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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

RICHARD LAYNE, on Behalf of Himself and
All Others Similarly Situated,

Plaintiff,

vs.

COUNTRYWIDE FINANCIAL CORP., *et al.*,

Defendants.

) Case No. BC 389208
)
) CLASS ACTION
)
) STIPULATION AND AGREEMENT OF
) SETTLEMENT

JULIETTA TERATSONIAN AND CAROLE
CARPENTER, on Behalf of Themselves and All
Others Similarly Situated,

Plaintiffs,

vs.

COUNTRYWIDE FINANCIAL CORP., *et al.*,

Defendants.

) Case No. BC 389332

CONFORMED COPY
ORIGINAL FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

DEC 30 2010

John A. Clarke, Executive Officer/Clerk
BY: Caesar Rios, Deputy

1 This Stipulation and Agreement of Settlement (the “Stipulation”) is entered into among plaintiffs
2 Richard Layne, Julietta Teratsouian¹ and Carole Carpenter (collectively “Plaintiffs”), on behalf of
3 themselves and the respective Classes each represents (as defined below), and Defendants Countrywide
4 Financial Corp. (“Countrywide” or the “Company”), Angelo R. Mozilo, Stanford L. Kurland, Eric P.
5 Sieracki, Kathleen Brown, Henry G. Cisneros, Jeffrey M. Cunningham, Robert J. Donato, Michael E.
6 Dougherty, Martin R. Melone, Robert T. Parry, Oscar P. Robertson, Keith P. Russell, Harley W. Snyder (the
7 “Individual Defendants”), and KPMG, LLP (“KPMG”) (the Company, the Individual Defendants and
8 KPMG shall be referred to together as the “Defendants”), by and through their respective counsel. The
9 Stipulation is intended by the Plaintiffs and Defendants (collectively, the “Parties”) to fully, finally, and
10 forever resolve, discharge, release and settle the Released Claims, as defined below, upon and subject to the
11 terms and conditions hereof, and is submitted pursuant to California Code of Civil Procedure §382 and
12 California Rule of Court 3.769 for approval of this Court.
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15 WHEREAS:

16 A. Plaintiff Richard Layne, a former Countrywide employee and participant in the Countrywide
17 Financial 401(k) Savings and Incentive Plan (the “401(k) Plan”), brought an action (the “*Layne Action*”)
18 against Defendants (excluding Stanford L. Kurland and Kathleen Brown) for violations of Sections 11,
19 12(a)(2), and 15 of the Securities Act of 1933 (“1933 Act”) with regard to a registration statement dated
20 May 11, 2007 (the “*Layne Registration Statement*”). Likewise, Plaintiffs Julietta Teratsouian and Carole
21 Carpenter, former Countrywide employees and participants in the 2006 Countrywide Equity Incentive Plan
22 (the “*Equity Plan*”), brought an action (the “*Teratsonian Action*”) against Defendants for violations of
23 Sections 11, 12 (a)(2), and 15 of the 1933 Act with regard to a registration statement dated August 8, 2006
24
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26 _____
27 ¹ The complaint in this matter erroneously misspelled Plaintiff Julietta Teratsouian’s name. The
28 accurate spelling is Teratsouian.

1 (the “*Teratsonian* Registration Statement”). The *Layne* and *Teratsonian* Actions together are referred to
2 herein as the “Actions.”

3 B. On June 25, 2009 and July 1, 2009, respectively, Plaintiffs Layne and Teratsouian and
4 Carpenter filed their Amended Complaints. On September 24, 2009, Countrywide, certain Individual
5 Defendants, certain outside director Defendants, and KPMG filed separate demurrers, raising numerous
6 issues that Defendants argued warranted the dismissal of both cases. The Court held a status conference on
7 December 2, 2009 to discuss setting a briefing schedule on the demurrers, and, during this status conference,
8 indicated that she wanted the Parties to focus their briefing in the first instance on Defendants’ argument that
9 the Court lacked subject matter jurisdiction to hear the case. On January 8, 2010, Plaintiffs filed a
10 memorandum in support of the Court’s jurisdiction to hear the case, and on January 22, 2010, Defendants
11 filed their opposition.
12

13 C. The Court heard argument on the subject matter jurisdiction issue on February 4, 2010, and
14 issued an opinion on February 5, 2010 holding that the Court had jurisdiction to hear the case. In the
15 Court’s opinion, the jurisdiction question was an issue that had not been decided by any California appellate
16 court, and she requested that the Court of Appeal for the State of California take the case on a writ
17 proceeding. On April 1, 2010, Defendants sought a writ of mandate regarding the Court’s ruling in the
18 Court of Appeal for the State of California, Second Appellate District, Division One. Plaintiffs filed a
19 response on April 26, 2010, in which they took no position with respect to Defendants’ request that the
20 Second Appellate District hear the requested writ proceeding. The second Appellate District issued an order
21 on May 13, 2010, setting a briefing schedule for the writ proceeding, with Plaintiffs’ response on the
22 jurisdiction issue due on June 14, 2010, and Defendants’ reply due on July 6, 2010. Defendants’ writ
23 proceeding on the jurisdiction issue has now been fully briefed and oral argument has been set before the
24 Second Appellate District for January 18, 2011.
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1 D. On December 29, 2010, Plaintiff Layne filed his Second Amended Complaint and Plaintiffs
2 Teratsouian and Carpenter filed their Third Amended Complaint in each of the Actions. The Second
3 Amended Complaint and Third Amended Complaint are the operative complaints in each of the *Layne* and
4 *Teratsonian* Actions, respectively.

5 E. Plaintiffs allege that Defendants violated Sections 11, 12 and 15 of the Securities Act of
6 1933, 15 U.S.C. §§77k, 77l and 77o, by making false statements in the *Layne* and/or *Teratsonian*
7 Registration Statements. Plaintiffs also assert claims for breach of contract under California common law.
8 Plaintiffs allege that Defendants [named in those cases](#) violated the 1933 Act by making material
9 misstatements and omissions in the *Layne* and/or the *Teratsonian* Registration Statements that rendered
10 them inaccurate, and Plaintiffs further allege in *Teratsonian* that Defendants breached the terms of the
11 Equity Plan in providing Class Members with artificially inflated stock options and restricted stock units
12 thereunder. The *Layne* Registration Statement related to the issuance of 3,000,000 shares of Countrywide
13 common stock for use in connection with the Company's 401(k) Plan. The *Teratsonian* Registration
14 Statement related to the issuance of 22,000,000 shares of Countrywide common stock for use in connection
15 with the Company's 2006 Equity Incentive Plan.

16 F. Defendants deny that they violated any laws, made any misstatements or omissions, or
17 committed any improper acts or wrongdoing whatsoever, and they have asserted numerous defenses. More
18 specifically, Defendants maintain that their actions were proper under applicable law and they expressly
19 have denied and continue to deny all charges of wrongdoing or liability against them whatsoever arising out
20 of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Actions.
21 Defendants also have denied and continue to deny, *inter alia*, the allegations that the Plaintiffs or the Class
22 have suffered damage, that the price of Countrywide common stock was artificially inflated by reasons of
23 alleged misrepresentations, non-disclosures or otherwise, and that the Plaintiffs or the Class were harmed by
24 the conduct alleged in the Actions.
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1 G. Nonetheless, Defendants have concluded that further litigation of the Actions would be
2 protracted and expensive and that it is desirable that the Actions be fully and finally settled in the manner
3 and upon the terms and conditions set forth in this Stipulation. Defendants also have taken into account the
4 uncertainty and risks inherent in any litigation, especially in complex cases like the Actions. Defendants
5 have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the
6 manner and upon the terms and conditions set forth in this Stipulation.
7

8 H. This Stipulation shall in no event be construed or deemed to be evidence of, or an admission
9 or concession on the part of any Defendant with respect to, any claim or of any fault or liability or
10 wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have asserted. Further,
11 this Stipulation shall in no event be construed or deemed to be an admission or concession on the part of any
12 Defendant that the Court had subject matter jurisdiction over the 1933 Act claims in the Actions.
13

14 I. Plaintiffs, by their counsel, have conducted numerous discussions and arm's-length
15 negotiations with Defendants and their counsel, including engaging the assistance of Eric D. Green of
16 Resolutions, LLC to act as special mediator over a full day and months of subsequent mediation sessions,
17 with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests
18 of the *Layne* and *Teratsonian* Classes.
19

20 J. Plaintiffs' Counsel represent that they have conducted an extensive investigation of the
21 claims and the underlying events and transactions alleged in the Actions' Complaints and that Plaintiffs'
22 Counsel have analyzed public filings, records, documents and other materials concerning Defendants and
23 third parties, and have researched the applicable law with respect to the claims of Plaintiffs and the Classes
24 against Defendants and the potential defenses thereto.
25

26 K. Based on their investigation and review, Plaintiffs and Plaintiffs' Counsel have concluded
27 that the terms and conditions of this Stipulation are fair, reasonable and adequate to the *Layne* and
28 *Teratsonian* Class Members and in their best interests, and have agreed to settle the claims raised in the

1 above-captioned Actions pursuant to the terms and provisions of this Stipulation, after considering (a) the
2 substantial benefits that Plaintiffs and the respective Classes will receive from settlement of the Actions, (b)
3 the risks, costs and uncertainties of ongoing litigation, and (c) the desirability of permitting the Settlement to
4 be consummated as provided by the terms of this Stipulation.

5
6 L. The parties to this Stipulation and their counsel agree not to contend in any forum that the
7 Action was brought or defended in bad faith, without a reasonable basis, or in violation of California Code
8 of Civil Procedure §128.7. The parties further believe that the litigation is being voluntarily settled after
9 advice of counsel, and that the terms of the Settlement are fair, adequate and reasonable.

10 NOW THEREFORE, without any admission or concession on the part of Plaintiffs of any lack of
11 merit of the Actions whatsoever, and without any admission or concession of any liability or wrongdoing or
12 lack of merit in the defenses whatsoever by Defendants, including all such defenses and arguments asserted
13 in that writ proceeding pending in the Court of Appeal, it is hereby STIPULATED AND AGREED, by and
14 among the parties to this Stipulation, through their respective attorneys, subject to approval of the Court, in
15 consideration of the benefits flowing to the Parties hereto from the Settlement, that all Settled Claims (as
16 defined below) as against the Released Parties (as defined below) and all of Settled Defendants' Claims (as
17 defined below) shall be compromised, settled, released, discharged and dismissed with prejudice, upon and
18 subject to the following terms and conditions:
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21 **CERTAIN DEFINITIONS**

22 As used in this Stipulation, the following terms shall have the following meanings:

- 23 • "401(k) Plan Trustee" means Fidelity Investments, in its capacity as trustee for the
24 401(k) Plan.
- 25 • "Actions" means, collectively, *Richard Layne v. Countrywide Financial Corp., et*
26 *al.*, Case No. BC 389208, and *Julietta Teratsonian and Carole Carpenter v. Countrywide Financial Corp., et*
27 *al.*, Case No. BC 389332, pending in the Superior Court for the State of California, Los Angeles County.
28

1 • “Authorized Claimant” means a Class Member who submits a timely and valid Proof
2 of Claim form to the Claims Administrator.

3 • “Claims Administrator” means Garden City Group, Inc. or such other entity as the
4 Court shall appoint to administer the Settlement.

5 • “Classes” and “Class Members” mean, for the purposes of this Settlement only, all
6 current and former Countrywide Financial Corporation (“Countrywide” or the “Company”) employees who
7 acquired Countrywide securities issued pursuant or traceable to the registration statements filed with the
8 Securities and Exchange Commission (“SEC”) on August 8, 2006 and May 11, 2007 (the “Registration
9 Statements”). Excluded from the Classes are Defendants, members of Defendants’ immediate families and
10 their legal representatives, heirs, executors, administrators, successors and assigns. Also excluded from the
11 Classes are any persons or entities who exclude themselves by filing a timely and valid request for exclusion
12 in accordance with the requirements set forth in the Notice.

13 • “Company” shall mean Countrywide Financial Corporation.

14 (g) “Contribution Bar and Judgment Reduction Provision” means a provision which
15 bars claims for contribution, and allows for a reduction in judgment, but applies to all claims asserted in
16 the Action.

17 (h) “Court” means the California Superior Court for the County of Los Angeles.

18 (i) “Defendants’ Counsel” means the law firms of Goodwin Procter LLP, Caldwell
19 Leslie & Proctor, PC, DLA Piper LLP (US), Irell & Manella, LLP, Morrison & Foerster, LLP, Skadden,
20 Arps, Slate, Meagher & Flom LLP, and Bingham McCutchen LLP.

21 (j) “Effective Date of Settlement” or “Effective Date” means the date upon which the
22 Settlement contemplated by this Stipulation shall become effective, as set forth in ¶24 below.

23 (k) “Fee Award” means the amount of attorneys’ fees awarded by the Court to
24 Plaintiffs’ Counsel as described in ¶9.

1 (l) "Final Order" means an order as to which there is no pending appeal, stay, motion
2 for reconsideration, motion for rehearing or motion to vacate or similar request for relief, and as to which the
3 period of time for a party to appeal or petition for a writ of certiorari or its equivalent has expired.

4 (m) "*Layne*" means the Action captioned *Richard Layne v. Countrywide Financial*
5 *Corp., et al.*, Case No. BC 389208, individually.

6 (n) "Notice" means the Notice of Proposed Settlement of Class Actions (the "Notice"),
7 which is to be sent to members of the Classes and all other appropriate recipients, substantially in the form
8 attached hereto as Exhibit A-1 to Exhibit A.

9 (o) "Order and Final Judgment" means the proposed order to be entered approving the
10 Settlement, substantially in the form attached hereto as Exhibit B.

11 (p) "Order for Notice and Hearing" means the proposed order preliminarily approving
12 the Settlement and directing notice thereof to the Classes, substantially in the form attached hereto as Exhibit
13 A.

14 (q) "Plaintiffs" means Richard Layne, Julietta Teratsouian and Carole Carpenter.

15 (r) "Plaintiffs' Counsel" means the law firm of Scott+Scott LLP.

16 (s) "Plan of Allocation" means the plan described in the Notice or any alternate plan
17 approved by the Court for allocation of each Authorized Claimant's pro rata share of the Net Settlement
18 Fund.

19 (t) "Proof of Claim" means the Proof of Claim and Release, substantially in the form
20 attached hereto as Exhibit A-3 to Exhibit A.

21 (u) "Publication Notice" means the summary notice of proposed Settlement and hearing
22 for publication substantially in the form attached as Exhibit A-2 to Exhibit A.

23 (v) "Registration Statements" means, collectively, the *Layne* Registration Statement and
24 the *Teratsonian* Registration Statement.

1 (w) “Released Parties” means Defendants and any and all of their families, parent
2 entities, subsidiaries (including Bank of America Corporation and each of its subsidiaries), associates,
3 affiliates, or successors and each and all of their respective past, present or future officers, directors,
4 executives, partners, stockholders, representatives, employees, principals, trustees, attorneys, financial or
5 investment advisors, consultants, accountants, auditors, investment bankers, commercial bankers, insurers,
6 reinsurers, advisors or agents, heirs, executors, trusts, general or limited partners or partnerships, personal
7 representatives, estates, administrators, predecessors, successors, assigns and any other representatives of
8 any of these persons or entities or their successors.
9

10 (x) “Settled Claims” means any and all claims, debts, demands, disputes, rights, actions
11 or causes of action, liabilities, damages, losses, obligations, judgments, suits, matters and issues of any kind
12 or nature whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert
13 or consulting fees, and any and all other costs, expenses or liabilities whatsoever), whether based on United
14 States federal, state or local statutory or common law or any other law, rule or regulation, whether foreign or
15 domestic, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured
16 or unmatured, foreseen or unforeseen, whether class or individual in nature, direct or derivative, including
17 both known claims and Unknown Claims (as defined below) (i) that were asserted or could have been
18 asserted in the Actions against any of the Released Parties, (ii) that would have been barred by *res judicata*
19 had the Actions been fully litigated to a final judgment, or (iii) that could have been, or could in the future
20 be, asserted in the Action or in any court, tribunal, proceeding, or forum by the Plaintiffs or the Class
21 Members or any of them against any of the Released Parties that also (a) concern, arise out of, refer to, relate
22 to, or are based upon or related in any way to any of the subject matter, allegations, transactions, facts,
23 matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in
24 the Actions; and (b) relate to the purchase, sale, acquisition or holding of any security issued by
25 Countrywide or any Countrywide-related entity. “Settled Claims” also includes any and all claims arising
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1 out of, relating to, or in connection with the Settlement or resolution of the Action against the Released
2 Parties (including Unknown Claims), except claims to enforce any of the terms of this Stipulation and
3 Settlement.

