>other</u> lawsuit about the Released Claims and Released Deloitte Claims (defined in Question 12) against the Bear Stearns Defendants, Deloitte, and the other released defendant parties (defined in Question 1).
OBJECT BY AUGUST 29, 2012	Write to the Court about why you do not like the Settlements, the proposed Plan of Allocation and/or the request for attorneys' fees and expenses. You will still be a member of the Settlement Class (defined in Question 5).
GO TO A HEARING ON SEPTEMBER 19, 2012	Ask to speak in Court about the Settlements at the Settlement Hearing.
DO NOTHING	Get no payment. Give up rights.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlements and whether to finally certify this as a class action. Payments will be made in the Bear Stearns Settlement if the Court approves it and in the Deloitte Settlement if the Court approves it, and after any appeals are resolved. Please be patient.

¹ All capitalized terms not otherwise defined in this Notice have the meanings provided in the Stipulation and Agreement of Settlement with the Bear Stearns Defendants (the "Bear Stearns Stipulation"), dated as of June 5, 2012, or the Stipulation and Agreement of Settlement with Deloitte & Touche LLP (the "Deloitte Stipulation"), dated as of June 11, 2012 (collectively, the "Stipulations").

² The Settlements do not release claims in the related "ERISA Action" (*In re The Bear Stearns Companies, Inc. Sec., Deriv., and ERISA Litig.*, ERISA Action, 08 Civ. 2804 (RWS) (S.D.N.Y.)) or "Derivative Action" (*In re The Bear Stearns Companies, Inc. Sec., Deriv., and ERISA Litig.*, Derivative Action, 07 Civ. 10453 (RWS) (S.D.N.Y.)).

SUMMARY OF THIS NOTICE

(a) Statement of Plaintiff's Recovery

1. **The Combined Settlements:** The Settlements, if approved, result in a combined amount of \$294.9 million, plus interest, if any (the "Settlement Funds"). Lead Plaintiff estimates the following average recoveries per allegedly damaged security, based on Lead Plaintiff's consulting expert's estimate of the number of Bear Stearns equity securities and options entitled to participate in the Settlements, and assuming that all such securities entitled to participate do so, before deduction of Court-approved expenses, such as attorneys' fees and expenses and administrative costs:³ \$4.79 per allegedly damaged common stock share and stock unit; \$1.10 per allegedly damaged call option; \$1.80 per allegedly damaged put option; and \$0.72, \$0.08 and \$0.56 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively.

2. **The Bear Stearns Settlement:** The Bear Stearns Settlement, if approved, will create a settlement fund of \$275 million in cash, plus interest, if any (the "Bear Stearns Settlement Fund"). Lead Plaintiff estimates the following average recoveries per allegedly damaged security, based on Lead Plaintiff's consulting expert's estimate of the number of Bear Stearns equity securities and options entitled to participate in the Settlements, and assuming that all such securities entitled to participate do so, before deduction of Court-approved expenses, such as attorneys' fees and expenses and administrative costs:³ \$4.47 per allegedly damaged common stock share and stock unit; \$1.02 per allegedly damaged call option; \$1.68 per allegedly damaged put option; and \$0.67, \$0.08 and \$0.53 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively.

3. **The Deloitte Settlement:** The Deloitte Settlement, if approved, will create a settlement fund of \$19.9 million in cash, plus interest, if any (the "Deloitte Settlement Fund"). Lead Plaintiff estimates the following average recoveries per allegedly damaged security, based on Lead Plaintiff's consulting expert's estimate of the number of Bear Stearns equity securities and options entitled to participate in the Settlements, and assuming that all such securities entitled to participate do so, before deduction of Court-approved expenses, such as attorneys' fees and expenses and administrative costs:³ \$0.32 per allegedly damaged common stock share and stock unit; \$0.07 per allegedly damaged call option; \$0.12 per allegedly damaged put option; and \$0.05, \$0.01 and \$0.04 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively.

4. A Settlement Class Member's actual recovery will be a portion of the net settlement funds (defined in Question 8) created in the Settlements, determined by comparing his, her, or its "Recognized Loss" to the total Recognized Losses of all Settlement Class Members who submit acceptable Proofs of Claim. An individual Settlement Class Member's actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Settlement Class Member purchased or acquired Bear Stearns equity securities, options, or stock units during the Class Period; (3) the purchase price paid; (4) the type of securities purchased or acquired; and (5) whether the Bear Stearns securities were held at the end of the Class Period or sold (and, if sold, when they were sold and the amount received). See the Plan of Allocation beginning on page 11 for information on your Recognized Loss and the securities that are eligible to participate.

(b) Statement of Potential Outcome if the Action Continued to Be Litigated

The settling parties disagree on both liability and damages and do not agree on the average amount of damages, if any, that would be recoverable if Lead Plaintiff were to prevail on each claim alleged. The issues on which the settling parties disagree include, but are not limited to: (1) whether the Bear Stearns Defendants or Deloitte made any material misstatements or omissions; (2) whether the Bear Stearns Defendants or Deloitte acted with the required state of mind; (3) whether this Action is maintainable as a class action; (4) the amount by which Bear Stearns equity securities, options, or stock units were allegedly artificially inflated (if at all) during the Class Period; (5) the extent to which the various matters that Lead Plaintiff alleged were false and misleading influenced (if at all) the trading price of Bear Stearns equity securities or options at various times during the Class Period; (6) whether any purchasers/acquirers of Bear Stearns equity securities, options, or stock units have suffered damages as a result of the alleged misstatements and omissions in Bear Stearns public statements; (7) the extent of such damages, assuming they exist; (8) the appropriate economic model for measuring damages; and (9) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Bear Stearns equity securities or options at various times during the Class Period.

The Bear Stearns Defendants and Deloitte have denied and continue to deny any wrongdoing, deny that they have committed any act or omission giving rise to any liability or violation of law, and deny that Lead Plaintiff and the Settlement Class have suffered any losses attributable to the Bear Stearns Defendants' and Deloitte's actions. While Lead Plaintiff believes that it has meritorious claims, it recognizes that there are significant obstacles in the way to recovery.

(c) Statement of Attorneys' Fees and Litigation Expenses Sought

Labaton Sucharow LLP and Berman DeValerio ("Co-Lead Counsel") intend to make a motion asking the Court to award attorneys' fees not to exceed 12% of the Bear Stearns Settlement Fund and 12% of the Deloitte Settlement Fund and approve payment of litigation expenses incurred to date in prosecuting this Action in an amount not to exceed \$3.4 million, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Funds ("Fee and Expense Application").⁴ Co-Lead Counsel's Fee and Expense Application may include a request for an award to Lead Plaintiff for reimbursement of its reasonable costs and expenses, including lost wages, directly related to its representation of the Settlement Class.

³ An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each purchase of a share which allegedly incurred damages. The recovery for each type of option is expressed per one underlying common share of Bear Stearns stock.

⁴ If both Settlements and Fee and Expense Applications are approved, the expenses will be apportioned between the Settlements according to their relative size. If only one Settlement and Fee and Expense Application is approved, all expenses will be deducted from the Settlement that is approved.