4 Notwithstanding the foregoing, nothing in the definition of “Settled Claims” shall prevent Plaintiffs
5 or Class Members from seeking to participate as unnamed class members in any settlement or other recovery
6 in any class action that relates to the purchase, sale, acquisition or holding of any security issued by
7 Countrywide or any Countrywide-related entity, whether such Countrywide-related entity is a corporation,
8 partnership, limited liability company, trust, or other entity.

9
10 (y) “Settled Defendants’ Claims” means any and all claims, rights, causes of action,
11 damages, or liabilities whatsoever, whether based on United States federal, state, local, statutory or common
12 law, or any other law, rule or regulation, whether foreign or domestic, fixed or contingent, accrued or
13 unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, foreseen or unforeseen,
14 whether class or individual in nature, including both known claims and Unknown Claims (as defined below),
15 that have been or could have been asserted in the Action or any other forum by any of the Defendants or the
16 successors or assigns of any of them against any of the Plaintiffs, Class Members or their attorneys, which
17 arise out of or relate to the institution, prosecution, or settlement of the Action (except for claims to enforce
18 the terms of this Stipulation and Settlement).

19
20 (z) “Settlement” means the settlement contemplated by this Stipulation.

21
22 (aa) “Settlement Fairness Hearing” means the hearing scheduled by the Court to review
23 the Settlement and determine whether it is fair and should be approved.

24 (bb) “Summary Notice” means the summary notice of proposed Settlement and hearing
25 for publication substantially in the form attached as Exhibit A-2 to Exhibit A.

26 (cc) “*Teratsonian*” means the Action captioned *Julietta Teratsonian and Carole*
27 *Carpenter v. Countrywide Financial Corp., et al.*, Case No. BC 389332, individually.
28

1 (dd) "Unknown Claims" means any and all claims and potential claims against
2 Defendants which Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor as
3 of the Effective Date, and any claims against Plaintiffs which Defendants do not know or suspect to exist in
4 their favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the
5 Settlement. With respect to any and all Settled Claims (including Unknown Claims) and Settled
6 Defendants' Claims (including Unknown Claims), the Parties stipulate and agree that by operation of the
7 Order and Final Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly
8 waived, and each Class Member shall be deemed to have waived, and by operation of the Final Judgment
9 shall have expressly waived, the provisions, rights and benefits of Cal. Civ. Code §1542, which provides:

11 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
12 **THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN**
13 **HIS OR HER FAVOR AT THE TIME OF EXECUTING THE**
14 **RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE**
MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
THE DEBTOR.

15 and any and all provisions, rights and benefits conferred by any law of any state or territory of the United
16 States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542.
17 Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he,
18 she, or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but the
19 Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class Member, upon the
20 Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully,
21 finally, and forever settled and released, any and all Settled Claims, known or unknown, suspected or
22 unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or
23 heretofore have existed, upon any theory of law or equity now existing or coming into existence in the
24 future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a
25 breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or
26 additional facts. Plaintiffs and Defendants acknowledge, and Class Members shall be deemed to have
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1 acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Settled
2 Defendants’ Claims was separately bargained for and was a key element of the Settlement.

3 **SCOPE AND EFFECT OF SETTLEMENT**

4 2. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of (i)
5 the Actions against Defendants, (ii) any and all Settled Claims as against all Released Parties, and (iii) any
6 and all Settled Defendants’ Claims.

7
8 3. (a) Upon the Effective Date of this Settlement, Plaintiffs and all Class Members, on
9 behalf of themselves, and any of their past, present or future heirs, executors, estates, spouses,
10 administrators, agents, personal representatives, fiduciaries, trustees, predecessors, successors, assigns and
11 affiliates, and all persons acting in concert with, or who purport to act through such persons, shall have fully,
12 finally and forever waived, released and discharged all Settled Claims against the Released Parties, and shall
13 be forever barred and enjoined from instituting, commencing, maintaining, asserting or prosecuting, each
14 and every Settled Claim either directly, indirectly or in a representative, derivative or any other capacity
15 against any of the Released Parties, regardless of whether such Class Member executes and delivers a Proof
16 of Claim.

17
18 (b) Upon the Effective Date of this Settlement, Defendants and the Released Parties shall
19 release and forever discharge each and every one of the Settled Defendants’ Claims, and shall forever be
20 enjoined from prosecuting Settled Defendants’ Claims.

21
22 (c) Notwithstanding the provisions of ¶¶3(a) and (b) hereof, in the event that any of the
23 Released Parties asserts against the Plaintiffs, any Class Member or their respective counsel, any claim that
24 is a Settled Defendants’ Claim, then such Plaintiffs, Class Member or counsel shall be entitled to use and
25 assert such factual matters included within the Settled Claims only against such Released Party in defense of
26 such claim, but not for the purposes of affirmatively asserting any claim against any Released Party.

1 (d) Notwithstanding the provisions of ¶¶3(a) and (b) hereof, in the event that the Plaintiffs
2 or any member of the Classes asserts against any of the Released Parties or their respective counsel any
3 claim that is a Settled Claim, then such Released Party or counsel shall be entitled to use and assert such
4 factual matters included within the Settled Defendants' Claims only against such Plaintiffs or Class Member
5 in defense of such claim, but not for the purposes of affirmatively asserting any claim against Plaintiffs or
6 any Class Member.
7

8 (e) Upon the Effective Date of this Settlement, the Released Parties shall obtain bar order
9 protection substantially in the form appearing in the Order and Final Judgment annexed hereto as Exhibit B.

10 (f) The releases provided in this Stipulation shall become effective immediately upon
11 occurrence of the Effective Date without the need for any further action, notice, condition or event.
12

13 **THE SETTLEMENT CONSIDERATION**

14 4. The Company, on behalf of all Defendants, shall pay or cause to be paid \$2,050,000 (the
15 "Settlement Amount") into escrow in an interest-bearing account established by and for the benefit of
16 Plaintiffs and the Classes. The Settlement Amount shall be paid within fourteen (14) calendar days after the
17 entry of the Order for Notice and Hearing (or substantially similar order) or within fourteen (14) calendar
18 days of Plaintiffs' Counsel's notification to Defendants' counsel of the wire transfer instructions necessary
19 to make the payment, whichever is later. The Settlement Amount and any interest earned thereon shall be
20 the "Gross Settlement Fund."
21

22 5. Plaintiffs and Class Members shall look solely to the Settlement Amount as satisfaction of all
23 claims that are released hereunder. Defendants shall have no obligation under this Stipulation or the
24 Settlement to pay any amount other than the Settlement Amount, and upon payment of the Settlement
25 Amount, Defendants shall have no other obligation to pay or reimburse any fees, expenses, costs, liability or
26 damages whatsoever alleged or incurred by the Plaintiffs, by any Class Member, or by any of their attorneys,
27 experts, advisors, agents or representatives with respect to the Action and Settled Claims. Plaintiffs and
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1 Class Members acknowledge that as of the Effective Date, the releases given herein shall become effective
2 immediately by operation of the Order and Final Judgment and shall be permanent, absolute and
3 unconditional.

4 6. (a) The Gross Settlement Fund, net of any taxes (as defined below), if any, on the income
5 thereof, shall be used to pay (i) the notice and administration costs referred to in ¶8 hereof, (ii) the attorneys’
6 fees and expense award referred to in ¶9 hereof, and (iii) the remaining administration expenses referred to
7 in ¶10 hereof and any other attorney and administrative costs, fees, payments or awards subsequently
8 approved by the Court. The balance of the Gross Settlement Fund after the above payments shall be the
9 “Net Settlement Fund,” which shall be distributed to the Authorized Claimants as provided in ¶¶11-13
10 hereof. Any portions of the Gross Settlement Fund required to be held in escrow prior to the Effective Date
11 shall be held by Boston Private Bank & Trust Co. (the “Escrow Agent”) for the Settlement Fund. The Gross
12 Settlement Fund held by the Escrow Agent shall be deemed to be in the custody of the Court and shall
13 remain subject to the jurisdiction of the Court until such time as the Net Settlement Fund shall be distributed
14 to Authorized Claimants, or returned to Defendants pursuant to this Stipulation and/or further order of the
15 Court. The Escrow Agent shall not disburse the Gross Settlement Fund, or any portion thereof, except as
16 provided in this Stipulation, or upon Order of the Court. The Escrow Agent shall invest any funds in excess
17 of \$100,000 in short-term United States Agency or Treasury Securities (or a mutual fund invested solely in
18 such instruments), and shall collect and reinvest all interest accrued thereon. Any funds held in escrow in an
19 amount of less than \$100,000 may be held in an interest bearing bank account insured by the FDIC. The
20 parties hereto agree that the settlement fund is intended to be a Qualified Settlement Fund within the
21 meaning of Treasury Regulation §1.468B-1 and Section 468B of the Internal Revenue Code, as amended,
22 for the taxable years of the Gross Settlement Fund, beginning with the date it is created, and that the Claims
23 Administrator, as administrator of the Settlement Fund within the meaning of Treasury Regulation §1.468B-
24 2(k)(3), shall be responsible for filing tax returns for the Settlement Fund and paying from the Settlement
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1 Fund any taxes owed, if any, with respect to the Settlement Fund. Defendants agree to provide promptly to
2 the Escrow Agent the statement described in Treasury Regulation §1.468B-3(e).

3 (b) All (i) taxes, if any, on the income of the Gross Settlement Fund and (ii) expenses and
4 costs incurred in connection with the taxation of the Gross Settlement Fund and the preparation and issuance
5 of any required Forms 1099 associated with payments from the Gross Settlement Fund (including, without
6 limitation, expenses of tax attorneys and accountants) (collectively “Taxes”) shall be paid out of the Gross
7 Settlement Fund, and shall be considered to be a cost of administration of the Settlement. Defendants and
8 the Released Parties shall not be liable for the loss of any portion of the Gross Settlement Fund nor have any
9 obligation or responsibility for the payment of any Taxes, claims, legal fees or any other expenses payable
10 from the Gross Settlement Fund.
11

12 (c) Plaintiffs, the Class Members and Plaintiffs’ Counsel shall each respectively be
13 responsible for all Taxes owed with respect to the receipt or accrual of a payment to them from the Gross
14 Settlement Fund.
15

16 (d) If there is any balance remaining in the Net Settlement Fund after six months from the
17 date of distribution of the Net Settlement Fund (whether by reason of Tax refunds, uncashed checks or
18 otherwise), or as reasonably soon thereafter, the Claims Administrator shall, if logistically feasible and
19 economically justifiable, reallocate such balance among Authorized Claimants in an equitable fashion. After
20 any reallocation, or if a reallocation is not undertaken, any balance that still remains in the Net Settlement
21 Fund shall be donated to an appropriate 501(c)(3) non-profit organization as selected by Plaintiffs’ Counsel
22 and approved by the Court.
23

24 **ADMINISTRATION**

25 7. The Claims Administrator shall administer and calculate the claims that shall be allowed and
26 oversee distribution of the Gross Settlement Fund subject to the jurisdiction of the Court. The Claims
27 Administrator agrees to be subject to the jurisdiction of the Court with respect to the administration of the
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1 Settlement and the distribution of the Gross Settlement Fund pursuant to the terms of this Stipulation.
2 Defendants shall have no role in, or responsibility for, the administration of the Settlement and shall have no
3 liability to the Plaintiffs, the Classes or any other person in connection with, as a result of, or arising out of
4 such administration.

5
6 8. Plaintiffs' Counsel may pay from the Settlement Amount, without further approval from
7 Defendants or the Court, the reasonable costs and expenses up to the sum of \$125,000 associated with
8 Notice to the Classes, and the administration of the Settlement, including without limitation, the actual costs
9 of Notice, and the administrative expenses incurred and fees charged by the 401(k) Plan Trustee (not to
10 exceed \$20,000) and the Claims Administrator in connection with providing notice and processing the
11 submitted claims. All costs and expenses incurred in connection with the administration of the Settlement in
12 excess of \$125,000 shall be paid from the Settlement Amount subject to approval from the Court.

13
14 **ATTORNEYS' FEES AND EXPENSES**

15 9. Plaintiffs' Counsel will apply to the Court for an award from the Gross Settlement Fund of:
16 (i) attorneys' fees not to exceed 33-1/3% of the Settlement Amount; and (ii) reimbursement of litigation
17 expenses, plus interest, incurred in connection with the prosecution of the Actions. Defendants will take no
18 position regarding the amount of attorneys' fees payable to Plaintiffs' Counsel. Such attorneys' fees,
19 expenses, and interest as are awarded by the Court shall be paid from the Settlement Amount to Plaintiffs'
20 Counsel within five (5) business days of entry by the Court of an order awarding such amounts,
21 notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or
22 collateral attack on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to repay
23 those amounts to the Gross Settlement Fund plus accrued interest at the same net rate as is earned by the
24 Gross Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or
25 successful collateral attack, the fee or cost award is reduced or reversed or return of the Gross Settlement
26 Fund is required consistent with the provisions of ¶28 hereof. In such event, Plaintiffs' Counsel shall, with
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1 ten (10) business days from the event which requires repayment of the fee or expense award, refund to the
2 Gross Settlement Fund the fee and expense award paid to them, along with interest, as described above.

3 10. Notwithstanding any other provision of this Stipulation to the contrary, the procedure for the
4 allowance (in whole or in part) by the Court of any application by Plaintiffs' Counsel for attorneys' fees,
5 costs, and expenses to be paid out of the Gross Settlement Fund are to be considered by the Court separately
6 and apart from its consideration of the fairness, reasonableness, and adequacy of the Settlement, and any
7 order or proceeding relating to the award of fees and expenses, or any appeal of any order relating thereto or
8 reversal or modification thereof, shall not operate to terminate or cancel this Stipulation or the Settlement of
9 the Action, or affect the finality or binding nature of any of the releases granted hereunder.
10

11 **DISTRIBUTION TO AUTHORIZED CLAIMANTS**

12 11. The Claims Administrator shall determine each Authorized Claimant's pro rata share of the
13 "Net Settlement Fund" based upon each Authorized Claimant's Recognized Claim as defined in the Plan of
14 Allocation described in the Notice annexed hereto as Exhibit A-1 to Exhibit A, or in such other Plan of
15 Allocation as the Court approves.
16

17 12. The Plan of Allocation set forth in the Notice is not a necessary term of this Stipulation and it
18 is not a condition of this Stipulation that any particular Plan of Allocation be approved.

19 13. Each Authorized Claimant shall be allocated a pro rata share of the Net Settlement Fund
20 based on his or her Recognized Claim compared to the total Recognized Claims of all accepted claimants.
21 This is not a claims-made settlement. Defendants shall not be entitled to get back any of the settlement
22 monies, or interest earned thereon, once the Settlement becomes final. The Released Parties shall have no
23 involvement in reviewing, evaluating or challenging claims and shall have no responsibility or liability for
24 determining the allocation of any payments to any Class Members or for any other matters pertaining to the
25 Plan of Allocation.
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1 **ADMINISTRATION OF THE SETTLEMENT**

2 14. Any member of the Classes who does not submit a valid Proof of Claim will not be entitled to
3 receive any of the proceeds from the Net Settlement Amount but will otherwise be bound by all of the terms
4 of this Stipulation and the Settlement, including the terms of the Order and Final Judgment to be entered in
5 the Action and the releases provided for herein, and will be barred from bringing any action against the
6 Released Parties concerning the Settled Claims.
7

8 15. The Claims Administrator shall process the Settlement based upon Proofs of Claim which
9 may be submitted in connection with this Settlement, and, after entry of the Class Distribution Order,
10 distribute the Net Settlement Fund in accordance with the Class Distribution Order. Except for their
11 obligation to pay the Settlement Amount or cause it to be paid, Defendants shall have no liability, obligation
12 or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund.
13 Plaintiffs' Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive
14 what Plaintiffs' Counsel reasonably deem to be formal or technical defects in any Proofs of Claim
15 submitted, including, without limitation, failure to submit a document by the submission deadline, in the
16 interests of achieving substantial justice.
17

18 16. For purposes of determining the extent, if any, to which a Class Member shall be entitled to
19 be treated as an Authorized Claimant, the following conditions shall apply:

20 (a) Each Class Member shall be required to submit a Proof of Claim (in substantially the
21 form set forth in Exhibit A-3 hereto, which, *inter alia*, releases all Settled Claims against all Released
22 Parties), signed under penalty of perjury and supported by such documents or proof as Plaintiffs' Counsel
23 and the Claims Administrator, in their discretion, may deem acceptable;

24 (b) All Proofs of Claim must be submitted by the date specified in the Notice, unless such
25 period is extended by Order of the Court. Any Class Member who fails to submit a Proof of Claim by such
26 date shall be forever barred from receiving any payment pursuant to this Stipulation (unless, by Order of the
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1 Court, a later submitted Proof of Claim by such Class Member is approved), but shall in all other respects be
2 bound by all of the terms of this Stipulation and the Settlement including the terms of the Order and Final
3 Judgment to be entered in the Action and the releases provided for herein, and will be barred from bringing
4 any action against the Released Parties concerning the Settled Claims. Provided that it is received before the
5 motion for the Class Distribution Order is filed, a Proof of Claim shall be deemed to have been submitted
6 when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and
7 addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed
8 to have been submitted when actually received by the Claims Administrator;

10 (c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator,
11 who shall determine in accordance with this Stipulation, the approved Plan of Allocation, and any applicable
12 orders of the Court the extent, if any, to which each claim shall be allowed, subject to review by the Court
13 pursuant to subparagraph (e) below. The Released Parties shall not have any role in, or responsibility or
14 liability to any person or entity for, the solicitation, review or evaluation of Proofs of Claim;

16 (d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior
17 to rejection of a Proof of Claim, the Claims Administrator shall communicate with the claimant in order to
18 remedy the curable deficiencies in the Proofs of Claim submitted. The Claims Administrator shall notify, in
19 a timely fashion and in writing, all claimants whose Proofs of Claim they propose to reject in whole or in
20 part, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to
21 be rejected has the right to a review by the Court if the claimant so desires and complies with the
22 requirements of subparagraph (e) below;

24 (e) If any claimant whose claim has been rejected in whole or in part desires to contest
25 such rejection, the claimant must, within twenty (20) days after the date of mailing of the notice required in
26 subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating
27 the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting
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1 a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Plaintiffs'
2 Counsel shall thereafter present the request for review to the Court; and

3 (f) The administrative determinations of the Claims Administrator accepting and
4 rejecting claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court
5 in the Class Distribution Order.
6

7 17. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect
8 to the claimant's claim, and the claim will be subject to investigation and discovery pursuant to the
9 California Rules of Court, provided that such investigation and discovery shall be limited to that claimant's
10 status as a Class Member and the validity and amount of the claimant's claim. No discovery shall be
11 allowed to be directed to Defendants or any of the Released Parties, and no discovery shall be allowed on
12 the merits of the Action or Settlement in connection with processing of the Proofs of Claim.
13

14 18. Payment pursuant to this Stipulation shall be deemed final and conclusive against all Class
15 Members. All Class Members whose claims are not approved by the Court shall be barred from any
16 participation in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms
17 of this Stipulation and the Settlement, including the terms of the Order and Final Judgment to be entered in
18 the Action and the releases provided for herein, and will be barred from bringing any action against the
19 Released Parties concerning the Settled Claims.
20

21 19. All proceedings with respect to the administration, processing and determination of claims
22 and the determination of all controversies relating thereto, including disputed questions of law and fact with
23 respect to the validity of claims, shall be subject to the jurisdiction of the Court.

24 20. The Net Settlement Fund shall be distributed by the Claims Administrator to, or for the
25 account of, Authorized Claimants, as the case may be, only after the Effective Date and after: (i) all claims
26 have been processed, and all claimants whose claims have been rejected or disallowed, in whole or in part,
27 have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii)
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1 all objections with respect to all rejected or disallowed claims have been resolved by the Court, and all
2 appeals therefrom have been resolved or the time therefor has expired; (iii) all matters with respect to
3 attorneys' fees, costs, and disbursements have been resolved by the Court, all appeals therefrom have been
4 resolved or the time therefor has expired; and (iv) all fees and costs of administration have been paid.

5
6 21. Plaintiffs' Counsel will apply to the Court for an order (the "Class Distribution Order")
7 approving the Claims Administrator's administrative determinations concerning the acceptance and rejection
8 of the claims submitted herein and approving any fees and expenses not previously applied for, including the
9 fees and expenses of the Claims Administrator, and, if the Effective Date has occurred, directing payment of
10 the Net Settlement Fund to or for the account of Authorized Claimants, as the case may be.

11 **TERMS OF ORDER FOR NOTICE AND HEARING**

12 22. Promptly after this Stipulation has been fully executed, Plaintiffs' Counsel shall apply to the
13 Court by motion on notice for entry of an Order Preliminarily Approving Settlement and Confirming Final
14 Settlement Hearing, substantially in the form annexed hereto as Exhibit A. Plaintiffs' Counsel and
15 Defendants shall jointly request that the postmark deadline for objecting and/or submitting exclusions from
16 this Settlement be set at least thirty (30) calendar days prior to the Settlement Fairness Hearing. Upon
17 receiving any objection(s) and/or request(s) for exclusion pursuant ("Requests for Exclusion") to the Notice,
18 the Claims Administrator shall promptly notify Plaintiffs' Counsel and Defendants' Counsel of such
19 objection(s) and/or Requests for Exclusion.
20

21 **TERMS OF ORDER AND FINAL JUDGMENT**

22
23 23. If the Settlement contemplated by this Stipulation is approved by the Court, Plaintiffs'
24 Counsel shall request that the Court enter an Order and Final Judgment substantially in the form annexed
25 hereto as Exhibit B.

26 **EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION**

27 24. The Effective Date of Settlement shall be the date when all the following shall have occurred:
28

1 (a) final approval by the Court of the Settlement, following notice to the Classes and a
2 hearing; and

3 (b) entry by the Court of an Order and Final Judgment, substantially in the form of
4 Exhibit B annexed hereto, and the Order and Final Judgment becomes a Final Order, or, in the event that the
5 Court enters an order and final judgment in a form other than that provided above (“Alternative Judgment”)
6 and neither Plaintiffs nor any Defendant elects to terminate this Settlement, the date that such Alternative
7 Judgment becomes a Final Order.
8

9 25. Notwithstanding any other provision herein, any proceeding or order, or motion for
10 reconsideration, appeal, petition for a writ of certiorari or its equivalent pertaining solely to any plan of
11 allocation and/or application for attorneys’ fees, costs or expenses, shall not in any way delay or preclude the
12 Effective Date.
13

14 26. Plaintiffs and each of the Defendants, through their respective counsel, shall, in each of their
15 separate discretions, have the right to terminate the Settlement and this Stipulation, as to themselves, by
16 providing written notice of their election to do so (“Termination Notice”) to all other parties hereto within
17 thirty (30) days of the date on which: (a) the Court files an order declining to enter the Order for Notice and
18 Hearing in any material respect; (b) the Court files an order refusing to approve this Stipulation or any
19 material part of it; (c) the Court files an order declining to enter the Order and Final Judgment in any
20 material respect; (d) the Order and Final Judgment is modified or reversed by a court of appeal or any higher
21 court in any material respect; or (e) an Alternative Judgment is modified or reversed by a court of appeal or
22 any higher court in any material respect. Notwithstanding this paragraph, the Court’s determination as to the
23 attorneys’ fees and expenses to be awarded to Class Counsel and/or any plan of allocation, or any
24 determination on appeal from any such order, shall not provide grounds for termination of the Stipulation or
25 Settlement.
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1 27. If prior to the Settlement Fairness Hearing, persons who otherwise would be Members of the
2 Classes have filed with the Court valid and timely Requests for Exclusion from one or both of the Classes in
3 accordance with the provisions of the Order for Notice and Hearing and the notice given pursuant thereto,
4 and Class Members in the aggregate representing claimed loss under the Plan of Allocation in an amount
5 greater than the amounts specified in a separate Supplemental Agreement between the parties (the
6 “Supplemental Agreement”), Countrywide, in its sole and absolute discretion, shall have the option to
7 terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The
8 Supplemental Agreement will not be filed with the Court unless and until a dispute among the parties
9 concerning its interpretation or application arises. Copies of all Requests for Exclusion received, together
10 with copies of all written revocations of Requests for Exclusion, shall be delivered to counsel for
11 Countrywide no later than twenty-five (25) calendar days prior to the Settlement Hearing. The required
12 procedure for and consequences of making such an election are as follows:
13

14 (a) Such option to withdraw shall be exercised by serving written notice, signed by
15 Countrywide’s Counsel upon Plaintiffs’ Counsel, but not less than five (5) business days before the
16 Settlement Fairness Hearing;
17

18 (b) If Countrywide exercises its option to withdraw from the Settlement as provided
19 herein, this Stipulation will be null and void, and the provisions of ¶28 hereof will apply.
20

21 28. Except as otherwise provided herein, in the event the Settlement is terminated in accordance
22 herewith, is vacated, or the Effective Date fails to occur for any reason, then the parties to this Stipulation
23 shall be deemed to have reverted to their respective status in the Action as of September 28, 2010, and,
24 except as otherwise expressly provided, the parties shall proceed in all respects as if this Stipulation and any
25 related orders had not been entered, and any portion of the Settlement Amount previously paid by or on
26 behalf of Defendants, together with any interest earned thereon (and, if applicable, re-payment of any
27 attorneys’ fee and expense award referred to in ¶9 hereof), less any Taxes due, if any, with respect to such
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1 income, and less costs of administration and notice actually incurred and paid or payable from the
2 Settlement Amount (not to exceed \$120,000 without the prior approval of Defendants or the Court) shall be
3 returned to Countrywide within ten (10) business days from the date of the event causing such termination.

4 29. The Parties agree that if any Individual Defendant or KPMG, but not Countrywide, elects to
5 terminate the Settlement (“Terminating Defendant”) pursuant to ¶ 26 hereof, the Settlement shall proceed
6 with respect to Plaintiffs and all Defendants who have not elected to terminate (and the Effective Date shall
7 not be impacted by such partial termination), and then the Terminating Defendant shall be treated as a non-
8 settling defendant and, solely with respect to the Terminating Defendant, the following provisions shall
9 apply: (a) the Settlement shall be without force and effect upon the rights and obligations between, on the
10 one hand, Plaintiffs and the Classes, and, on the other, the Terminating Defendant, and none of its terms
11 (other than this paragraph and ¶ 31) shall be effective or enforceable with respect to the Terminating
12 Defendant; (b) Plaintiffs and the Terminating Defendant shall revert to their respective status in the Action
13 as of September 28, 2010 with respect to the Terminating Defendant; and (c) all Parties other than the
14 Terminating Defendant shall submit an Alternative Judgment to the Court reflecting partial termination by
15 the Terminating Defendant, and such Alternative Judgment shall contain a Contribution Bar and Judgment
16 Reduction Provision. In the event an Individual Defendant or KPMG elects to terminate the Settlement
17 pursuant to this paragraph, Countrywide shall have the right to terminate the Settlement, and thereby this
18 Stipulation, as to all Defendants within seven (7) days of receipt of notice of termination from the
19 Terminating Defendant, or within the time prescribed by ¶ 26 hereof, whichever is longer.
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23 **NO ADMISSION OF WRONGDOING**

24 30. Nothing in this Stipulation constitutes or reflects a waiver or release of any rights or claims of
25 Defendants against their insurers, or their insurers’ subsidiaries, predecessors, successors, assigns, affiliates,
26 or representatives. Nothing in this Settlement Agreement constitutes or reflects a waiver or release of any
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1 rights or claims relating to indemnification, advancement or any undertakings by an indemnified party to
2 repay amounts advanced or paid by way of indemnification or otherwise.

3 31. Defendants deny that they have committed any act or omission giving rise to any liability
4 and/or violation of law, and state that they are entering into this Settlement to eliminate the burden and
5 expense of further litigation. This Stipulation, whether or not consummated, including any and all of its
6 terms, provisions, exhibits and prior drafts, and any negotiations or proceedings related or taken pursuant to
7 it:
8

9 (a) shall not be offered or received against Defendants as evidence of or construed as or
10 deemed to be evidence of any presumption, concession, or admission by Defendants with respect to the truth
11 of any fact alleged by any of the Plaintiffs or the validity of any claim that has been or could have been
12 asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been
13 asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the
14 Defendants;
15

16 (b) shall not be offered or received against Defendants as evidence of a presumption,
17 concession or admission of any fault, misrepresentation or omission with respect to any statement or written
18 document approved or made by Defendants;
19

20 (c) shall not be offered or received against Defendants as evidence of a presumption,
21 concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way
22 referred to for any other reason as against Defendants, in any other civil, criminal or administrative action or
23 proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;
24 provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate
25 the liability protection granted them hereunder;
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1 (d) shall not be construed against Defendants as an admission or concession that the
2 consideration to be given hereunder represents the amount which could be or would have been recovered
3 after trial;

4 (e) shall not be construed as or received in evidence as an admission, concession or
5 presumption against Plaintiffs or any of the Class Members that any of their claims are without merit, or that
6 any defenses asserted by Defendants have any merit, or that damages recoverable under the Complaint
7 would not have exceeded the Gross Settlement Fund; and
8

9 (f) shall not be used, described, portrayed or referred to by Plaintiffs, Class Members or
10 Plaintiffs' Counsel for any purpose other than to effectuate the provisions of the Stipulation, and in no event
11 in a manner inconsistent with the terms and provisions of the Stipulation and its exhibits. This ¶31 shall
12 survive the termination of this Stipulation.
13

14 Notwithstanding the foregoing, Defendants and/or their Released Parties may file the Stipulation
15 and/or the Order and Final Judgment in any action that may be brought against them in order to support a
16 defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith
17 settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar
18 defense or counterclaim.

19 **MISCELLANEOUS PROVISIONS**

20 32. All of the exhibits attached hereto are hereby incorporated by reference as though fully set
21 forth herein.
22

23 33. The Parties to this Stipulation intend the Settlement to be a final and complete resolution of
24 all disputes asserted or which could be asserted by Plaintiffs and/or any Class Member against the Released
25 Parties with respect to the Settled Claims. Accordingly, Plaintiffs and Defendants agree not to assert in any
26 forum that the litigation was brought by Plaintiffs or defended by Defendants in bad faith or without a
27 reasonable basis. The Parties further agree not to assert in any forum that any party violated California Code
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1 of Civil Procedure §128.7 relating to the prosecution, defense, or settlement of the Action. The Parties agree
2 that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by
3 the Parties, and reflect a settlement that was reached voluntarily after consultation with experienced legal
4 counsel.

5 34. This Stipulation may not be modified or amended, nor may any of its provisions be waived,
6 except by a writing signed by all Parties hereto.
7

8 35. The headings herein are used for the purpose of convenience only and are not meant to have
9 legal effect.

10 36. The administration and consummation of the Settlement as embodied in this Stipulation shall
11 be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders
12 providing for awards of attorneys' fees and expenses to Plaintiffs' Counsel and enforcing the terms of this
13 Stipulation.
14

15 37. The waiver by one party of any breach of this Stipulation by any other party shall not be
16 deemed a waiver of any other prior or subsequent breach of this Stipulation.

17 38. This Stipulation and its exhibits constitute the entire agreement among the Parties hereto
18 concerning the Settlement of the Actions, and no representations, warranties, or inducements have been
19 made by any Party hereto concerning this Stipulation and its exhibits other than the representations,
20 warranties, and covenants contained and memorialized in such documents.
21

22 39. This Stipulation may be executed in one or more counterparts. All executed counterparts and
23 each of them shall be deemed to be one and the same instrument provided that counsel for the Parties to this
24 Stipulation shall exchange among themselves original signed counterparts.