If the Court approves the Fee and Expense Application with respect to both Settlements, the average combined cost⁵ per allegedly damaged security would be: \$0.630 per allegedly damaged common stock share and stock unit; \$0.145 per allegedly damaged call option; \$0.237 per allegedly damaged put option; and \$0.095, \$0.011 and \$0.074 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively.⁶

The average cost per damaged security will vary depending on the number of acceptable claims submitted. Co-Lead Counsel have expended considerable time and effort in the prosecution of this litigation without receiving any payment, and have advanced the expenses of the litigation, such as the cost of experts, in 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 counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

(d) Further Information

Further information regarding this Action and this Notice may be obtained by contacting the:

Claims Administrator The Garden City Group, Inc. (888) 309-3823 www.bearstearnssecuritieslitigation.com Questions@bearstearnssecuritieslitigation.com	or	Co-Lead Counsel Labaton Sucharow LLP (888) 219-6877 www.labaton.com settlementquestions@labaton.com	or	Co-Lead Counsel Berman DeValerio (800) 516-9926 www.bermandevalerio.com info@bermandevalerio.com
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Do Not Call The Court With Questions About The Settlements

(e) Reasons for the Settlements

For Lead Plaintiff, the principal reason for the Settlements is the immediate benefit to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

For the Bear Stearns Defendants and Deloitte, who have denied and continue to deny all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlements is to eliminate the burden, expense, uncertainty, and distraction of further litigation.

A. BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or acquired the equity securities, options, or vested stock units of Bear Stearns during the period from December 14, 2006 to and through March 14, 2008, inclusive.

The Court in charge of the case is the United States District Court for the Southern District of New York. The lawsuit is known as *In re The Bear Stearns Companies, Inc. Sec., Deriv., and ERISA Litig.*, Securities Action, 08 Civ. 2793 (RWS), Master File No. 08 MDL No. 1963 (RWS) (S.D.N.Y.) (the "Action") and is assigned to the Honorable Robert W. Sweet. The people who sued are called plaintiffs, and the companies and persons they sued are called defendants.

The Lead Plaintiff in the Action, representing the Settlement Class, is The State of Michigan Retirement Systems. The Bear Stearns Defendants are Bear Stearns, James E. Cayne, Alan D. Schwartz, Warren J. Spector, Alan C. Greenberg, Samuel L. Molinaro Jr., Michael Alix, and Jeffrey M. Farber. Deloitte is another defendant.⁷

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed settlements of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlements. The Court will review the Settlements at a Settlement Hearing on September 19, 2012, at the United States District Court for the Southern District of New York in the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 18C, New York, NY 10007 at 12:00 p.m. If the Court approves the Settlements, and after objections and appeals are resolved, a claims administrator appointed by the Court will make the payments that the Settlements allow.

This package explains the Action, the Settlements, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

⁵ The Fee and Expense Application cost for just the Bear Stearns Settlement would be: \$0.588 per allegedly damaged common stock share and stock unit; \$0.134 per allegedly damaged call option; \$0.221 per allegedly damaged put option; and \$0.088, \$0.011 and \$0.070 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively. The Fee and Expense Application cost for just the Deloitte Settlement would be: \$0.042 per allegedly damaged common stock share and stock unit; \$0.009 per allegedly damaged call option; \$0.016 per allegedly damaged put option; and \$0.007, \$0.001 and \$0.005 per allegedly damaged Series E, Series F and Series G Preferred shares, respectively.

⁶ The average costs reported herein are based on a percentage of the average recoveries per damaged security that each security bears to total damaged securities and the costs vary for each damaged security. As a result, the per share cost for each allegedly damaged security cannot be added together to determine total costs.

⁷ The Bear Stearns Defendants together with Deloitte are the "Defendants" in the Action.

2. What is this lawsuit about and what has happened so far?

This Action was commenced on March 17, 2008 by the filing of the initial complaint alleging that certain of the Bear Stearns Defendants and Deloitte violated the federal securities laws. Between March 17, 2008 and July 23, 2008, additional securities class action complaints were filed and subsequently consolidated into this Action by order dated January 6, 2009.

On January 1, 2009, the Court appointed Lead Plaintiff and approved its selection of Co-Lead Counsel to represent the putative class.

Following a detailed investigation that included, among other things, the interviews of numerous former Bear Stearns employees, review of Bear Stearns's public statements and consultation with experts, Lead Plaintiff filed the operative Consolidated Class Action Complaint for Violations of the Federal Securities Laws on February 27, 2009 (the "Complaint"). The Complaint generally alleges, among other things, that the Bear Stearns Defendants violated Sections 10(b), 20(a), and 20A of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions during the Class Period in connection with Bear Stearns's business and financial well-being, including losses in the value of its mortgage-backed assets and the Company's risk profile and liquidity. It also generally alleges, among other things, that Deloitte violated Section 10(b) by making alleged misstatements and omissions during the Class Period in connection with its audits of Bear Stearns's financial statements for fiscal years 2006 and 2007. The Complaint further alleges that Lead Plaintiff and other Settlement Class Members purchased or acquired Bear Stearns securities during the Class Period at artificially inflated prices and were damaged thereby.

On April 24, 2009, Defendants filed two motions to dismiss, which Lead Plaintiff opposed. On January 19, 2011, the Court denied Defendants' motions to dismiss in their entirety.

On March 7, 2011, Defendants filed their Answers, denying the substantive allegations in the Complaint. Discovery commenced, including the production of documents by Defendants and third-parties, which resulted in the production of over nine million pages of documents, approximately six million of which were produced by the Bear Stearns Defendants and approximately 2.5 million of which were produced by Deloitte.

On October 6, 2011, Lead Plaintiff moved to certify a litigation class in the Action. That motion was pending at the time of settlement.

In November 2009, while Defendants' motions to dismiss were pending, Lead Plaintiff and the Bear Stearns Defendants engaged in a mediation with the assistance of an experienced mediator, former United States District Judge Layn R. Phillips. This initial discussion did not result in a resolution of the Action. Later, after the Court's denial of Defendants' motions to dismiss and after the parties had engaged in extensive discovery, Lead Plaintiff and the Bear Stearns Defendants renewed their discussions, with the assistance of Judge Phillips. In May 2012, Lead Plaintiff and Deloitte also commenced negotiations, again with the assistance of Judge Phillips. Following lengthy, arm's-length, and mediated negotiations, Bear Stearns and Lead Plaintiff reached an agreement in principle to settle the claims against the Bear Stearns Defendants. Thereafter, Deloitte and Lead Plaintiff reached an agreement in principle to settle the claims against Deloitte.

Before agreeing to the Settlements, Co-Lead Counsel had conducted an extensive investigation into the events and transactions underlying the claims alleged in the Complaint and had also conducted extensive discovery. Co-Lead Counsel analyzed the evidence adduced during its investigation and through discovery, which included reviewing and analyzing publicly available information and data concerning Bear Stearns and Deloitte's audits of Bear Stearns, including information concerning investigations conducted by the Financial Crisis Inquiry Commission and the U.S. Securities and Exchange Commission's Office of Inspector General, interviewing numerous former Bear Stearns employees and other persons with relevant knowledge, and consulting with experts on accounting, valuation, damages, and causation issues. Co-Lead Counsel also researched the applicable law with respect to the claims of Lead Plaintiff against the settling defendants and their potential defenses. Thus, at the time the agreements to settle were reached, Co-Lead Counsel had a thorough understanding of the strength and weaknesses of the settling parties' positions.