25 40. Plaintiffs and Defendants represent and warrant that they have not assigned, pledged, loaned,
26 hypothecated, conveyed, or otherwise transferred, voluntarily or involuntarily, to any other person or entity,
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1 the Claims and Unknown Claims, or any interest in or part or portion thereof, specifically including any
2 rights arising out of the Claims and Unknown Claims.

3 41. This Stipulation shall be binding upon, and inure to the benefit of, the successors, assigns,
4 executors, administrators, heirs and legal representatives of the Parties hereto. No assignment shall relieve
5 any party hereto of obligations hereunder.
6

7 42. The construction, interpretation, operation, effect and validity of this Stipulation, and all
8 documents necessary to effectuate it, shall be governed by the laws of the State of California, without regard
9 to conflicts of laws, except to the extent that federal law requires that federal law governs, and in accordance
10 with the laws of the United States.

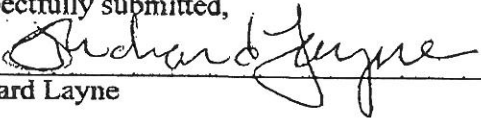
11 43. This Stipulation shall not be construed more strictly against one party than another merely by
12 virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being
13 recognized that it is the result of arm's-length negotiations between the parties and all parties have
14 contributed substantially and materially to the preparation of this Stipulation.
15

16 44. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or
17 any related Settlement documents, warrant and represent that they have the full authority to do so and that
18 they have the authority to take appropriate action required or permitted to be taken pursuant to the
19 Stipulation to effectuate its terms.
20

21 45. Plaintiffs' Counsel and Defendants' Counsel agree to cooperate fully with one another in
22 seeking Court approval of the order for notice and hearing, the Stipulation and the settlement, and to
23 promptly agree upon and execute all such other documentation as may be reasonably required to obtain final
24 approval by the Court of the settlement.
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Dated: December 29, 2010

Respectfully submitted,

Richard Layne

Julietta Teratsouian

Carole Carpenter

By their attorneys,

SCOTT+SCOTT LLP

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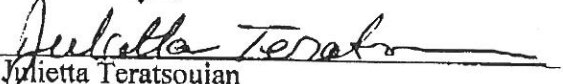
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2 Dated: December 29, 2010

Respectfully submitted,

3
4 _____
Richard Layne

5 _____
Julietta Teratsouian

6 _____
Carole Carpenter

7
8 By their attorneys,

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10 BY: 

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Dated: December 29, 2010

Defendant Countrywide Financial Corporation

BY: *Inez H. Friedman-Boyce*
One of Their Attorneys

Brian E. Pastuszenski (*pro hac vice*)
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Inez H. Friedman-Boyce (*pro hac vice*)
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Dated: December 29, 2010

Defendants Henry G. Cisneros, Jeffrey M. Cunningham, Robert J. Donato, Martin R. Melone, Robert T. Parry, Oscar P. Robertson, Keith P. Russell, and Harley W. Snyder

BY: *D. Anthony Rodriguez*
One of Their Attorneys

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Dated: December 21, 2010

Defendants Kathleen Brown and Michael E. Dougherty

BY: Eric Waxman / HW
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Dated: December __, 2010

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Dated: December __, 2010

Defendant Stanford L. Kurland

BY: _____
One of His Attorneys

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1 Dated: December __, 2010

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10 Dated: December 29, 2010

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17 Dated: December __, 2010

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Dated: December __, 2010

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Defendant Stanford L. Kurland

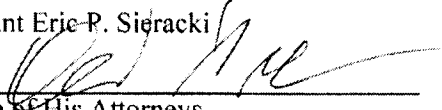
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Dated: December 29, 2010

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Dated: December __, 2010

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Dated: December __, 2010

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EXHIBIT A

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8 *Attorneys for Plaintiffs*

9 [Additional Counsel on Signature Page]

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

12 RICHARD LAYNE, on Behalf of Himself and
13 All Others Similarly Situated,

14 Plaintiff,

15 vs.

16 COUNTRYWIDE FINANCIAL CORP., *et al.*,

17 Defendants.

Case No. BC 389208

CLASS ACTION

**ORDER PRELIMINARILY APPROVING
SETTLEMENT AND CONFIRMING FINAL
SETTLEMENT HEARING**

18
19 JULIETTA TERATSONIAN AND CAROLE
20 CARPENTER, on Behalf of Themselves and All
Others Similarly Situated,

21 Plaintiff,

22 vs.

23 COUNTRYWIDE FINANCIAL CORP., *et al.*,

24 Defendants.

Case No. BC 389332

25
26
27
28 ORDER PRELIMINARILY APPROVING SETTLEMENT AND CONFIRMING FINAL
SETTLEMENT HEARING

1 WHEREAS, on _____, 2010, the parties to the above-entitled actions (the “Actions”)
2 entered into a Stipulation and Agreement of Settlement (the “Settlement Agreement”) which is subject
3 to review by this Court and which, together with the exhibits thereto, sets forth the terms and
4 conditions for the proposed settlement of the claims alleged in the Actions on the merits and with
5 prejudice; and the Court having read and considered the Stipulation and the accompanying documents;
6 and the parties to the Stipulation having consented to the entry of this Order; and all capitalized terms
7 used herein having the meanings defined in the Stipulation;
8

9 NOW, THEREFORE, IT IS HEREBY ORDERED, this ____ day of _____, 2011 that:

10 1. Pursuant to California Code of Civil Procedure §382 and California Rules of Court
11 3.765 and 3.769, and for the purposes of the Settlement only, these Actions are hereby preliminarily
12 certified as class actions on behalf of current and former Countrywide Financial Corporation
13 (“Countrywide” or the “Company”) employees who acquired Countrywide securities issued pursuant
14 or traceable to the registration statements filed with the Securities and Exchange Commission (“SEC”)
15 on August 8, 2006 and May 11, 2007 (the “Registration Statements”). Excluded from the Classes are
16 Defendants, members of Defendants’ immediate families and their legal representatives, heirs,
17 executors, administrators, successors and assigns. Also excluded from the Class are any persons or
18 entities who exclude themselves by filing a timely request for exclusion in accordance with the
19 requirements set forth in the Notice.
20

21 2. The Court preliminarily finds, for the purposes of the Settlement only, that the
22 prerequisites for a class action under California Code of Civil Procedure §382, have been satisfied in
23 that: (a) the number of Class Members is so numerous that joinder of all members thereof is
24 impracticable; (b) there are questions of law and fact common to the respective Classes; (c) the claims
25 of the named representatives are typical of the claims of the Classes they seek to represent; (d) the
26

1 Plaintiffs and Plaintiffs' Counsel will fairly and adequately represent the interests of the Classes; (e)
2 the questions of law and fact common to the members of the Classes predominate over any questions
3 affecting only individual members of the Classes; and (f) class actions are superior to other available
4 methods for the fair and efficient adjudication of these controversies. These findings are not based on
5 any admission, representations, assertions, or arguments by Defendants that classes can, should, or
6 would be certified in these Actions, and these findings are made while fully preserving the Defendants'
7 rights to argue, in the event that the Settlement does not become Final or is terminated pursuant to the
8 Settlement Agreement, that no classes can or should be certified in the Actions.
9

10 3. For the purposes of the Settlement only, Plaintiffs Richard Layne, Julietta Teratsonian
11 and Carole Carpenter are conditionally certified as Class Representatives for their respective actions
12 and the law firm of Scott+Scott LLP is conditionally appointed as counsel for the Classes.

13 4. The Court preliminarily finds that:

14 (a) the proposed Settlement resulted from informed, extensive arm's-length
15 negotiations, including mediation sessions under the direction of a very experienced mediator,
16 Eric D. Green of Resolutions, LLC;

17 (b) Class counsel has concluded that the proposed Settlement is fair, reasonable and
18 adequate; and
19

20 (c) the proposed Settlement is sufficiently fair, reasonable, and adequate to warrant
21 sending notice of the Settlement to the Classes.
22

23 5. A hearing (the "Settlement Fairness Hearing") is hereby scheduled to be held before the
24 Court on _____, __, 2011, at __: __ __.m. for the following purposes:

25 (a) to finally determine whether this Action satisfies the applicable prerequisites for
26 class action treatment under California Code of Civil Procedure §382;

1 (b) to determine whether the proposed Settlement is fair, reasonable, and adequate,
2 and should be approved by the Court;

3 (c) to determine whether the Order and Final Judgment as provided under the
4 Stipulation should be entered, dismissing the Complaints filed herein, on the merits and with
5 prejudice, and to determine whether the releases contemplated by the Settlement Agreement
6 should become effective;

7 (d) to determine whether the proposed Plan of Allocation for the proceeds of the
8 Settlement is fair and reasonable, and should be approved by the Court;

9 (e) to consider Plaintiffs' Counsel's application for an award of attorneys' fees and
10 expenses;

11 (f) to determine whether an order should be entered barring and enjoining the
12 Plaintiffs and all members of the Classes from instituting, commencing, maintaining or
13 prosecuting, either directly, indirectly, or in a representative capacity, any action in any court or
14 tribunal asserting any Settled Claims against any Released Parties; and
15

16 (g) to rule upon such other matters as the Court may deem appropriate.
17

18 6. The Court reserves the right to approve the Settlement with or without modification and
19 with or without further notice to the Classes and may adjourn the Settlement Fairness Hearing without
20 further notice to the Classes. The Court reserves the right to enter its Order and Final Judgment
21 approving the Stipulation and dismissing the Complaint on the merits and with prejudice regardless of
22 whether it has approved the Plan of Allocation or awarded attorneys' fees and expenses.
23

24 7. The Court approves the form, substance and requirements of the Notice of Proposed
25 Settlement of Class Actions (the "Notice"), the Summary Notice of Proposed Settlement of Class
26

1 Actions (the “Summary Notice”) and the Proof of Claim Form (the “Proof of Claim”), annexed hereto
2 as Exhibits A-1, A-2 and A-3, respectively.

3 8. The Court approves the appointment of Garden City Group as the Claims Administrator.

4 (a) The Claims Administrator shall cause the Notice and the Proof of Claim,
5 substantially in the forms annexed hereto, to be mailed, by first class mail, postage prepaid,
6 within forty-five (45) calendar days of this Order, to all Class Members who can be identified
7 with reasonable effort from the books and records regularly maintained by Countrywide or the
8 401(k) Plan Trustee. Countrywide shall promptly make the last known Class Member address
9 or other identifying information, as set forth in those books and records available to the Claims
10 Administrator for the purpose of identifying and giving notice to the Class.
11

12 (b) The Claims Administrator shall cause the Summary Notice to be published once
13 in *The Wall Street Journal* within ten (10) calendar days after the mailing of the Notice.
14

15 Plaintiffs’ Counsel shall, at or before the Settlement Fairness Hearing, file with the Court proof
16 of mailing of the Notice and Proof of Claim form and proof of publication of the Summary Notice.

17 9. The form and content of the Notice and the Summary Notice, and the method set forth
18 herein of notifying the Classes of the Settlement and its terms and conditions, meet the requirements of
19 California law, and due process, constitute the best notice practicable under the circumstances, and
20 shall constitute due and sufficient notice to all persons and entities entitled thereto.

21 10. In order to be entitled to participate in the Net Settlement Fund, in the event the
22 Settlement is consummated in accordance with its terms set forth in the Stipulation, each Class
23 Member shall take the following actions and be subject to the following conditions:
24

25 (a) A properly executed Proof of Claim, substantially in the form attached hereto at
26 Exhibit A-3, must be submitted to the Claims Administrator, at the Post Office box indicated in
27

1 the Notice, not later than _____,2011. Such deadline may be further extended by Court
2 Order. Each Proof of Claim shall be deemed to have been submitted when postmarked (if
3 properly addressed and mailed by first class mail, postage prepaid), provided such Proof of
4 Claim is actually received prior to the motion for an order of the Court approving distribution of
5 the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed
6 to have been submitted when it was actually received at the address designated in the Notice.

7 (b) The Proof of Claim submitted by each Class Member must satisfy the following
8 conditions: (i) it must be properly completed, signed and submitted in a timely manner in
9 accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by
10 such documents or proof as Plaintiffs' Counsel and the Claims Administrator, in their
11 discretion, may deem acceptable; (iii) if the person executing the Proof of Claim is acting in a
12 representative capacity, a certification of his current authority to act on behalf of the Class
13 Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete
14 and contain no material deletions or modifications of any of the printed matter contained therein
15 and must be signed under penalty of perjury.

16 (c) As part of the Proof of Claim, each Class Member shall submit to the
17 jurisdiction of the Court with respect to the claim submitted, and shall (subject to effectuation
18 of the Settlement) release all Settled Claims as provided in the Stipulation.

19 11. Class Members shall be bound by all determinations and judgments in these Actions,
20 whether favorable or unfavorable, unless they request exclusion from one or both of the Classes in a
21 timely and proper manner, as hereinafter provided. A Class Member wishing to make such request
22 shall, no later than thirty (30) calendar days prior to the date scheduled herein for the Fairness Hearing,
23 mail a request for exclusion in written form by first class mail postmarked to the address designated in
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1 the Notice. Such request for exclusion shall clearly indicate the name, address and telephone number
2 of the person seeking exclusion, that the sender requests to be excluded from one or both of the Classes
3 in the *Layne* and/or *Teratsonian* Settlement, and must be signed by such person. Such persons
4 requesting exclusion are also directed to state the date(s), price(s), and number(s) of securities they
5 acquired that are subject to the *Layne* and *Teratsonian* Actions, along with supporting documentation
6 showing proof of participation in the 401(k) Plan or Equity Plan or such other documents evidencing
7 such acquisition(s). The request for exclusion shall not be effective unless it provides the required
8 information and is made within the time stated above, or the exclusion is otherwise accepted by the
9 Court. Class Members requesting exclusion from the Classes shall not be entitled to receive any
10 payment out of the Net Settlement Fund as described in the Stipulation and Notice.
11

12 12. The Court will consider comments and/or objections to the Settlement, the Plan of
13 Allocation, or the award of attorneys' fees and reimbursement of expenses only if such comments or
14 objections and any supporting papers, accompanied by proof of Class membership, are filed in writing
15 with the Clerk of the Court, Superior Court of the State of California, County of Los Angeles, Central
16 Civil West Courthouse, 600 South Commonwealth Ave., Los Angeles, California 90005, and copies of
17 all such papers are served not later than thirty (30) calendar days prior to the date scheduled herein for
18 the Settlement Fairness Hearing upon each of the following: Arthur L. Shingler III, Esq., Scott+Scott
19 LLP, 707 Broadway, Suite 1000, San Diego, California 92101, on behalf of the Plaintiffs and the
20 Classes; and Lloyd Winawer, Goodwin Proctor LLP, 601 South Figueroa Street, 41st Floor, Los
21 Angeles, California 90017, on behalf of the Defendants. Attendance at the hearing is not necessary;
22 however, persons wishing to be heard orally at the hearing in opposition to the approval of the
23 Settlement, the Plan of Allocation, and/or the request for attorneys' fees are required to indicate in their
24 written objection their intention to appear at the hearing. Persons who intend to object to the
25
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27

1 Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and
2 expenses and desire to present evidence at the Settlement Fairness Hearing must include in their
3 written objections copies of any exhibits they intend to introduce into evidence at the Settlement
4 Fairness Hearing. If an objector hires an attorney to represent him, her or it for the purposes of making
5 an objection, the attorney must both effect service of a notice of appearance on counsel listed above
6 and file it with the Court by no later than thirty (30) calendar days before the Settlement Fairness
7 Hearing. Any member of the Classes or other person who does not timely file and serve a written
8 objection complying with the terms of this paragraph shall be deemed to have waived, and shall be
9 foreclosed from raising (in this proceeding or on any appeal), any objection to the Settlement, and any
10 untimely objection shall be barred. Class Members do not need to appear at the hearing or take any
11 other action to indicate their approval of the Settlement.
12

13 13. Defendants' counsel and Class counsel shall promptly furnish each other with copies of
14 any and all objections that come into their possession
15

16 14. Pending final determination of whether the Settlement should be approved, the
17 Plaintiffs, all Class Members, and each of them, and anyone who acts or purports to act on their behalf,
18 shall not institute, commence, maintain or prosecute, and are hereby barred and enjoined from
19 instituting, commencing, maintaining or prosecuting, any action in any court or tribunal that asserts
20 Settled Claims against any Released Party.