On June 13, 2012, the Court entered (i) the Order Granting Preliminary Approval of Partial Class Action Settlement with the Bear Stearns Defendants, Approving Form and Manner of Notice, and Settling Date for Hearing on Final Approval of Settlement, and (ii) the Order Granting Preliminary Approval of Partial Class Action Settlement with Deloitte, Approving Form and Manner of Notice, and Setting Date for Hearing on Final Approval of Settlement. These orders preliminarily approved the Settlements, authorized that this Notice be sent to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlements.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiff) sue on behalf of people who have similar claims. They are known as class members. Here, the Court preliminarily certified the Settlement Class for purposes of the Settlements only. 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 individually. One court resolves the issues for all class members, except for those who exclude themselves from the class. The Court will decide whether to finally certify the Settlement Class at the Settlement Hearing.

4. What are the reasons for the Settlements?

The Court did not finally decide in favor of Lead Plaintiff or the Bear Stearns Defendants or Deloitte. Instead, each side, with the assistance of former United States District Judge Layn R. Phillips acting as a mediator, agreed to their respective settlement.

Lead Plaintiff and Co-Lead Counsel believe that the claims asserted against the Bear Stearns Defendants and Deloitte have merit. Lead Plaintiff and Co-Lead Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the Defendants through trial and appeals, as well as the difficulties in establishing liability. Lead Plaintiff and Co-Lead Counsel have considered the uncertain outcome and the risk of any litigation, especially in complex lawsuits like this one, as well as the difficulties and delays inherent in such litigation. For example, the Defendants have raised a number of arguments and defenses (which they would raise at summary judgment and trial) that there were no actionable misstatements and omissions and, more importantly, that Lead Plaintiff would not be able to establish the Defendants acted with the requisite fraudulent intent. Even assuming Lead Plaintiff could establish liability, the Defendants maintained that any potential investment losses suffered by Lead Plaintiff and the Settlement Class were caused by external, independent factors, and not caused by Defendants' alleged conduct. In the absence of a settlement, the settling parties would present factual and expert testimony on each of these issues, and there is considerable risk that the Court or jury would resolve the inevitable "battle of the experts" against Lead Plaintiff and the Settlement Class.

In light of the amount of the Settlements and the immediate recovery to the Settlement Class, Lead Plaintiff and Co-Lead Counsel believe that the proposed Settlements are fair, reasonable and adequate, and in the best interests of the Settlement Class. The Settlements, which total \$294.9 million in cash (less the various deductions described in this Notice), provide substantial benefits now as compared to the risk that similar or smaller recoveries would be achieved after trial and appeals, possibly years in the future, or that no recovery would be achieved at all.

The Defendants have denied and continue to deny each and every one of the claims alleged by Lead Plaintiff in the Action. The Defendants expressly have denied and continue to deny any wrongdoing or that they have committed any act or omission giving rise to any liability or violation of law arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. The Defendants also have taken into account the burden, expense, uncertainty, distraction, and risks inherent in any litigation, and have concluded that it is desirable that the Action be fully and finally settled upon the terms and conditions set forth in the Stipulations.

B. WHO IS IN THE SETTLEMENTS

To see if you will get money from these Settlements, you first have to decide if you are a Settlement Class Member.

5. How do I know if I am part of the Settlements?

The Court directed, for the purpose of the proposed Settlements, that everyone who fits this description is a Settlement Class Member, unless they are an excluded person or they take steps to exclude themselves (see below):

all persons or entities who, during the period from December 14, 2006 to and through March 14, 2008, inclusive, purchased or otherwise acquired the publicly traded common stock or other equity securities, or call options of or guaranteed by Bear Stearns, or sold Bear Stearns put options, either in the open market or pursuant or traceable to a registration statement, and were damaged thereby. The Settlement Class also includes all persons who received Bear Stearns Capital Accumulation Plan ("CAP") Units and Restricted Stock Units that had fully vested, entitling them to an equivalent number of shares of Bear Stearns common stock upon settlement at the end of a deferral period, during the Class Period, as part of their compensation as an employee with Bear Stearns and participation in its CAP or Restricted Stock Unit Plan.

6. Are there exceptions to being included in the Settlement Class?

Excluded from the Settlement Class are: the Defendants; the officers and directors of Bear Stearns; the members of the immediate families of the Individual Defendants; any firm, trust, partnership, corporation, or entity in which any Defendant has a controlling interest; the legal representatives, heirs, successors-in-interest or assigns of any such excluded Person; and any putative Settlement Class Member who properly excludes himself, herself or itself by filing a valid and timely request for exclusion in accordance with the requirements explained in Question 13, below.

If one of your mutual funds purchased or acquired the publicly traded common stock or other equity securities or options of Bear Stearns during the Class Period, that alone does not make you a Settlement Class Member. You are eligible to be a Settlement Class Member if you individually purchased or acquired Bear Stearns publicly traded equity securities, options, or vested stock units during the Class Period. Check your investment records or contact your broker to see if you have eligible purchases/acquisitions.

If you only sold Bear Stearns publicly traded common stock, preferred shares, or call options (or purchased put options) during the Class Period, your sale (or purchase of put options) alone does not make you a Settlement Class Member. You are eligible to be a Settlement Class Member only if you **purchased or acquired** these securities (or sold/wrote put options) during the Class Period.

7. What if 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 call (888) 309-3823 or visit www.bearstearnssecuritieslitigation.com for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim"), described in Question 10, to see if you qualify.

C. THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What do the Settlements provide?

In exchange for the Bear Stearns Settlement and the release of the Released Claims (defined in Question 12) against the Released Defendant Parties (defined in Question 12), the Bear Stearns Defendants have agreed to create a \$275 million cash fund, which may earn interest, to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes (the "Bear Stearns Net Settlement Fund"), among all Settlement Class Members who send in valid and timely Proofs of Claim.

In exchange for the Deloitte Settlement and the release of the Released Deloitte Claims (defined in Question 12) against the Released Deloitte Defendant Parties (defined in Question 12), Deloitte has agreed to create a \$19.9 million cash fund, which may earn interest, to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes (the "Deloitte Net Settlement Fund" and collectively with the Bear Stearns Net Settlement Fund, the "Net Settlement Funds"), among all Settlement Class Members who send in valid and timely Proofs of Claim.

9. How much will my payment be?

Your share of the Net Settlement Funds will depend on several things, including: (a) the total amount of Recognized Losses of other Settlement Class Members; (b) the type of Bear Stearns security you purchased or acquired; (c) how many Bear Stearns securities you purchased or acquired; (d) how much you paid for them; (e) when you bought them; and (f) whether or when you sold your securities (or purchased put options), and, if so, for how much.

Your Recognized Loss will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Settlement Class Members. After all Settlement Class Members have sent in their Proofs of Claim, the payment you get will be a portion of the Net Settlement Funds based on your Recognized Loss divided by the total of everyone's Recognized Losses. See the Plan of Allocation in Question 25 for more information on your Recognized Loss.

D. HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must send in a completed Proof of Claim. **Only one Proof of Claim form is necessary to make a claim in both Settlements.** A Proof of Claim is being circulated with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator or Co-Lead Counsel: www.bearstearnssecuritieslitigation.com, www.bermandevalerio.com, or www.labaton.com. The Claims Administrator can also help you if you have questions about the form. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it **postmarked no later than October 25, 2012.**

11. When would I get my payment?

The Court will hold a Settlement Hearing on **September 19, 2012**, to decide whether to approve the Settlements. Even if the Court approves the Settlements, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. All Proofs of Claim need to be submitted by **October 25, 2012.**

Once all the Proofs of Claim are processed and claims are calculated, Co-Lead Counsel, without further notice to the Settlement Class, will apply to the Court for orders distributing the Bear Stearns Net Settlement Fund and the Deloitte Net Settlement Fund to the members of the Settlement Class. Co-Lead Counsel will also ask the Court to approve additional payments, if any, of the Claims Administrator's fees and expenses incurred in connection with giving notice and administering the Settlements. Please be patient.

12. What am I giving up to get a payment and by staying in the Settlement Class?

Unless you exclude yourself, you will stay in the Settlement Class, which means that upon the "Effective Date" of the Bear Stearns Settlement you will release all "Released Claims" (defined on page 7) against the "Released Defendant Parties" (defined on page 7) and upon the "Effective Date" of the Deloitte Settlement you will release all "Released Deloitte Claims" (defined on page 7) against the "Released Deloitte Defendant Parties" (defined on page 8).

The Effective Date of the Bear Stearns Settlement will occur when an Order by the Court approving the Bear Stearns Settlement becomes Final and is not subject to appeal as set out more fully in the Bear Stearns Stipulation. The Effective Date of the Deloitte Settlement will occur when an Order by the Court approving the Deloitte Settlement becomes Final and is not subject to appeal as set out more fully in the Deloitte Stipulation. The Stipulations are on file with the Court and available at www.bearstearnssecuritieslitigation.com, www.bermandevalerio.com, or www.labaton.com.

If you remain a member of the Settlement Class, all of the Court's orders about the Settlements will apply to you and legally bind you.

Bear Stearns Settlement:

“Released Claims” means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known claims and Unknown Claims (defined below), whether arising under federal, state, foreign or statutory law, common law or administrative law, or any other law, rule or regulation, whether fixed or contingent, accrued or not accrued, matured or unmatured, liquidated or unliquidated, at law or in equity, whether class or individual in nature, that Lead Plaintiff or any other Settlement Class Member: (i) asserted in the Action; or (ii) could have asserted in the Action or any other action or in any forum, that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in the Action and that relate to the purchase of the publicly traded common stock or other equity securities, or call options or sale of put options either in the open market or pursuant or traceable to a registration statement, or the receipt of fully vested CAP Units and Restricted Stock Units, of Bear Stearns during the Class Period. Released Claims do not include: (i) claims to enforce the Settlement; (ii) claims against Deloitte & Touche LLP; (iii) any governmental or regulatory agency’s claims in any criminal or civil action against any of the Released Defendant Parties; and (iv) claims in the ERISA Action and the Derivative Action.

“Unknown Claims” means any and all Released Claims that Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants’ Claims that the Settling Defendants do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Claims and Released Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and the Settling Defendants shall expressly, and each other Settlement Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Lead Plaintiff, the other Settlement Class Members, or the Settling Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants’ Claims, but Lead Plaintiff and the Settling Defendants shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants’ Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and the Settling Defendants acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was a material element of the Settlement.

“Released Defendant Parties” means the Settling Defendants, their past or present or future subsidiaries, parents, affiliates, principals, successors and predecessors, assigns, officers, directors, shareholders, trustees, partners, agents, fiduciaries, contractors, employees, attorneys, auditors, insurers; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which any Individual Defendant is the settlor or which is for the benefit of any of their immediate family members; and any firm, trust, corporation, or entity in which any Settling Defendant has a controlling interest; and any of the legal representatives, heirs, successors in interest, or assigns of the Settling Defendants. For the avoidance of doubt, Released Defendant Parties does not include Deloitte & Touche LLP.

Deloitte Settlement:

“Released Deloitte Claims” means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known claims and Unknown Claims (defined below), whether arising under federal, state, foreign or statutory law, common law or administrative law, or any other law, rule or regulation, whether fixed or contingent, accrued or not accrued, matured or unmatured, liquidated or unliquidated, at law or in equity, whether class or individual in nature, that Lead Plaintiff or any other Settlement Class Member: (i) asserted in the Action; or (ii) could have asserted in the Action or any other action or in any forum, that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in the Action and that relate to the purchase of the publicly traded common stock or other equity securities, or call options or sale of put options either in the open market or pursuant or traceable to a registration statement, or the receipt of fully vested CAP Units and Restricted Stock Units, of Bear Stearns during the Class Period. Released Deloitte Claims do not include: (i) claims to enforce the Settlement; and (ii) claims against the Bear Stearns Defendants.

“Unknown Claims” means any and all Released Deloitte Claims that Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Deloitte Defendant Parties, and any Released Deloitte Defendant’s Claims that the Settling Defendant does not know or suspect to exist in its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Deloitte Claims and Released Deloitte Defendant’s Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff

and the Settling Defendant shall expressly, and each other Settlement Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Lead Plaintiff, the other Settlement Class Members, or the Settling Defendant may hereafter discover facts, legal theories, or authorities in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Deloitte Claims and the Released Deloitte Defendant's Claims, but Lead Plaintiff and the Settling Defendant shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Deloitte Claims and Released Deloitte Defendant's Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and the Settling Defendant acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Deloitte Claims and Released Deloitte Defendant's Claims was separately bargained for and was a material element of the Settlement.

"Released Deloitte Defendant Parties" means Deloitte & Touche LLP, Deloitte LLP (formerly known as Deloitte & Touche USA LLP), Deloitte Tax LLP, Deloitte Financial Advisory Services LLP, Deloitte Consulting LLP, Deloitte Services LP and Deloitte Touche Tohmatsu Limited ("DTTL", formerly known as Deloitte Touche Tohmatsu) and any and all DTTL associate and member firms, all their respective, past, present and future parent companies, subsidiaries, affiliates, divisions, related entities, joint ventures, subcontractors, agents, attorneys, insurers, subrogees, co-insurers, reinsurers and servants, all their respective past, present and future officers, directors, employees, members, partners, principals, shareholders and owners and all their respective heirs, executors, administrators, personal representatives, predecessors, successors, transferees and assigns. For the avoidance of doubt, Released Deloitte Defendant Parties does not include the Bear Stearns Defendants.

E. EXCLUDING YOURSELF FROM THE SETTLEMENTS

If you do not want a payment from these Settlements, but you want to keep any right you may have to sue or continue to sue the Bear Stearns Defendants, Deloitte, and the other released defendant parties, on your own, about the released claims (as explained in Question 12), then you must take steps to get out of the Settlement Class. This is called excluding yourself from—or "opting out" of—the Settlement Class. **You may not opt out of only one Settlement.** Bear Stearns and Deloitte may withdraw from and terminate their respective Settlements if putative Settlement Class Members who have in excess of a certain amount of Recognized Losses exclude themselves from the Settlement Class.

13. How do I get out of the proposed Settlements?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you request to be "excluded from the Settlement Class in *In re The Bear Stearns Companies, Inc. Sec., Deriv., and ERISA Litig.*, Securities Action, No. 08-2793, 08 MDL No. 1963 (S.D.N.Y.)." Your letter must state, by date, the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Bear Stearns equity securities or options (and/or stock units if you were a Bear Stearns employee) during the Class Period and the amount of your holdings of these securities (or units) at the close of business on December 13, 2006 and the close of business on March 17, 2008. In addition, you must include your name, address, telephone number and your signature. You must mail your exclusion request so that it is **received no later than August 29, 2012**, to:

*Bear Stearns Securities Litigation Settlements Exclusions
c/o The Garden City Group, Inc.
P.O. Box 9897
Dublin, Ohio 43017-5797*

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment from either Settlement, and you cannot object to the Settlements. However, you will not be legally bound by anything that happens in connection with the Settlements, and you may be able to sue (or continue to sue) the Bear Stearns Defendants, Deloitte, and the other released defendant parties in the future.

14. If I do not exclude myself, can I sue the Defendants and the other released defendant parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other released defendant parties for any and all released claims (as defined in Question 12). If you have a pending lawsuit speak to your lawyer in that case **immediately**. **You must exclude yourself from *this Settlement Class to continue your own lawsuit*.** Remember, the exclusion deadline is **August 29, 2012**.

15. If I exclude myself, can I get money from the proposed Settlements?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against the Defendants and the other released defendant parties.

F. THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firms of Berman DeValerio and Labaton Sucharow LLP to represent all Settlement Class Members. These lawyers are called Co-Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Co-Lead Counsel's fees and expenses, which will be paid from the Settlement Funds. 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?

Co-Lead Counsel have not received any payment for their services in pursuing the claims against Defendants on behalf of the Settlement Class, nor have they been paid for their litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Co-Lead Counsel will ask the Court to award them, from the Settlement Funds, attorneys' fees of no more than 12% of each of the Settlement Funds, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Funds, and litigation expenses (such as the cost of experts) that have been incurred in pursuing the Action. The request for litigation expenses will not exceed \$3.4 million, plus interest on the expenses at the same rate as may be earned by the Settlement Funds.

G. OBJECTING TO THE SETTLEMENTS

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

18. How do I tell the Court that I do not like either or both proposed Settlements?

If you are a Settlement Class Member you can object to either or both Settlements or any of their terms, the certification of the Settlement Class, the proposed Plan of Allocation and/or the application by Co-Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlements' terms or arrangements. The Court will only consider your views if you file a proper written objection within the deadline and according to the following procedures. To object, you must send a signed letter stating that you object to either or both of the proposed Settlements in "*In re The Bear Stearns Companies, Inc. Securities Action*, No. 08-2793, 08 MDL No. 1963 (S.D.N.Y.)." Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases, acquisitions and sales of Bear Stearns equity securities, options, or stock units you made during the Class Period, and state the reasons why you object to the Settlement(s). **Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement(s) and the application for attorneys' fees and expenses.**

Your objection must be filed with the Court and mailed or delivered to all the following so that it is **received on or before August 29, 2012**:

COURT:

Clerk of the Court
United States District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

CO-LEAD COUNSEL:

Thomas A. Dubbs, Esq.
James W. Johnson, Esq.
LABATON SUCHAROW LLP
140 Broadway
New York, NY 10005

Patrick T. Egan, Esq.
BERMAN DEVALERIO
One Liberty Square
Boston, MA 02109

BEAR STEARNS COUNSEL:

Brad S. Karp, Esq.
Eric S. Goldstein, Esq.
PAUL, WEISS, RIFKIND, WHARTON
& GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019

DELOITTE COUNSEL:

Thomas G. Rafferty, Esq.
Antony L. Ryan, Esq.
CRAVATH, SWAINE & MOORE LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019-7475

19. What is the difference between objecting and seeking exclusion?

Objecting is simply telling the Court that you do not like something about the proposed Settlements. 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 have no basis to object because the Settlements no longer affect you.

H. THE COURT'S SETTLEMENT HEARING

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

20. When and where will the Court decide whether to approve the proposed Settlements?

The Court will hold a Settlement Hearing at 12:00 p.m. on **September 19, 2012**, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 18C, New York, NY 10007.

At this hearing, the Honorable Robert W. Sweet will consider whether the Settlements are fair, reasonable, and adequate. The Court also will consider the proposed Plan of Allocation for the Net Settlement Funds and the application of Co-Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in Question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. See Question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlements, and, if the Settlements are approved, how much attorneys' fees and expenses should be awarded. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent. If you want to come to the hearing, you should check with Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the Settlement Hearing?

No. Co-Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and sent your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I speak at the Settlement Hearing?

If you object to either or both Settlements, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see Question 18 above) a statement stating that it is your "Notice of Intention to Appear in *In re The Bear Stearns Companies, Inc. Securities Action*, No. 08-2793, 08 MDL No. 1963 (S.D.N.Y.)." Persons who intend to object to the Settlement(s), the Plan of Allocation, and/or Co-Lead Counsel's Fee and Expense Application and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your objection and intention to speak at the Settlement Hearing in accordance with the procedures described in Questions 18 and 22.

I. IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing and you are a member of the Settlement Class, you will get no money from these Settlements and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other released defendant parties about the released claims, ever again. To share in the Net Settlement Funds you must submit a Proof of Claim (see Question 10). To start, continue or be a part of any **other** lawsuit against the Defendants and the other released defendant parties about the released claims in this case you **must** exclude yourself from this Settlement Class (see Question 13).

J. GETTING MORE INFORMATION

24. Are there more details about the proposed Settlements?

This Notice summarizes the proposed Settlements. More details are in the Stipulations, dated as of June 5, 2012 and June 11, 2012. You may review the Stipulations filed with the Court or documents filed in the case during business hours at the Office of the Clerk of

the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007.

You also can call the Claims Administrator toll free at (888) 309-3823; write *Bear Stearns Securities Litigation Settlements, c/o The Garden City Group, Inc., P.O. Box 9897, Dublin, Ohio 43017-5797*; or visit the websites of the Claims Administrator or Co-Lead Counsel at www.bearstearnssecuritieslitigation.com, www.bermandevalerio.com, and www.labaton.com, where you can find answers to common questions about the Settlements, download copies of the Stipulations or Proof of Claim, and locate other information to help you determine whether you are a Settlement Class Member and whether you are eligible for a payment.

Please Do Not Call The Court With Questions About The Settlements

K. PLAN OF ALLOCATION OF NET SETTLEMENT FUNDS AMONG CLASS MEMBERS

25. How will my claim be calculated?

The purpose of the Plan of Allocation (the "Plan") is to distribute settlement proceeds equitably to those Settlement Class Members who suffered economic losses resulting from the alleged misrepresentations and omissions by the Bear Stearns Defendants and Deloitte during the Class Period.