21 15. As provided in the Stipulation, Plaintiffs' Counsel may pay the 401(k) Plan Trustee and
22 the Claims Administrator the reasonable and customary fees and costs associated with giving notice to
23 the Class and the review of claims and administration of the Settlement, up to \$125,000, out of the
24 Settlement Amount without further order of the Court.
25
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27

1 16. If any specified condition to the Settlement set forth in the Stipulation is not satisfied
2 and Plaintiffs' Counsel or the Defendants elect to terminate the Settlement, then, in any such event, the
3 Stipulation, including any amendment(s) thereof, and this Preliminary Order conditionally certifying
4 the Class and the Class Representatives for purposes of the Settlement shall be null and void, of no
5 further force or effect, and without prejudice to any party, and may not be introduced as evidence or
6 referred to in any actions or proceedings by any person or entity for any purpose, and each party shall
7 be restored to his, her or its respective position as it existed on September 28, 2010.
8

9 17. The Court may adjourn or continue the Fairness Hearing without further written notice.

10 18. The Court retains exclusive jurisdiction over the Action to consider all further matters
11 arising out of or connected with the Settlement.
12

13 Dated: _____

HON. JANE L. JOHNSON

EXHIBIT A-1

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7 216.229.6092 (fax)

8 *Attorneys for Plaintiffs*

9 [Additional Counsel on Signature Page]

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

12 RICHARD LAYNE, on Behalf of Himself and)
13 All Others Similarly Situated,)

14 Plaintiff,)

15 vs.)

16 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

17 Defendants.)

Case No. BC 389208

CLASS ACTION

**NOTICE OF PROPOSED
SETTLEMENT OF CLASS ACTION**

18 _____)
19 JULIETTA TERATSONIAN AND CAROLE)
20 CARPENTER, on Behalf of Themselves and All)
21 Others Similarly Situated,)

22 Plaintiffs,)

23 vs.)

24 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

25 Defendants.)

Case No. BC 389332

1 **NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTIONS**

2 **TO: ALL CURRENT AND FORMER COUNTRYWIDE FINANCIAL CORPORATION**
3 **(“COUNTRYWIDE” OR THE “COMPANY”) EMPLOYEES WHO (1) ACQUIRED**
4 **COUNTRYWIDE SECURITIES IN THEIR COUNTRYWIDE FINANCIAL 401(k) SAVINGS**
5 **AND INCENTIVE PLAN (THE “401(k) PLAN”) ON OR AFTER MAY 11, 2007, OR**
6 **(2) ACQUIRED COUNTRYWIDE SECURITIES PURSUANT TO THE 2006 COUNTRYWIDE**
7 **EQUITY INCENTIVE PLAN (THE “EQUITY PLAN”) ON OR AFTER AUGUST 8, 2006.**

8 **THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER**
9 **SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.**

10 **WHY SHOULD I READ THIS NOTICE?**

11 This Notice is given pursuant to an order issued by the Superior Court of California, County of
12 Los Angeles – Central District (the “Court”). This Notice serves to inform you of the proposed
13 settlement of the above class action lawsuits (the “Settlement”) and the hearing (the “Fairness Hearing”)
14 to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement as set
15 forth in the Stipulation and Agreement of Settlement among the Plaintiffs, and Defendants Countrywide
16 Financial Corp. (“Countrywide” or the “Company”), Angelo R. Mozilo, Stanford L. Kurland, Eric P.
17 Sieracki, Kathleen Brown, Henry G. Cisneros, Jeffrey M. Cunningham, Robert J. Donato, Michael E.
18 Dougherty, Martin R. Melone, Robert T. Parry, Oscar P. Robertson, Keith P. Russell, Harley W. Snyder
19 (the “Individual Defendants”), and KPMG, LLP (“KPMG”) (the Company, the Individual Defendants
20 and KPMG shall be referred to together as the “Defendants”), dated as of December 29, 2010 (the
21 “Settlement Agreement”) and on file with the Court. This Notice is intended to inform you how this
22 lawsuit and proposed Settlement may affect your rights and what steps you may take in relation to it.
23 This Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses
24 asserted in the lawsuit.

25 **WHAT IS THIS LAWSUIT ABOUT?**

26 I. The Allegations.

27 Plaintiff Richard Layne, a former Countrywide employee and participant in the Countrywide
28 Financial 401(k) Savings and Incentive Plan (the “401(k) Plan”), brought an action against Defendants
(excluding Stanford L. Kurland and Kathleen Brown) for violations of Sections 11, 12(a)(2), and 15 of
the Securities Act of 1933 (“1933 Act”) and for negligent misrepresentation under California common
law with regard to a registration statement dated May 11, 2007 (the “Layne Registration Statement”).
Likewise, Plaintiffs Julietta Teratsonian and Carole Carpenter brought an action on behalf of participants
in the 2006 Countrywide Equity Incentive Plan (the “Equity Plan”) against Defendants for violations of
Sections 11, 12 (a)(2), and 15 of the 1933 Act and for breach of contract under California common law
with regard to a registration statement dated August 8, 2006 (the “Teratsonian Registration Statement”).
The Layne and Teratsonian actions together are referred to herein as the “Actions.”

Plaintiffs allege that Defendants made false statements in the Layne and Teratsonian Registration
Statements. In both cases, Plaintiffs allege that Defendants violated the 1933 Act by making material
misstatements and omissions in both the Layne and the Teratsonian Registration Statements that
rendered them inaccurate. More specifically, the Layne Registration Statement offered Countrywide
shares to members of the Company’s 401(k) Plan, while the Teratsonian Registration Statement offered

1 shares of Countrywide to Equity Plan members. Plaintiffs further allege that, as a result of the allegedly
2 material misrepresentations and omissions in the Registration Statements, the price of Countrywide's
3 stock was artificially inflated at the time the Registration Statement became effective when acquired by
4 members of the Classes. Plaintiffs allege that when the true state of Countrywide's business and
5 operations was finally revealed, Countrywide's stock price fell, including the shares held by, or
6 allocated to the members of the Classes. Plaintiffs also allege in *Layne* that Defendants engaged in
7 negligent misrepresentation as a result of the allegedly material misrepresentations and omissions in the
8 Registration Statement at issue in that case, and in *Teratsonian* that Defendants breached their
9 contractual duties under the stock option plan and agreement by providing Plaintiffs with artificially
10 inflated stock options and restrict stock units due to the material misrepresentations and omissions
11 referenced above. Defendants deny Plaintiffs' allegations, and have vigorously defended the litigation.

12 The Court has not ruled as to whether the Defendants are liable to Plaintiffs or to the Classes.
13 This Notice is not intended to be an expression of any opinion by the Court with respect to the truth of
14 the allegations in this lawsuit or the merits of the claims or defenses asserted. This Notice is solely to
15 advise you of the pendency of the Actions and proposed Settlement thereof and your rights in
16 connection with that Settlement.

17 II. Status of the Case.

18 These Actions were filed in the Superior Court of California, County of Los Angeles – Central
19 District. On June 25, 2009 and July 1, 2009, respectively, Plaintiffs Layne and Teratsonian and
20 Carpenter filed their Amended Complaints. On September 24, 2009 various Defendants filed separate
21 demurrers, raising numerous issues that Defendants argued warranted the dismissal of both cases. The
22 Court held a status conference on December 2, 2009 to discuss setting a briefing schedule on the
23 demurrers, and, during this status conference, indicated that she wanted the parties to focus their briefing
24 in the first instance on Defendants' argument that the Court lacked subject matter jurisdiction the hear
25 the case. On January 8, 2010, Plaintiffs filed a memorandum in support of the Court's jurisdiction to
26 hear the case, and on January 22, 2010, Defendants filed their opposition. The Court heard argument on
27 the subject matter jurisdiction issue on February 4, 2010, and issued opinions on February 5, 2010 in
28 both *Layne* and *Teratsonian*, holding that the Court had jurisdiction to hear the Actions. Those orders
are currently under review by Court of Appeal for the State of California, Second Appellate District,
Division One.

Prior to and during these Actions, Plaintiffs' Counsel conducted an extensive investigation of the
claims and the underlying events and transactions alleged in the Actions, analyzed materials, and
researched the applicable law with respect to the claims of Plaintiffs and the Class against Defendants
and the potential defenses thereto. Based on their investigation and review, Plaintiffs and Plaintiffs'
Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and
adequate to the Class Members and in their best interests, and have agreed to settle the claims raised in
the Actions pursuant to the terms and provisions of this Stipulation.

HOW DO I KNOW IF I AM A SETTLEMENT CLASS MEMBER?

If you acquired (or are the legal representative, heir, executor, administrator, successor or assign
of person who acquired) Countrywide securities traceable to the registration statements filed with the
Securities and Exchange Commission ("SEC") on August 8, 2006, and May 11, 2007 (the "Registration
Statements"), you are a Settlement Class Member. Thus, Settlement Class Members include: (1) all
participants in the 401(k) Plan who had allocated to their 401(k) accounts shares of Countrywide stock

1 on or after May 11, 2007, and (2) all persons who acquired Countrywide stock on or after August 8,
2 2006 in connection with securities issued under the 2006 Countrywide Equity Incentive Plan.
3 Defendants, members of Defendants' immediate families and their legal representatives, heirs,
4 executors, administrators, successors and assigns and any entity in which any Defendant has or had a
5 controlling interest, as set forth in the Settlement Agreement, are excluded from the Settlement Class.

6 **WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?**

7 The Settlement, if approved, will result in the creation of a cash settlement fund in the amount of
8 \$2.05 million (the "Settlement Fund"). The Settlement Fund, plus accrued interest and minus the costs
9 of Notice and attorneys' fees and expenses, and administrative costs as approved by the Court, will be
10 distributed to Settlement Class Members pursuant to the Plan of Allocation that is described in the next
11 section of this Notice.

12 **WHAT IS THE PROPOSED PLAN OF ALLOCATION?**

13 The cost of this Notice and any Court-approved costs and attorneys' fees will be deducted from
14 the Settlement Fund. The remainder of the Settlement Fund, plus accrued interest, will be paid to
15 Settlement Class Members in accordance with the following Plan of Allocation:

16 I. Definitions

17 A. Except as indicated in this Plan of Allocation, the capitalized terms used herein
18 shall have the meanings ascribed to them in the Settlement Agreement.

19 B. "Claimant" means each Settlement Class Member who submits a valid and timely
20 Proof of Claim.

21 C. "401(k) Plan" means the Countrywide Financial 401(k) Savings and Incentive
22 Plan.

23 D. "Equity Plan" means the 2006 Countrywide Financial Equity Incentive Plan.

24 II. Calculation of Recognized Losses

25 A. For each Claimant, the Claims Administrator shall determine the approximate
26 alleged net loss relating to the Claimant's interest in the 401(k) Plan ("401(k) Plan Net Loss") as
27 follows:

28 1. For units or shares of the Countrywide stock fund allocated to participants'
accounts in the 401(k) Plan, units or shares must have sustained a loss in
order to have a recognized loss. Only matching units or shares received
pursuant to the 401(k) Plan on July 2, 2007, October 2, 2007, and January
3, 2008 are deemed eligible for losses.

2. Persons filing claims must have received matching units or shares of the
Countrywide stock fund pursuant to the 401(k) Plan with Countrywide on
or between May 11, 2007 and April 15, 2008. Based on that definition,
92.35% of each matching unit (or share) received in a matching grant from

Countrywide on July 2, 2007 are deemed traceable to the May 11, 2007 registration statement; 100% of all matching units (or shares) received in a matching grant from Countrywide on October 2, 2007 are deemed traceable to the May 11, 2007 registration statement; and 100% of all matching units (or shares) received in a matching grant on January 3, 2008 are deemed traceable to the May 11, 2007 registration statement.

3. For eligible units or shares of the Countrywide stock fund received in matching grants under Countrywide's 401(k) plan on or between May 11, 2007 and April 15, 2008, the eligible claims shall be:
 - a. For each unit or share sold on or before January 10, 2008, the claim for damages shall be the lesser of:
 - i. The alleged inflation per share at the time of receipt as determined by the dollar amount invested in units to the Countrywide common stock fund times the percentage alleged inflation per share for the date of receipt minus the alleged inflation per share at the time of deemed sale as determined by the sales proceeds received times the percentage alleged inflation per share for that date of sale. The percentage alleged inflation for each date is provided in Table 1 set forth below.
 - ii. The difference between the deemed purchase price paid (value received) and the sales price received.
 - b. For each unit or share sold after January 10, 2008, the claim for damages shall be the alleged inflation per share at the time of receipt as determined by the dollar amount invested in Countrywide common stock or the Countrywide common stock fund times the percentage alleged inflation per share for the date of purchase or receipt. The percentage alleged inflation for each date is provided in Table 1 set forth below.

Table 1: Alleged Inflation per Share as Percentage of Countrywide's Share Price as of Date of Receipt/Purchase or Sale/Disposal

Period	Begin	End	Percent Alleged Inflation	Avg. Price	Avg. Alleged Inflation
1	5/11/07	7/15/07	66.70%	\$ 38.38	\$ 25.60
2	7/16/07	7/23/07	65.51%	\$ 34.64	\$ 22.69
3	7/24/07	7/24/07	62.84%	\$ 30.50	\$ 19.17
4	7/25/07	8/1/07	62.01%	\$ 28.97	\$ 17.96
5	8/2/07	8/2/07	60.87%	\$ 26.77	\$ 16.29
6	8/3/07	8/5/07	60.37%	\$ 25.00	\$ 15.09
7	8/6/07	8/14/07	61.02%	\$ 27.26	\$ 16.63
8	8/15/07	8/15/07	55.93%	\$ 21.29	\$ 11.91
9	8/16/07	8/16/07	46.72%	\$ 18.95	\$ 8.85

1	10	8/17/07	8/19/07	49.66%	\$ 21.43	\$ 10.64
	11	8/20/07	8/23/07	45.97%	\$ 21.36	\$ 9.82
2	12	8/24/07	9/9/07	43.26%	\$ 19.49	\$ 8.43
	13	9/10/07	9/10/07	40.10%	\$ 17.21	\$ 6.90
3	14	9/11/07	9/12/07	37.78%	\$ 16.75	\$ 6.33
	15	9/13/07	10/10/07	44.46%	\$ 19.43	\$ 8.64
4	16	10/11/07	10/16/07	43.38%	\$ 18.36	\$ 7.97
	17	10/17/07	10/17/07	41.51%	\$ 17.35	\$ 7.20
5	18	10/18/07	10/22/07	38.94%	\$ 15.81	\$ 6.15
	19	10/23/07	10/23/07	36.25%	\$ 15.05	\$ 5.46
6	20	10/24/07	10/24/07	31.27%	\$ 13.83	\$ 4.33
	21	10/25/07	10/25/07	27.85%	\$ 13.07	\$ 3.64
7	22	10/26/07	10/28/07	43.86%	\$ 17.30	\$ 7.59
	23	10/29/07	10/29/07	42.65%	\$ 16.83	\$ 7.18
8	24	10/30/07	11/14/07	39.55%	\$ 14.27	\$ 5.64
	25	11/15/07	11/19/07	35.76%	\$ 11.62	\$ 4.15
9	26	11/20/07	11/20/07	37.85%	\$ 10.28	\$ 3.89
	27	11/21/07	11/25/07	32.94%	\$ 9.54	\$ 3.14
10	28	11/26/07	11/27/07	29.51%	\$ 8.81	\$ 2.60
	29	11/28/07	11/29/07	22.74%	\$ 9.01	\$ 2.05
11	30	11/30/07	12/3/07	30.49%	\$ 10.75	\$ 3.28
	31	12/4/07	12/5/07	27.48%	\$ 10.21	\$ 2.81
12	32	12/6/07	12/6/07	35.11%	\$ 12.10	\$ 4.25
	33	12/7/07	12/9/07	32.28%	\$ 11.54	\$ 3.73
13	34	12/10/07	12/10/07	36.22%	\$ 12.51	\$ 4.53
	35	12/11/07	12/11/07	33.31%	\$ 11.33	\$ 3.77
14	36	12/12/07	12/12/07	29.57%	\$ 10.53	\$ 3.11
	37	12/13/07	1/6/08	25.70%	\$ 9.06	\$ 2.33
15	38	1/7/08	1/7/08	17.13%	\$ 7.64	\$ 1.31
	39	1/8/08	1/8/08	-9.76%	\$ 5.47	\$ (0.53)
16	40	1/9/08	1/9/08	-19.32%	\$ 5.12	\$ (0.99)
	41	1/10/08	4/15/08	0.00%	\$ 6.04	\$ -

18 4. All receipts of units or shares in the Countrywide stock fund shall be
19 matched with all sales and disposals of units or shares on a first-in-first-out
20 (FIFO) basis. Claims for damages shall not exceed the total difference
21 between the alleged inflation paid in the form of all eligible receipts of
22 shares on and between May 11, 2007 and January 9, 2008 minus the
23 alleged inflation received in the form of sales and disposals of eligible
24 Countrywide units or shares on and between May 11, 2007 and January 9,
25 2008, as determined based on FIFO matching.