The Settlement Funds, which combined total \$294.9 million, minus all taxes, costs, fees and expenses (the Net Settlement Funds), will be distributed according to the Plan of Allocation described below to members of the Settlement Class who timely submit valid Proofs of Claim that show a Recognized Loss ("Authorized Claimants"), and who have an out-of-pocket net loss on all Class Period transactions in Bear Stearns equity securities, options, or vested stock units. Settlement Class Members who do not timely submit valid Proofs of Claim will not share in the Settlement proceeds, but will otherwise be bound by the terms of the Settlements. The Court may approve the Plan, or modify it without additional notice to the Settlement Class. Any orders modifying the Plan will be posted on the settlement website at: www.bearstearnssecuritieslitigation.com, and at www.bermandevalerio.com and www.labaton.com.⁸

The Claims Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Funds based upon each Authorized Claimant's "Recognized Loss," as described below. The Plan of Allocation is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor is it intended to estimate the amount that will be paid to Authorized Claimants. The Plan of Allocation is the basis upon which the Net Settlement Funds will be proportionately divided among all the Authorized Claimants. The Court will be asked to approve the Claims Administrator's determinations before the Net Settlement Funds are distributed to Authorized Claimants. No distributions to Authorized Claimants who would receive less than \$10.00 will be made, given the administrative expenses of processing and mailing such checks.

The Defendants, their respective counsel, and all other released defendant parties will have no responsibility for or liability whatsoever for the investment of the Settlement Funds, the distributions of the Net Settlement Funds, the Plan of Allocation or the payment of any claim. Lead Plaintiff and Co-Lead Counsel likewise will have no liability for their reasonable efforts to execute, administer and distribute the Settlements.

The following Plan of Allocation reflects the allegations that the prices of Bear Stearns publicly traded equity securities, options, or vested stock units during the Class Period were inflated artificially by reason of allegedly false and misleading statements made by the Bear Stearns Defendants and Deloitte about the business, management, and operations of Bear Stearns. The Defendants deny any allegations of wrongdoing or liability. The artificial inflation allegedly began on December 14, 2006 when Bear Stearns issued a press release regarding its fourth quarter and fiscal year-end results for 2006, which allegedly reported false and misleading financial results.

Lead Plaintiff alleges that the artificial inflation was gradually eliminated after disclosures beginning on March 14, 2008 when, among other things, it was revealed that JPMorgan-Chase & Co. would provide short-term funding to Bear Stearns while Bear Stearns worked on alternative forms of financing. The Plan of Allocation described below was created with the assistance of a consulting damages expert who analyzed the movement of Bear Stearns's equity securities and options after the alleged disclosures. It takes into account the portion of the stock drops attributable to the alleged fraud.

GENERAL PRINCIPLES OF THE PLAN OF ALLOCATION

Each Authorized Claimant will receive a *pro rata* share of the cash in the Net Settlement Funds based on his, her, or its Recognized Loss. To the extent there are sufficient funds in the Net Settlement Funds, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss, as defined herein. If, however, the amounts in the Net Settlement Funds are not sufficient to permit payment of the total of all Recognized Losses, then each Authorized Claimant will be paid the percentage of the Net Settlement Funds that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants ("*pro rata* share").

To calculate the Recognized Loss on Bear Stearns equity securities, options, or vested stock units purchased/acquired and sold during the Class Period, sales must be matched against purchases/acquisitions during the Class Period. To do so, the earliest sale will be matched first against those shares in the claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase/acquisition made during the Class Period ("FIFO Matching"). This means that sales of Bear Stearns equity securities, options, or vested stock units will be first matched with any pre-Class Period holdings and then matched

⁸ The Bear Stearns Defendants and Deloitte had no involvement in the proposed Plan of Allocation.

with purchases/acquisitions during the Class Period in chronological order. Sales of pre-Class Period purchases shall have no Recognized Loss.

For purposes of determining whether a claimant had an out-of-pocket net loss or gain from his, her, or its overall transactions in Bear Stearns equity securities, options, or vested stock units during the Class Period, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount and (ii) the sum of the Sales Proceeds and the Holding Value. This difference will be deemed a claimant's out-of-pocket net loss (or gain as the case may be) on his, her, or its overall transactions in Bear Stearns securities during the Class Period. (See below for more details.)

A purchase/acquisition or sale of Bear Stearns equity securities or options will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. All transaction amounts for purchases/acquisitions and sales of Bear Stearns equity securities or options shall exclude commissions, taxes, and fees.

With respect to shares of Bear Stearns common stock purchased or sold through the exercise of an option, the purchase/sale date is the date of the exercise of the option and the purchase/sale price of the share is the exercise price of the option.

Any person or entity that sold Bear Stearns equity securities "short" will have no Recognized Loss with respect to such purchases/acquisitions during the Class Period to cover said short sale.

In the event that there is an opening short position in Bear Stearns equity securities, the earliest Class Period purchases/acquisitions shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered. No Recognized Loss will be calculated on receipt of Bear Stearns equity securities, options, or vested stock units by gift, or inheritance. Purchases/acquisitions of Bear Stearns equity securities, options, or vested stock units before December 14, 2006 will have a Recognized Loss of zero. This is because any purchases/acquisitions before the first day of the Class Period are not impacted by the alleged wrongdoing. Purchases/acquisitions of Bear Stearns equity securities, options, or vested stock units during the Class Period that are matched to sales prior to March 14, 2008 will have a Recognized Loss of zero. This is because any losses prior to the first allegedly corrective disclosure cannot be caused by the alleged wrongdoing, but rather were caused by other forces.

Payment in this manner will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero.

Distributions to eligible Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After initial distributions of the Net Settlement Funds, if there are any balances remaining in the Net Settlement Funds after at least six (6) months from the date of the initial distributions of the Net Settlement Funds (whether by reason of tax refunds, uncashed checks or otherwise), Co-Lead Counsel shall, if feasible and economical, reallocate and redistribute such balances among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Any balances that still remain in the Net Settlement Funds, after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, that are not feasible or economical to redistribute shall be contributed to non-sectarian not-for-profit charitable organizations serving the public interest, designated by Lead Plaintiff and approved by the Court.

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his/her/its Proof of Claim.

Publicly Traded Bear Stearns Common Stock

For Bear Stearns common stock purchased or acquired between December 14, 2006 and March 13, 2008 and:

- a) sold prior to March 14, 2008, the Recognized Loss is zero;
- b) sold on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$23.42 per share; or
 - (2) the purchase price paid per share less the sales proceeds received per share;
- c) sold between March 15, 2008 and May 30, 2008,⁹ the Recognized Loss is the lesser of:
 - (1) \$46.59 per share; or
 - (2) the purchase price paid per share less the greater of (i) the sales proceeds received per share, or (ii) the average closing price per share applicable to the date of sales as found in Table A;¹⁰
- d) held after May 30, 2008, the Recognized Loss is the lesser of:
 - (1) \$46.59 per share; or
 - (2) the purchase price paid¹¹ per share less \$9.99, the average closing price per share for the 90 days following the end of the Class Period.

⁹ May 30, 2008 is the last day that Bear Stearns common stock traded on the NYSE.

¹⁰ Pursuant to Section 21(D)(e)(2) of the PSLRA, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

¹¹ For vested Restricted Stock Units and CAP Units that were converted to common stock, the "purchase price paid" is the price of Bear Stearns common stock on the date you were granted the units. Please refer to the award documents you received for each grant to determine the price of the units you received.

For Bear Stearns common stock purchased or acquired on March 14, 2008 and:

- a) sold on March 14, 2008, the Recognized Loss is zero;
- b) sold between March 15, 2008 and May 30, 2008, the Recognized Loss is the lesser of:
 - (1) \$23.17 per share; or
 - (2) the purchase price paid per share less the greater of (i) the sales proceeds received per share, or (ii) the average closing price per share applicable to the date of sales as found in Table A;
- c) held after May 30, 2008, the Recognized Loss is the lesser of:
 - (1) \$23.17 per share; or
 - (2) the purchase price paid per share less \$9.99, the average closing price per share for the 90 days following the end of the Class Period.

Bear Stearns CAP Units and Restricted Stock Units

For all persons who received Bear Stearns CAP Units and Restricted Stock Units (but did not exchange the units for common stock)¹² that had fully vested, entitling them to an equivalent number of shares of Bear Stearns common stock upon settlement at the end of a deferral period, between December 14, 2006 and March 13, 2008 (the "Eligible Vested RSU/CAP Units"), and:

- a) held the units after May 30, 2008, the Recognized Loss is the lesser of:
 - (1) \$46.59 per unit of Eligible Vested RSU/CAP Units; or
 - (2) the grant price per unit of Eligible Vested RSU/CAP Units less \$9.99.

For Eligible Vested RSU/CAP Units received on March 14, 2008 and:

- a) held after May 30, 2008, the Recognized Loss is the lesser of:
 - (1) \$23.17 per unit of Eligible Vested RSU/CAP Units; or
 - (2) the grant price per unit of Eligible Vested RSU/CAP Units less \$9.99.

Publicly Traded Call Options on Bear Stearns Common Stock

Exchange-traded options are typically written as contracts on 100 shares of the underlying common stock. Each contract entitles the option holder to buy (call option) or sell (put option) 100 shares of the underlying stock upon exercise. The Recognized Loss for a Call Option given below is expressed per one underlying common share. Thus, to compute the Recognized Loss for an option contract, which is written on 100 shares, multiply the Recognized Loss given below for one Call Option by 100. The Recognized Loss will be computed by the Claims Administrator as follows:

For Call Options purchased on Bear Stearns common stock between December 14, 2006 and March 13, 2008:

- a) No Recognized Loss will be recognized for any Call Options that were not owned as of the close of trading on March 13, 2008;
- b) For the Call Options sold on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$10.34 per Call Option; or
 - (2) the purchase price paid less the sales proceeds received;¹³
- c) For the Call Options sold or held after March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$19.82 per Call Option; or
 - (2) the purchase price paid less the sales proceeds received.

For Call Options purchased on Bear Stearns common stock on March 14, 2008:

- a) For the Call Options sold on March 14, 2008, the Recognized Loss is zero;
- b) For the Call Options sold or held after March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$9.48 per Call Option; or
 - (2) the purchase price paid less the sales proceeds received.

Publicly Traded Put Options on Bear Stearns Common Stock

Exchange-traded options are typically written as contracts on 100 shares of the underlying common stock. Each contract entitles the option holder to buy (call option) or sell (put option) 100 shares of the underlying stock upon exercise. The Recognized Loss for a Put Option given below is expressed per one underlying common share. Thus, to compute the Recognized Loss for an option contract, which is written on 100 shares, multiply the Recognized Loss given below for one Put Option by 100. The Recognized Loss will be computed by the Claims Administrator as follows:

For Put Options sold on Bear Stearns common stock between December 14, 2006 and March 13, 2008:

- a) No Recognized Loss will be recognized for any Put Options that were not the obligation of the claimant as of the close of trading on March 13, 2008;
- b) For Put Options repurchased on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$15.26 per Put Option; or
 - (2) the amount received for writing the Put Option less the repurchase price paid;¹⁴

¹² Recognized Losses associated with Eligible Vested RSU/CAP Units that vested and were exchanged for Bear Stearns Common Stock are calculated pursuant to the "Publicly Traded Bear Stearns Common Stock" section of this Plan of Allocation.

¹³ For expired unexercised Call Options, the net exercise proceeds received are zero.

¹⁴ For expired unexercised Put Options, the Recognized Loss is zero.

- c) For Put Options repurchased or held after March 14, 2008, the Recognized Loss shall be the lesser of:
 - (1) \$32.57 per Put Option; or
 - (2) the amount received for writing the Put Option less the repurchase price paid.

For Put Options sold on Bear Stearns common stock on March 14, 2008:

- a) For Put Options repurchased on March 14, 2008, the Recognized Loss is zero;
- b) For Put Options repurchased or held after March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$17.31 per Put Option; or
 - (2) the amount received for writing the Put Option less the repurchase price paid.

Publicly Traded Bear Stearns Series E Preferred Stock

For Bear Stearns Series E Preferred Stock purchased or acquired between December 14, 2006 and March 13, 2008:

- a) sold prior to March 14, 2008, the Recognized Loss is zero;
- b) sold on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$6.47 per share of Series E Preferred Stock; or
 - (2) the purchase price paid per share less the sales proceeds received per share;
- c) sold between March 15, 2008 and June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$6.47 per share of Series E Preferred Stock; or
 - (2) the purchase price paid per share less the greater of (i) the sales proceeds received per share, or (ii) the average closing price per share of Series E Preferred Stock applicable to the date of sales as found in Table B;
- d) held after June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$6.47 per share of Series E Preferred Stock; or
 - (2) the purchase price paid per share less \$40.37, the average closing price per share of Series E Preferred Stock in the 90 days following the end of the Class Period.

For Bear Stearns Series E Preferred Stock purchased or acquired on March 14, 2008, the Recognized Loss is zero.

Publicly Traded Bear Stearns Series F Preferred Stock

For Bear Stearns Series F Preferred Stock purchased or acquired between December 14, 2006 and March 13, 2008:

- a) sold prior to March 14, 2008, the Recognized Loss is zero;
- b) sold on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$0.73 per share of Series F Preferred Stock; or
 - (2) the purchase price paid per share less the sales proceeds received per share;
- c) sold between March 15, 2008 and June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$0.73 per share of Series F Preferred Stock; or
 - (2) the purchase price paid per share less the greater of (i) the sales proceeds received per share, or (ii) the average closing price per share of Series F Preferred Stock applicable to the date of sales as found in Table C;
- d) held after June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$0.73 per share of Series F Preferred Stock; or
 - (2) the purchase price paid per share less \$38.64, the average closing price per share of Series F Preferred Stock in the 90 days following the end of the Class Period.

For Bear Stearns Series F Preferred Stock purchased or acquired on March 14, 2008, the Recognized Loss is Zero.