26 B. The aggregate 401(k) Plan Net Losses of all Claimants as calculated above is the
27 “401(k) Plan Net Loss.”

28 C. For each Claimant, the Claims Administrator shall determine the approximate
alleged net loss relating to the Equity Plan (“Equity Plan Net Loss”) as follows:

1. The total number of restricted shares eligible to file claims for damages is
not expected to exceed 4.5 million and the total number of granted stock
options is not expected to exceed 15.0 million. However, not all eligible

1 shares or options were damaged, vested, or will be entitled to claims for
2 damages. Persons filing claims must have received either restricted shares
3 or options to purchase shares of Countrywide Financial Corporation
4 (“Countrywide”) pursuant to employment or affiliation with Countrywide
5 Financial Corporation on or between August 8, 2006 and April 15, 2008.
6 Only shares and options to purchase shares of Countrywide that vested
7 (whether normally or through acceleration) are eligible for damages.

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2. For eligible restricted shares of Countrywide received on or between
August 8, 2006 and April 15, 2008, the eligible claims shall be:

a. For each vested share sold on or before April 15, 2008, the claim for
damages shall be the lesser of:

- i. The alleged inflation per share at the time of receipt as
determined by the closing price of Countrywide
common stock on the date of receipt times the
percentage alleged inflation per share for the date of
receipt minus the alleged inflation per share at the time
of deemed sale as determined by the sales proceeds
received times the percentage alleged inflation per share
for that date of sale. The percentage alleged inflation
for each date is provided in Table 1 set forth below.
- ii. The difference between the closing price per share on
the date of receipt and the sales price per share received
on the date of sale.

b. For each vested share sold or held after April 15, 2008, the claim for
damages shall be the lesser of:

- i. The alleged inflation per share at the time of receipt as
determined by the closing price of Countrywide
common stock on the date of receipt times the
percentage alleged inflation per share for the date of
receipt. The percentage alleged inflation for each date
is provided in Table 1 set forth below.
- ii. The difference between the closing price per share on
the date of receipt and the greater of the sales price (if
sold prior to June 30, 2008) per share and \$4.75 per
share (the closing price on April 15, 2008).

Table 1: Alleged Inflation per Share as Percentage of Countrywide's Share Price as of Date of Receipt or Sale/Disposal

Period	Begin	End	Restricted Stock Percent Alleged Inflation	Avg. Price	Avg. Alleged Inflation for Restricted Stock Claim
1	8/8/06	10/23/06	23.76%	\$ 34.76	\$ 8.26
2	10/24/06	1/11/07	24.69%	\$ 40.37	\$ 9.97
3	1/12/07	3/5/07	24.82%	\$ 41.36	\$ 10.27
4	3/6/07	7/15/07	26.68%	\$ 37.20	\$ 9.93
5	7/16/07	7/23/07	26.21%	\$ 34.64	\$ 9.08
6	7/24/07	7/24/07	25.13%	\$ 30.50	\$ 7.67
7	7/25/07	8/1/07	24.80%	\$ 28.97	\$ 7.19
8	8/2/07	8/2/07	24.35%	\$ 26.77	\$ 6.52
9	8/3/07	8/5/07	24.15%	\$ 25.00	\$ 6.04
10	8/6/07	8/14/07	24.41%	\$ 27.26	\$ 6.65
11	8/15/07	8/15/07	22.37%	\$ 21.29	\$ 4.76
12	8/16/07	8/16/07	18.69%	\$ 18.95	\$ 3.54
13	8/17/07	8/19/07	19.86%	\$ 21.43	\$ 4.26
14	8/20/07	8/23/07	18.39%	\$ 21.36	\$ 3.93
15	8/24/07	9/9/07	17.31%	\$ 19.49	\$ 3.37
16	9/10/07	9/10/07	16.04%	\$ 17.21	\$ 2.76
17	9/11/07	9/12/07	15.11%	\$ 16.75	\$ 2.53
18	9/13/07	10/10/07	17.78%	\$ 19.43	\$ 3.46
19	10/11/07	10/16/07	17.35%	\$ 18.36	\$ 3.19
20	10/17/07	10/17/07	16.60%	\$ 17.35	\$ 2.88
21	10/18/07	10/22/07	15.57%	\$ 15.81	\$ 2.46
22	10/23/07	10/23/07	14.50%	\$ 15.05	\$ 2.18
23	10/24/07	10/24/07	12.51%	\$ 13.83	\$ 1.73
24	10/25/07	10/25/07	11.14%	\$ 13.07	\$ 1.46
25	10/26/07	10/28/07	17.54%	\$ 17.30	\$ 3.04
26	10/29/07	10/29/07	17.06%	\$ 16.83	\$ 2.87
27	10/30/07	11/14/07	15.82%	\$ 14.27	\$ 2.26
28	11/15/07	11/19/07	14.30%	\$ 11.62	\$ 1.66
29	11/20/07	11/20/07	15.14%	\$ 10.28	\$ 1.56
30	11/21/07	11/25/07	13.18%	\$ 9.54	\$ 1.26
31	11/26/07	11/27/07	11.80%	\$ 8.81	\$ 1.04
32	11/28/07	11/29/07	9.10%	\$ 9.01	\$ 0.82
33	11/30/07	12/3/07	12.20%	\$ 10.75	\$ 1.31
34	12/4/07	12/5/07	10.99%	\$ 10.21	\$ 1.12
35	12/6/07	12/6/07	14.05%	\$ 12.10	\$ 1.70
36	12/7/07	12/9/07	12.91%	\$ 11.54	\$ 1.49
37	12/10/07	12/10/07	14.49%	\$ 12.51	\$ 1.81
38	12/11/07	12/11/07	13.32%	\$ 11.33	\$ 1.51
39	12/12/07	12/12/07	11.83%	\$ 10.53	\$ 1.25
40	12/13/07	1/6/08	10.28%	\$ 9.06	\$ 0.93
41	1/7/08	1/7/08	6.85%	\$ 7.64	\$ 0.52
42	1/8/08	1/8/08	-3.90%	\$ 5.47	\$ (0.21)
43	1/9/08	1/9/08	-7.73%	\$ 5.12	\$ (0.40)
44	1/10/08	4/15/08	0.00%	\$ 6.04	\$ -

3. All receipts of Countrywide restricted shares shall be matched with all sales and disposals of restricted shares on a first-in-first-out (FIFO) basis. Claims for damages for eligible restricted shares shall not exceed the total difference between the alleged inflation paid in the form of all receipts of eligible shares on and between August 8, 2006 and January 9, 2008 minus the alleged inflation received in the form of sales and disposals of eligible Countrywide shares on and between August 8, 2006 and January 9, 2008, as determined on a FIFO basis.

4. For eligible vested options to purchase shares of Countrywide received on or between August 8, 2006 and April 15, 2008, the eligible claims shall be:

The alleged inflation per option per share at the time of receipt (date of grant) as determined by the stated exercise price to purchase Countrywide common stock on the date of receipt times the percentage alleged inflation per option per share for the date of receipt. The percentage alleged inflation for each date is provided in Table 1 set forth below.

Table 2: Alleged Inflation per Share as Percentage of Exercise Price to Purchase a Countrywide Share Price as of Date of Receipt or Grant

Period	Begin	End	Option Claim as a Percentage of Exercise Price	Avg. Price	Avg. Option per Share Damage Claim
1	8/8/06	10/23/06	2.97%	\$ 34.76	\$ 1.03
2	10/24/06	1/11/07	3.09%	\$ 40.37	\$ 1.25
3	1/12/07	3/5/07	3.10%	\$ 41.36	\$ 1.28
4	3/6/07	7/15/07	3.34%	\$ 37.20	\$ 1.24
5	7/16/07	7/23/07	3.28%	\$ 34.64	\$ 1.13
6	7/24/07	7/24/07	3.14%	\$ 30.50	\$ 0.96
7	7/25/07	8/1/07	3.10%	\$ 28.97	\$ 0.90
8	8/2/07	8/2/07	3.04%	\$ 26.77	\$ 0.81
9	8/3/07	8/5/07	3.02%	\$ 25.00	\$ 0.75
10	8/6/07	8/14/07	3.05%	\$ 27.26	\$ 0.83
11	8/15/07	8/15/07	2.80%	\$ 21.29	\$ 0.60
12	8/16/07	8/16/07	2.34%	\$ 18.95	\$ 0.44
13	8/17/07	8/19/07	2.48%	\$ 21.43	\$ 0.53
14	8/20/07	8/23/07	2.30%	\$ 21.36	\$ 0.49
15	8/24/07	9/9/07	2.16%	\$ 19.49	\$ 0.42
16	9/10/07	9/10/07	2.00%	\$ 17.21	\$ 0.35
17	9/11/07	9/12/07	1.89%	\$ 16.75	\$ 0.32
18	9/13/07	10/10/07	2.22%	\$ 19.43	\$ 0.43
19	10/11/07	10/16/07	2.17%	\$ 18.36	\$ 0.40
20	10/17/07	10/17/07	2.08%	\$ 17.35	\$ 0.36
21	10/18/07	10/22/07	1.95%	\$ 15.81	\$ 0.31
22	10/23/07	10/23/07	1.81%	\$ 15.05	\$ 0.27
23	10/24/07	10/24/07	1.56%	\$ 13.83	\$ 0.22
24	10/25/07	10/25/07	1.39%	\$ 13.07	\$ 0.18
25	10/26/07	10/28/07	2.19%	\$ 17.30	\$ 0.38
26	10/29/07	10/29/07	2.13%	\$ 16.83	\$ 0.36
27	10/30/07	11/14/07	1.98%	\$ 14.27	\$ 0.28

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28	11/15/07	11/19/07	1.79%	\$ 11.62	\$ 0.21
29	11/20/07	11/20/07	1.89%	\$ 10.28	\$ 0.19
30	11/21/07	11/25/07	1.65%	\$ 9.54	\$ 0.16
31	11/26/07	11/27/07	1.48%	\$ 8.81	\$ 0.13
32	11/28/07	11/29/07	1.14%	\$ 9.01	\$ 0.10
33	11/30/07	12/3/07	1.52%	\$ 10.75	\$ 0.16
34	12/4/07	12/5/07	1.37%	\$ 10.21	\$ 0.14
35	12/6/07	12/6/07	1.76%	\$ 12.10	\$ 0.21
36	12/7/07	12/9/07	1.61%	\$ 11.54	\$ 0.19
37	12/10/07	12/10/07	1.81%	\$ 12.51	\$ 0.23
38	12/11/07	12/11/07	1.67%	\$ 11.33	\$ 0.19
39	12/12/07	12/12/07	1.48%	\$ 10.53	\$ 0.16
40	12/13/07	1/6/08	1.28%	\$ 9.06	\$ 0.12
41	1/7/08	1/7/08	0.86%	\$ 7.64	\$ 0.07
42	1/8/08	1/8/08	-0.49%	\$ 5.47	\$ (0.03)
43	1/9/08	1/9/08	-0.97%	\$ 5.12	\$ (0.05)
44	1/10/08	4/15/08	0.00%	\$ 6.04	\$ -

D. The aggregate Equity Plan Net Losses of all Claimants as calculated above is the "Total Equity Plan Net Loss."

E. The sum of each Claimant's 401(k) Plan Net Loss, and Equity Plan Net Loss is the Claimant's "Total Net Loss."

F. The Claims Administrator shall calculate for each Claimant his or her "Net Loss Percentage" by dividing each Claimant's Total Net Loss by the Total Net Losses of all Claimants.

G. The Claims Administrator shall then calculate for each Claimant the "Preliminary Dollar Recovery" by multiplying the Claimant's Net Loss Percentage by the Net Proceeds.

H. The Claims Administrator shall identify all Claimants whose Preliminary Dollar Recovery under paragraph G above is less than or equal to twenty dollars (\$20.00) (the "De Minimis Amount"). All Claimants whose Preliminary Dollar Recovery is less than or equal to the De Minimis Amount shall be deemed to have a Final Dollar Recovery of zero, and the Preliminary Dollar Recovery otherwise allocable to such Claimants shall be reallocated among the other Claimants proportionately in accordance with their Preliminary Dollar Recoveries (the "Reallocation").

I. The Claims Administrator shall then recalculate in accordance with paragraphs II.A-G above the Net Loss Percentages of the Claimants whose Preliminary Dollar Recovery was greater than the De Minimis Amount to take into account the Reallocation, so as to arrive at each Claimant's "Final Dollar Recovery." If there is no Reallocation, each Claimant's Preliminary Dollar Recovery shall be each Claimant's Final Dollar Recovery. The sum of the Final Dollar Recoveries of all Claimants (the "Total Dollar Recoveries") must equal the Net Proceeds.

DO I NEED TO CONTACT CLASS COUNSEL IN ORDER TO PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?

No. If you have received this Notice and timely submit your Proof of Claim to the designated address, you need not contact the class counsel. If you did not receive this Notice but believe you should have, or if your address changes, please contact the Claims Administrator at:

Countrywide Employee Incentive Plans Settlement
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box XXXX
Dublin, OH 43017-XXXX
Phone: 1-800-XXX-XXXX
www.xxxxxxxxxxxxxlitigation.com

THERE WILL BE NO PAYMENTS IF THE SETTLEMENT AGREEMENT IS TERMINATED

The Settlement Agreement may be terminated under several circumstances outlined in it. If the Settlement Agreement is terminated, the certification of the Settlement Class for settlement purposes will be vacated, and the Actions will proceed as if the Settlement Agreement had not been entered into.

WHAT ARE THE REASONS FOR SETTLEMENT?

The Court has not reached any final decisions in connection with the Plaintiffs' claims against the Defendants. Instead, the Plaintiffs and the Defendants have agreed to this Settlement. In reaching the Settlement, they have avoided the cost, delay and uncertainty of further litigation.

As in any litigation, Plaintiffs and the proposed Settlement Classes would face an uncertain outcome if they did not agree to the proposed settlement. The parties expected that the case could continue for a lengthy period of time and that if Plaintiffs succeeded, Defendants would file appeals that would delay final resolution of the case. Continuation of the case against Defendants could result in a judgment greater than this Settlement. Conversely, continuing the case could result in no recovery at all or a recovery that is less than the amount of the Settlement.

Plaintiffs and Class Counsel believe that this Settlement is fair and reasonable to the Members of the Settlement Classes. They have reached this conclusion for several reasons. If the Settlement is approved, the Settlement Classes will receive a significant monetary recovery. Additionally, Class Counsel believe that the significant and immediate benefits of the proposed Settlement are an excellent result for the Classes – especially given the risks and uncertainties of continued litigation.

WHO REPRESENTS THE SETTLEMENT CLASSES?

The following attorneys are Class Counsel:

SCOTT+SCOTT LLP
Arthur L. Shingler III
707 Broadway, Suite 1000
San Diego, CA 92101
Phone: (619) 233-4565
Fax: (619) 233-0508

SCOTT+SCOTT LLP
Geoffrey M. Johnson
12434 Cedar Road, Suite 12
Cleveland Heights, OH 44106
Phone: (216) 229-6088
Fax: (216) 229-6092

If you have any questions, you are entitled to consult with Class Counsel by contacting counsel at the phone numbers listed above.

1 You may obtain a copy of the Settlement Agreement by contacting the Claims Administrator at:

2 *Countrywide Employee Incentive Plans Settlement*
3 Claims Administrator
4 c/o The Garden City Group, Inc.
5 P.O. Box XXXX
6 Dublin, OH 43017-XXXX
7 Phone: 1-800-XXX-XXXX
8 www.xxxxxxxxxxxxxlitigation.com

9 **HOW WILL THE LAWYERS BE PAID?**

10 Class Counsel will file a motion for an award of attorneys' fees and expenses that will be
11 considered at the Fairness Hearing. Class Counsel will limit their application for an award of attorneys'
12 fees to not more than 33-1/3 % of the Gross Settlement Fund, plus reimbursement of expenses incurred
13 in connection with the Actions.

14 **CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?**

15 If you do not want to receive a payment from this Settlement, and you want to keep the right to
16 sue or continue to sue Defendants on your own about the legal issues in this case, then you must take
17 steps to get out of the Settlement. This is called excluding yourself from, or "opting out" of, the Classes.

18 To exclude yourself from the Settlement, you must send a letter by mail saying that you want to
19 be excluded from the Settlement in the following Actions: *Richard Layne v. Countrywide Financial*
20 *Corp., et al.*, Case No. BC 389208, and *Julietta Teratsonian and Carole Carpenter v. Countrywide*
21 *Financial Corp., et al.*, Case No. BC 389332. Be sure to include your name, address, telephone number,
22 date(s), price(s) of securities that you acquired that are subject to the *Layne* and *Teratsonian* Actions,
23 including all transactions concerning shares of Countrywide stock allocated to your 401(k) Plan account
24 on or after May 11, 2007, and shares of Countrywide acquired on or after August 8, 2006 in connection
25 with your Equity Plan account (including supporting documentation showing proof of participation in
26 the 401(k) Plan or Equity Plan or such other documents evidencing such acquisition(s)) and your
27 signature. Your exclusion request must be postmarked no later than _____, 2011 and sent to the
28 Claims Administrator at:

29 *Countrywide Employee Incentive Plans Settlement*
30 Claims Administrator
31 c/o The Garden City Group, Inc.
32 P.O. Box XXXX
33 Dublin, OH 43017-XXXX
34 Phone: 1-800-XXX-XXXX
35 www.xxxxxxxxxxxxxlitigation.com

36 You cannot exclude yourself by phone or by e-mail. If you make a proper request for exclusion,
37 you will not receive a Settlement payment, and you cannot object to the Settlement. You will not be
38 legally bound by anything that happens in this lawsuit.

1 **CAN I OBJECT TO THE PROPOSED SETTLEMENT, THE REQUESTED ATTORNEYS’**
2 **FEES, AND/OR THE PLAN OF ALLOCATION?**

3 Yes. If you are a Settlement Class Member, you may object to the terms of the Settlement.
4 Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys’
5 fees and expenses, and/or the Plan of Allocation. In order for any objection to be considered, you must
6 file a written statement, accompanied by proof of Class Membership, with the Court, Class Counsel and
7 Defendants’ counsel at the addresses listed herein by _____, 2011. Attendance at the Fairness
8 Hearing is not necessary; however, persons wishing to be heard orally at the Fairness Hearing are
9 required to indicate in their written objection their intention to appear at the hearing and the identity of
10 any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

11 **WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE SETTLEMENT?**

12 If you are a Settlement Class Member and you do not exclude yourself from the Settlement, you
13 may receive the benefit of, and you will be bound by, the terms of the proposed Settlement described in
14 this Notice, upon approval by the Court.

15 **HOW CAN I GET A PAYMENT?**

16 In order to qualify for a payment, you must timely complete and return the Proof of Claim form
17 that accompanies this Notice. Read the instructions carefully; fill out the Proof of Claim form; sign it;
18 and mail it postmarked no later than _____, 2011. If you do not submit a timely Proof of Claim
19 form with all of the required information, you will not receive a payment from the Settlement Fund;
20 however, unless you expressly exclude yourself from the Settlement as described above, you will still be
21 bound in all other respects by the Settlement, the Judgment, and the release contained in them.

22 **WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?**

23 If the proposed Settlement is approved by the Court, the Court will enter a Judgment that will
24 permanently dismiss the above Actions against the Defendants. In addition, on the day the Judgment
25 becomes effective, all Settlement Class Members, on behalf of themselves, their successors and assigns,
26 shall be deemed to have fully, finally and forever released, relinquished and discharged the “Settled
27 Claims,” which include any and all claims, debts, demands, disputes, rights, actions or causes of action,
28 liabilities, damages, losses, obligations, judgments, suits, matters and issues of any kind or nature
whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or
consulting fees, and any and all other costs, expenses or liabilities whatsoever), whether based on United
States federal, state or local statutory or common law or any other law, rule or regulation, whether
foreign or domestic, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in
equity, matured or unmatured, foreseen or unforeseen, whether class or individual in nature, direct or
derivative, including both known claims and Unknown Claims (as defined below) (i) that were asserted
or could have been asserted in the Actions against any of the Released Parties, (ii) that would have been
barred by res judicata had the Actions been fully litigated to a final judgment, or (iii) that could have
been, or could in the future be, asserted in the Action or in any court, tribunal, proceeding, or forum by
the Plaintiffs or the Class Members or any of them against any of the Released Parties that also
(a) concern, arise out of, refer to, relate to, or are based upon or related in any way to any of the subject
matter, allegations, transactions, facts, matters, occurrences, representations, statements, or omissions
alleged, involved, set forth, or referred to in the Actions; and (b) relate to the purchase, sale, acquisition
or holding of any security issued by Countrywide or any Countrywide-related entity. “Settled Claims”

1 also includes any and all claims arising out of, relating to, or in connection with the Settlement or
2 resolution of the Actions against the Released Parties (including Unknown Claims), except claims to
enforce any of the terms of this Stipulation and Settlement.

3 Notwithstanding the foregoing, nothing in the definition of “Settled Claims” shall prevent
4 Plaintiffs or Class Members from seeking to participate as unnamed class members in any settlement or
5 other recovery in any class action that relates to the purchase, sale, acquisition or holding of any security
issued by Countrywide or any Countrywide-related entity, whether such Countrywide-related entity is a
corporation, partnership, limited liability company, trust, or other entity.

6 The Released Parties are Defendants and any and all of their families, parent entities, subsidiaries
7 (including Bank of America Corporation and each of its subsidiaries), associates, affiliates, or successors
8 and each and all of their respective past, present or future officers, directors, executives, partners,
9 stockholders, representatives, employees, principals, trustees, attorneys, financial or investment
10 advisors, consultants, accountants, auditors, investment bankers, commercial bankers, insurers,
reinsurers, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships,
personal representatives, estates, administrators, predecessors, successors, assigns and any other
representatives of any of these persons or entities or their successors.

11 The above description of the proposed Settlement is only a summary. The complete terms,
12 including the definitions of the Released Parties and Settled Claims, are set forth in the Settlement
13 Agreement (including its exhibits), which may be obtained at www.xxxxxLitigation.com, or by
contacting Class Counsel listed on Page 10 above.

14 **THE FAIRNESS HEARING**

15 A hearing (the “Fairness Hearing”) will be held on _____, 2011, at _:_0_.m., before the
16 Honorable Jane L. Johnson at the Superior Court of California, County of Los Angeles – Central Civil
17 West Courthouse, Department 308, 600 South Commonwealth Avenue, Los Angeles, California 90005,
18 for the purpose of determining (a) whether the proposed Settlement as set forth in the Agreement is fair,
reasonable and adequate and should be approved by the Court; (b) whether the Order and Final
19 Judgment of Dismissal as provided under the Stipulation should be entered, dismissing the Complaint
20 filed herein, on the merits and with prejudice; (c) whether the release by the Class of the Settled Claims,
as set forth in the Stipulation, should be provided to the Released Parties; (d) whether Class Counsel
21 should receive an award of attorneys’ fees and costs, and the amount of any such award; and (e) whether
the Proposed Plan of Allocation should be approved by the Court. The Court may adjourn or continue
the Fairness Hearing without further written notice.

22 Any Settlement Class Member may appear at the Fairness Hearing and be heard on any of the
23 foregoing matters; provided, however, that no such person shall be heard unless his, her or its objection
24 is made in writing and is filed, together with proof of membership in the Settlement Class and with
copies of all other papers and briefs to be submitted by him, her or it to the Court at the Fairness
25 Hearing, with the Court no later than _____, 2011, and showing due proof of service on the following
counsel:

1 SCOTT+SCOTT LLP
2 Arthur L. Shingler III
3 707 Broadway, Suite 1000
4 San Diego, CA 92101
5 Telephone: (619) 233-4565
6 Facsimile: (619) 233-0508

7 SCOTT+SCOTT LLP
8 Geoffrey M. Johnson
9 12434 Cedar Road, Suite 12
10 Cleveland Heights, OH 44106
11 Telephone: (216) 229-6088
12 Facsimile: (216) 229-6092

13 *Attorneys for Plaintiffs*

GOODWIN PROCTER LLP
Lloyd Winawer
lwinawer@goodwinprocter.com
301 South Figueroa Street, 41st Floor
Los Angeles, California 90017
Tel.: (213) 426-2500
Fax: (213) 623-1673

GOODWIN PROCTER LLP
Brian E. Pastuszewski
bpastuszewski@goodwinprocter.com
Inez H. Friedman-Boyce
ifriedmanboyce@goodwinprocter.com
53 Exchange Place
Boston, Massachusetts 02109
Telephone: (617) 570-1000
Facsimile: (617) 523-1231

*Attorneys for Defendant Countrywide
Financial Corporation*

14 Unless otherwise directed by the Court, any Settlement Class Member who does not make his,
15 her or its objection in the manner provided shall be deemed to have waived all objections to this
16 Settlement and shall be foreclosed from raising (in this proceeding or on any appeal), any objection to
17 the Settlement, and any untimely objection shall be barred.

18 **INJUNCTION**

19 The Court has issued an order enjoining all Class Members, and anyone who acts or purports to
20 act on their behalf, from instituting, commencing, maintaining or prosecuting any action in any court or
21 tribunal that asserts Settled Claims against any Released Party, pending final determination by the Court
22 of whether the Settlement should be approved.

23 **HOW DO I OBTAIN ADDITIONAL INFORMATION?**

24 This Notice contains only a summary of the terms of the proposed Settlement. The records in
25 this litigation may be examined and copied at any time during regular office hours, and subject to
26 customary copying fees, at the Clerk of the Superior Court of California, County of Los Angeles –
27 Central District. In addition, Settlement Documents, including a Proof of Claim form, may be obtained
28 by contacting the Claims Administrator at:

Countrywide Employee Incentive Plans Settlement
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box XXXX
Dublin, OH 43017-XXXX
Phone: 1-800-XXX-XXXX
www.xxxxxxxxxxxxxlitigation.com

1 **DO NOT WRITE TO OR TELEPHONE THE COURT FOR INFORMATION.**

2 Dated: _____, 2011

3 _____
4 BY ORDER OF THE SUPERIOR COURT OF
5 CALIFORNIA COUNTY OF LOS ANGELES –
6 CENTRAL DISTRICT
7 HON. JANE L. JOHNSON
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EXHIBIT A-2

1 SCOTT+SCOTT LLP
ARTHUR L. SHINGLER III (181719)
2 HAL D. CUNNINGHAM (243048)
6424 Santa Monica Blvd.
Los Angeles, CA 90038
3 Telephone: 213.985.1274
213.985.1278 (fax)
4

5 SCOTT+SCOTT LLP
Geoffrey M. Johnson (*pro hac vice*)
12434 Cedar Road, Suite 12
6 Cleveland Heights, OH 44106
Telephone: 216.229.6088
7 216.229.6092 (fax)

8 *Attorneys for Plaintiffs*

9 [Additional Counsel on Signature Page]

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

12 RICHARD LAYNE, on Behalf of Himself and)
13 All Others Similarly Situated,)

14 Plaintiff,)

15 vs.)

16 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

17 Defendants.)

Case No. BC 389208

CLASS ACTION

**SUMMARY NOTICE OF PROPOSED
SETTLEMENT OF CLASS ACTION**

18 _____)
19 JULIETTA TERATSONIAN AND CAROLE)
20 CARPENTER, on Behalf of Themselves and All)
21 Others Similarly Situated,)

22 Plaintiff,)

23 vs.)

24 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

25 Defendants.)

Case No. BC 389332

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL CURRENT AND FORMER COUNTRYWIDE FINANCIAL CORPORATION (“COUNTRYWIDE” OR THE “COMPANY”) EMPLOYEES WHO (1) ACQUIRED COUNTRYWIDE SECURITIES IN THEIR COUNTRYWIDE FINANCIAL 401(k) SAVINGS AND INCENTIVE PLAN (THE “401(k) PLAN”) ON OR AFTER MAY 11, 2007, OR (2) ACQUIRED COUNTRYWIDE SECURITIES PURSUANT TO THE 2006 COUNTRYWIDE EQUITY INCENTIVE PLAN (THE “EQUITY PLAN”) ON OR AFTER AUGUST 8, 2006.

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on _____, 2011 at ____ :__ .m., before the Honorable Jane L. Johnson at the Superior Court of California, County of Los Angeles – Central Civil West Courthouse, Department 308, 600 South Commonwealth Avenue, Los Angeles, California 90005, to determine whether the proposed settlement (the “Settlement”) of the above-captioned actions (“Actions”) for \$2.05 million in cash should be approved by the Court as fair, reasonable and adequate; whether the Order and Final Judgment of Dismissal as provided under the Stipulation should be entered, dismissing the Complaints filed in the Actions on the merits and with prejudice; whether the release by the Classes of the Settled Claims, as set forth in the Stipulation, should be provided to the Released Parties; whether to award Plaintiffs’ Counsel attorneys’ fees and reimbursement of expenses out of the Settlement Fund (as defined in the Notice of Proposed Settlement of Class Actions (“Notice”), which is discussed below); and whether the Plan of Allocation should be approved by the Court.

IF YOU (1) HAD ALLOCATED TO YOUR 401(k) PLAN ACCOUNT SHARES OF COUNTRYWIDE STOCK ON OR AFTER MAY 11, 2007, OR (2) ACQUIRED COUNTRYWIDE STOCK ON OR AFTER AUGUST 8, 2006 IN CONNECTION WITH SECURITIES ISSUED UNDER THE EQUITY PLAN, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS ACTION. To share in the distribution of the Settlement Fund, you must establish your rights by filing a Proof of Claim on or before _____, 2011. Your failure to submit your Proof of Claim by _____, 2011 will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Action. If you are a Member of the Classes and do not request exclusion

1 therefrom, you will be bound by the Settlement and any judgment and Release entered in the Action,
2 including, but not limited to, the Final Order, whether or not you submit a Proof of Claim.

3 If you have not received a copy of the Notice, which more completely describes the Settlement
4 and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim form,
5 you may obtain these documents by writing to:

6
7 *Countrywide Employee Incentive Plans Settlement*
8 Garden City Group
9 P.O. Box XXXX
10 City, State, Zip
11 Phone: 800-XXX-XXXX
12 www.xxxxxxxxx.com

13 Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

14 Inquiries, other than requests for the Notice or for a Proof of Claim form, may be made to
15 Plaintiffs' Counsel:

16
17 SCOTT+SCOTT LLP
18 Arthur L. Shingler III
19 707 Broadway, Suite 1000
20 San Diego, CA 92101
21 Phone: (619) 233-4565
22 Fax: (619) 233-0508

23 IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A
24 REQUEST FOR EXCLUSION BY _____, 2011, IN THE MANNER AND FORM EXPLAINED IN
25 THE NOTICE. ALL MEMBERS OF THE CLASS WHO HAVE NOT REQUESTED EXCLUSION
26 FROM THE CLASS WILL BE BOUND BY THE SETTLEMENT ENTERED IN THE ACTION
27 EVEN IF THEY DO NOT FILE A TIMELY PROOF OF CLAIM.