Publicly Traded Bear Stearns Series G Preferred Stock

For Bear Stearns Series G Preferred Stock purchased or acquired between December 14, 2006 and March 13, 2008:

- a) sold prior to March 14, 2008, the Recognized Loss is zero;
- b) sold on March 14, 2008, the Recognized Loss is the lesser of:
 - (1) \$5.09 per share of Series G Preferred Stock; or
 - (2) the purchase price paid per share less the sales proceeds received per share;
- c) sold between March 15, 2008 and June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$5.09 per share of Series G Preferred Stock; or
 - (2) the purchase price paid per share less the greater of (i) the sales proceeds received per share, or (ii) the average closing price per share of Series G Preferred Stock applicable to the date of sales as found in Table D;
- d) held after June 11, 2008, the Recognized Loss is the lesser of:
 - (1) \$5.09 per share of Series G Preferred Stock; or
 - (2) the purchase price paid per share less \$37.11, the average closing price per share of Series G Preferred Stock in the 90 days following the end of the Class Period.

For Bear Stearns Series G Preferred Stock purchased or acquired on March 14, 2008, the Recognized Loss is Zero.

Calculation of Overall Out-of-Pocket Gain/Loss

To the extent a Claimant had an overall out-of-pocket gain from his, her or its overall transactions in Bear Stearns equity securities (or Options or Eligible Vested RSU/CAP Units) during the Class Period, the value of the Recognized Loss will be zero. To the extent that a Claimant suffered an overall out-of-pocket loss on his, her or its overall transactions in Bear Stearns equity securities (or

Options or Eligible Vested RSU/CAP Units) during the Class Period, but that out-of-pocket loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the out-of-pocket loss.

For purposes of determining whether a Claimant had an out-of-pocket gain from his, her or its overall transactions in Bear Stearns equity securities (or Options or Eligible Vested RSU/CAP Units) during the Class Period or suffered an out-of-pocket loss, the Claims Administrator will:

For Bear Stearns common stock: (i) total the amount paid for all common stock purchased or acquired during the Class Period by the Claimant (the "Total Common Stock Purchase Amount"); (ii) match any sales of common stock during the Class Period first against the Claimant's opening position in the common stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining common stock sold between December 14, 2006 and May 30, 2008, inclusive (the "Common Stock Sales Proceeds"); (iv) ascribe a \$9.99 per Common Stock holding value for the number of shares of common stock purchased during the Class Period and still held as of May 30, 2008 ("Common Stock Holding Value"). The difference between (i) the Total Common Stock Purchase Amount and the (ii) sum of the Common Stock Sales Proceeds and Common Stock Holding Value will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns common stock during the Class Period.

For Bear Stearns Eligible Vested RSU/CAP Units: (i) total the grant prices for all Eligible Vested RSU/CAP Units received by the Claimant during the Class Period (the "Total RSU/CAP Grant Amount"); (ii) match any exchanges of Eligible Vested RSU/CAP Units for Bear Stearns Common Stock during the Class Period first against the Claimant's opening position in the Eligible Vested RSU/CAP Units (the opening Eligible Vested RSU/CAP Units so exchanged will not be considered for purposes of calculating gains or losses); (iii) ascribe a \$9.99 per RSU/CAP Unit holding value for the number of Eligible Vested RSU/CAP Units received during the Class Period and still held on May 30, 2008 ("RSU/CAP Holding Value"). The difference between (i) the Total RSU/CAP Grant Amount and (ii) the RSU/CAP Holding Value will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns Eligible Vested RSU/CAP Units during the Class Period.

For Bear Stearns call options: (i) total the amount paid for all call options purchased during the Class Period by the Claimant (the "Total Call Option Purchase Amount"); (ii) match any sales of call options during the Class Period first against the Claimant's opening position in call options (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining call options whenever sold (including after the Class Period) (the "Call Option Sales Proceeds"). The difference between (i) the Total Call Option Purchase Amount and the (ii) the Call Option Sales Proceeds will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns call options.

For Bear Stearns put options sold (written) during the Class Period: (i) total the amount received on the sale of all put options sold during the Class Period by the claimant (the "Total Put Option Sales Proceeds"); (ii) match any repurchases of put options whenever repurchased to cover the put options sold during the Class Period ("Total Put Option Cost"). The difference between the Total Put Option Cost and the Total Put Option Sales Proceeds will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns Put Options.

For Bear Stearns Series E Preferred Stock: (i) total the amount paid for all Series E Preferred Stock purchased during the Class Period by the Claimant (the "Total Series E Preferred Stock Purchase Amount"); (ii) match any sales of Series E Preferred Stock during the Class Period first against the Claimant's opening position in the Series E Preferred Stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining Series E Preferred Stock sold between December 14, 2006 and June 11, 2008 (the "Series E Preferred Stock Sales Proceeds"); (iv) ascribe a \$40.37 per Series E Preferred Stock holding value for the number of shares of Series E Preferred Stock purchased during the Class Period and still held as of June 11, 2008 ("Series E Preferred Stock Holding Value"). The difference between (i) the Total Series E Preferred Stock Purchase Amount and the (ii) sum of the Series E Preferred Stock Sales Proceeds and Series E Preferred Stock Holding Value will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns Series E Preferred Stock during the Class Period.

For Bear Stearns Series F Preferred Stock: (i) total the amount paid for all Series F Preferred Stock purchased during the Class Period by the Claimant (the "Total Series F Preferred Stock Purchase Amount"); (ii) match any sales of Series F Preferred Stock during the Class Period first against the Claimant's opening position in the Series F Preferred Stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining Series F Preferred Stock sold between December 14, 2006 and June 11, 2008 (the "Series F Preferred Stock Sales Proceeds"); (iv) ascribe a \$38.64 per Series F Preferred Stock holding value for the number of shares of Series F Preferred Stock purchased during the Class Period and still held as of June 11, 2008 ("Series F Preferred Stock Holding Value"). The difference between (i) the Total Series F Preferred Stock Purchase Amount and the (ii) sum of the Series F Preferred Stock Sales Proceeds and Series F Preferred Stock Holding Value will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns Series F Preferred Stock during the Class Period.

For Bear Stearns Series G Preferred Stock: (i) total the amount paid for all Series G Preferred Stock purchased during the Class Period by the Claimant (the "Total Series G Preferred Stock Purchase Amount"); (ii) match any sales of Series G Preferred Stock during the Class Period first against the Claimant's opening position in the Series G Preferred Stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining Series G Preferred Stock sold between December 14, 2006 and June 11, 2008 (the "Series G Preferred Stock Sales Proceeds"); (iv) ascribe a \$37.11 per Series G Preferred Stock holding value for the number of shares of Series G Preferred Stock purchased during the Class Period and still held as of June 11, 2008 ("Series G Preferred Stock Holding Value"). The difference between (i) the Total Series G Preferred Stock Purchase Amount and the (ii) sum of the Series G Preferred Stock Sales Proceeds and Series G Preferred Stock Holding Value will be deemed a Claimant's out-of-pocket gain or loss on his, her or its overall transactions in Bear Stearns Series G Preferred Stock during the Class Period.

L. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired Bear Stearns common stock (CUSIP:073902108); options; Series E Preferred Stock (CUSIP: 073902702); Series F Preferred Stock (CUSIP: 073902876); and Series G Preferred Stock (CUSIP: 073902868) during the period from December 14, 2006 to and through March 14, 2008, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased Bear Stearns equity securities or options during such time period or; (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) calendar days of receipt of such copies mail the Notice and Proof of Claim form directly to the beneficial owners of those Bear Stearns equity securities or options.

If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you shall send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Funds of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

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Dated: June 27, 2012

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