28 Dated: _____, 2011

HON. JANE L. JOHNSON
JUDGE OF THE SUPERIOR COURT OF LOS ANGELES
COUNTY – CENTRAL CIVIL WEST

EXHIBIT A-3

**Must be
Postmarked No
Later Than
XXXX, 201X**

Countrywide Employee Incentive Plans Settlement
**Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box XXXX
Dublin, OH 43017-XXXX
Toll-Free: 1 (866) XXX-XXXX**

CTW

Claim Number:

Control Number:

PROOF OF CLAIM AND RELEASE

YOU MUST COMPLETE THIS CLAIM FORM BY XXXXXX XX, 201X TO BE ELIGIBLE TO SHARE IN THE SETTLEMENT.

<u>TABLE OF CONTENTS</u>	<u>PAGE #</u>
SECTION A -- CLAIMANT INFORMATION	2
SECTION B -- CERTIFICATION AND RELEASE	3
SECTION C -- <u>COUNTRYWIDE EQUITY INCENTIVE PLAN STOCK TRANSACTIONS</u>	4
REMINDER CHECKLIST	5

PLEASE REFERENCE THE ENCLOSED GENERAL INSTRUCTIONS FOR ASSISTANCE ON HOW TO COMPLETE THIS PROOF OF CLAIM AND RELEASE FORM.

QUESTIONS? PLEASE CALL 1 (866) XXX-XXXX OR VISIT www.xxxxxxxLitigation.com

SECTION A - CLAIMANT INFORMATION

Claimant Name(s) (as it appears on your Countrywide Financial Corporation 401(k) Savings and Incentive Plan and/or Countrywide Financial Corporation 2006 Equity Incentive Plan statement):

What is your Social Security Number OR Tax Payer Identification Number: _____

The Social Security (or Employer Identification) number and telephone number of the Claimant may be used in verifying the Claim. Failure to provide any of the foregoing information could delay verification of your Claim or result in rejection of your Claim.

Name of the Person you would like the Claims Administrator to Contact Regarding This Claim (if different from the Claimant's Name(s) listed above):

Claimant or Representative Contact Information:

The Claims Administrator will use this information for all communications relevant to this Claim (including the check, if eligible for payment). If this information changes, you **MUST** notify the Claims Administrator in writing at the address above.

Street Address:

City:

--	--

State and Zip Code:

--	--

Country (Other than U.S.):

--	--

Daytime Telephone Number:	() -	Evening Telephone Number:	()
	() -		

Email Address

(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)

IF YOU FAIL TO SUBMIT A COMPLETE CLAIM BY XXXXXX XX, 201X YOUR CLAIM IS SUBJECT TO REJECTION OR YOUR PAYMENT MAY BE DELAYED.

SECTION B – CERTIFICATION AND RELEASE

YOU MUST READ THIS AND SIGN

SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I/We submit this Proof of Claim and Release under the terms of the Settlement Agreement dated as of _____, 2010 (the "Stipulation"). I/We also submit to the jurisdiction of the Superior Court of the State of California, with respect to my/our claim as a Class Member (as defined in the Notice) and for purposes of enforcing the release set forth herein. I/We further acknowledge that I am/we are bound by and subject to the terms of any judgment that may be entered in the Action. I/We agree to furnish additional information to Lead Counsel to support this claim if required to do so. I/We have not submitted any other claim covering the same purchases, acquisitions and sales of Countrywide securities and know of no other person or entity having done so on my/our behalf.

I/We hereby warrant and represent that I/we have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released in the Stipulation.

UNDER THE PENALTY OF PERJURY I/WE CERTIFY THAT:

The number shown on this form is my correct social security number; and
I/We certify that I am/we are NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out the word "NOT" in the above statement.

I/We declare under penalty of perjury, under the laws of the United States of America, that the foregoing information supplied by the undersigned and the supporting documents attached hereto, are true, correct and complete to the best of my/our knowledge, information and belief, and that this Proof of Claim form was executed this day of

_____, XXXX in _____, _____
(Month) (City) (State)

(Sign your name here)

(Type or print your name here)

(Capacity of persons signing if other than an individual, e.g., Executor or Administrator)

YOU ONLY NEED TO COMPLETE SECTION C IF YOU RECEIVED COUNTRYWIDE RESTRICTED STOCK UNITS UNDER THE COUNTRYWIDE EQUITY INCENTIVE PLAN

**SECTION C – COUNTRYWIDE EQUITY INCENTIVE PLAN STOCK TRANSACTIONS
YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW**

If you are submitting a Claim with respect to one or more grants of restricted shares of Countrywide received under the 2006 Equity Incentive Plan, please complete this page.

1. **BEGINNING HOLDINGS:** State the total number of restricted shares of Countrywide **owned** pursuant to employment or affiliation with Countrywide Financial Corporation at the beginning of trading on **August 8, 2006**:

2. **VESTED SHARES SOLD:** List all **vested shares** of Countrywide Financial Corporation that were **sold** on or between **August 8, 2006** and **April 15, 2008** (inclusive). Be sure to attach the required documentation evidencing your trades.

TRADE DATE(S) (List Chronologically) Month/Day/Year	NUMBER OF SHARES OF RESTRICTED STOCK SOLD	SALE PRICE PER SHARE	TOTAL SALE PRICE*

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST
PHOTOCOPY THIS PAGE AND CHECK THIS BOX
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED**

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

REMINDER CHECKLIST

Remember to sign the Certification on page 3.

Keep copies of the completed Proof of Claim and documentation for your own records.

If you desire an acknowledgment of receipt of your Proof of Claim, please send it Certified Mail, Return Receipt Requested, or its equivalent. **You will bear all risks of delay or non-delivery of your Proof of Claim.**

If your address changes in the future, or if these documents were sent to an old or incorrect address, please send us **written** notification of your new address.

If you have any questions or concerns regarding your claim, please contact the Claims Administrator at:

Countrywide Employee Incentive Plans Settlement
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box XXXX
Dublin, OH 43017-XXXX
Toll-Free: 1 (866) XXX-XXXX
Website: www.xxxxxxxLitigation.com

This form and your supporting documentation must be postmarked no later than _____, XXXX.

EXHIBIT B

1 SCOTT+SCOTT LLP
ARTHUR L. SHINGLER III (181719)
2 HAL D. CUNNINGHAM (243048)
6424 Santa Monica Blvd.
Los Angeles, CA 90038
3 Telephone: 213.985.1274
213.985.1278 (fax)
4

5 SCOTT+SCOTT LLP
Geoffrey M. Johnson (*pro hac vice*)
12434 Cedar Road, Suite 12
6 Cleveland Heights, OH 44106
Telephone: 216.229.6088
7 216.229.6092 (fax)

8 *Attorneys for Plaintiffs*

9 [Additional Counsel on Signature Page]

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

12 RICHARD LAYNE, on Behalf of Himself and)
13 All Others Similarly Situated,)

14 Plaintiff,)

15 vs.)

16 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

17 Defendants.)

Case No. BC 389208

CLASS ACTION

**FINAL APPROVAL ORDER AND
JUDGMENT OF DISMISSAL WITH
PREJUDICE**

18 _____)
19 JULIETTA TERATSONIAN AND CAROLE)
20 CARPENTER, on Behalf of Themselves and All)
21 Others Similarly Situated,)

22 Plaintiffs,)

23 vs.)

24 COUNTRYWIDE FINANCIAL CORP., *et al.*,)

25 Defendants.)

Case No. BC 389332

1 **FINAL APPROVAL ORDER AND JUDGMENT OF DISMISSAL WITH PREJUDICE**

2 WHEREAS, the Court is advised that the parties through their counsel have agreed, subject to
3 Court approval following notice to the Class and a hearing, to settle these actions (the “Actions”) upon
4 the terms and conditions set forth in the Stipulation and Agreement of Settlement (the “Settlement
5 Agreement”) which was filed with the Court; and

6 WHEREAS, the Court entered its Order Preliminarily Approving Settlement and Confirming
7 Final Settlement Hearing which conditionally certified the Settlement Classes and preliminarily
8 approved notice to the Classes (including notice of the proposed Settlement and of a fairness hearing
9 thereon), and said notice has been made, and the fairness hearing has been held; and

10 NOW, THEREFORE, based upon the Settlement Agreement and all of the filings, records and
11 proceedings herein, and it appearing to the Court upon examination that the Settlement Agreement and
12 Settlement are fair, reasonable and adequate, and upon a fairness hearing having been held after notice
13 to the Classes of the proposed settlement to determine if the Settlement Agreement and Settlement are
14 fair, reasonable and adequate and whether a Final Approval Order and Judgment of Dismissal with
15 Prejudice should be entered in these Actions based upon the Settlement Agreement;

16 **THE COURT HEREBY FINDS AND CONCLUDES THAT:**

17 A. The provisions of the Settlement Agreement, including definitions of the terms used
18 therein, are hereby incorporated by reference as though fully set forth herein.

19 B. This Court has jurisdiction of the subject matter of these Actions and over all of the
20 parties and all members of the Classes.

21 C. All of the requirements for class certification under California law are met, and
22 therefore these Actions properly are maintained as class actions for purposes of settlement and the
23 Classes properly are certified. The Classes are defined as:

24 All current and former Countrywide Financial Corporation
25 (“Countrywide” or the “Company”) employees who acquired
26 Countrywide securities issued pursuant or traceable to the registration
27 statements filed with the Securities and Exchange Commission (“SEC”) on August 8, 2006 and May 11, 2007 (the “Registration Statements”).
28 Excluded from the Classes are Defendants, members of Defendants’ immediate families and their legal representatives, heirs, executors, administrators, successors and assigns. Also excluded from the Classes

1 are any persons or entities who exclude themselves by filing a timely and
2 valid request for exclusion in accordance with the requirements set forth in
the Notice.

3 D. With respect to the Classes, the Court finds that:

4 a. The Class Members are so numerous that their joinder in the Actions is
5 impracticable. There were in excess of ten thousand individuals who were
6 participants in the 401(k) Plan and/or Equity Plan as of May 11, 2007 and
7 August 8, 2006, respectively and who had grants based on Countrywide stock
8 allocated to their 401(k) Plan and/or Equity Plan accounts.

9 b. There are questions of law and fact common to the Classes. Those questions
10 include whether Registration Statements contained misstatements or omissions,
11 whether any misstatements or omissions were material, and whether any
12 misstatements or omissions caused harm to the members of the Classes.

13 c. The claims of the plaintiffs are typical of the claims of the Class Members. The
14 Plaintiffs claim to have acquired Countrywide stock pursuant or traceable to the
15 same Registration Statements as the members of the Classes, and they claim that
16 Defendants' conduct with respect to them and the members of the Classes was
17 identical.

18 d. The Plaintiff and Plaintiffs' Counsel have fairly and adequately represented and
19 protected the interests of the Class Members. The Plaintiffs have no conflicting
20 interests with absent members of the Classes. The Court is satisfied that
21 Plaintiffs' Counsel are qualified, experienced and prepared to represent the
22 Settlement Classes to the best of their abilities. The law firm of Scott+Scott
23 LLP is hereby appointed counsel for the Settlement Classes.

24 e. The questions of law or fact common to the members of the Classes
25 predominate over any questions affecting only individual members.
26
27
28

1 E. The form, content and method of dissemination of Notice given to the Class was
2 adequate and reasonable and constituted the best notice practicable under the circumstances, including
3 individual notice to all Class Members who could be identified through reasonable effort.

4 F. Notice, as given, complied with the requirements of California law, satisfied the
5 requirements of due process and constituted due and sufficient notice of the matters set forth herein.

6 G. The settlement set forth in the Settlement Agreement is fair, reasonable and adequate.

7 a. The Settlement was negotiated vigorously and at arms' length by the Plaintiffs
8 and their experienced counsel on behalf of the Classes. The cases settled only
9 after mediation conducted by an experienced mediator who was thoroughly
10 familiar with this litigation and with related pending litigation involving
11 Countrywide and its former shareholders and employees, and after Plaintiffs'
12 review of substantial information, pleadings and documents relevant to their
13 claims. Both the Plaintiffs and Defendants were well positioned to evaluate the
14 settlement value of these Actions. The Settlement Agreement has been entered
15 into in good faith and is not collusive.

16 b. If the Settlement had not been achieved, both the Plaintiffs and the Defendants
17 faced the expense, risk, and uncertainty of extended litigation. The Court takes
18 no position on the merits of either Plaintiffs' or Defendants' arguments, but
19 notes these arguments as evidence in support of the reasonableness of the
20 Settlement.

21 H. The Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented the
22 interest of the Class Members in connection with the settlement.

23 I. The Plaintiffs, all Class Members and Defendants are hereby bound by the terms of the
24 Settlement set forth in the Settlement Agreement.

25 **IT IS HEREBY ORDERED THAT:**

26 1. The Settlement Agreement and the settlement embodied therein are approved as final,
27 fair, reasonable and adequate. The settlement shall be consummated in accordance with the terms and
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1 provisions of the Settlement Agreement. [The Court has duly considered each objection that was filed
2 to the proposed Settlement, and each objection is hereby overruled.]

3 2. The Actions and all claims that are or have ever been contained therein, as well as all of
4 the Settled Claims, are dismissed with prejudice as to the Plaintiffs and the Class Members. The
5 Parties are to bear their own costs, except as otherwise provided in the Settlement Agreement.

6 3. All Released Parties as defined in the Settlement Agreement are released in accordance
7 with, and as defined in, the Settlement Agreement.

8 4. Upon the Effective Date hereof, Plaintiffs and all members of the Settlement Classes
9 shall be deemed to have, and by operation of the judgment shall have, absolutely and unconditionally,
10 fully, finally, and forever released, relinquished, and discharged any and all of the Defendants and any
11 and all of their families, parent entities, subsidiaries (including Bank of America Corporation and each
12 of its subsidiaries), associates, affiliates, or successors and each and all of their respective past, present
13 or future officers, directors, executives, partners, stockholders, representatives, employees, principals,
14 trustees, attorneys, financial or investment advisors, consultants, accountants, auditors, investment
15 bankers, commercial bankers, insurers, reinsurers, advisors or agents, heirs, executors, trustees, general
16 or limited partners or partnerships, personal representatives, estates, administrators, predecessors,
17 successors, assigns and any other representatives of any of these persons or entities or their successors
18 (“Released Parties”) from, and shall forever be enjoined from suing any or all of the Released Parties
19 for, any and all claims, debts, demands, disputes, rights, actions or causes of action, liabilities, damages,
20 losses, obligations, judgments, suits, matters and issues of any kind or nature whatsoever (including, but
21 not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any and
22 all other costs, expenses or liabilities whatsoever), whether based on United States federal, state or local
23 statutory or common law or any other law, rule or regulation, whether foreign or domestic, fixed or
24 contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured,
25 foreseen or unforeseen, whether class or individual in nature, direct or derivative, including both known
26 claims and Unknown Claims (i) that were asserted or could have been asserted in the Actions against
27 any of the Released Parties, (ii) that would have been barred by *res judicata* had the Actions been fully
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1 litigated to a final judgment, or (iii) that could have been, or could in the future be, asserted in the
2 Actions or in any court, tribunal, proceeding, or forum by the Plaintiffs or the Class Members or any of
3 them against any of the Released Parties that also (a) concern, arise out of, refer to, relate to, or are
4 based upon or related in any way to any of the subject matter, allegations, transactions, facts, matters,
5 occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in the
6 Actions; and (b) relate to the purchase, sale, acquisition or holding of any security issued by
7 Countrywide or any Countrywide-related entity (“Settled Claims”). Settled Claims also includes any
8 and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Actions
9 against the Released Parties (including Unknown Claims), except claims to enforce any of the terms of
10 this Stipulation and Settlement.

11 5. The Releases granted herein shall be effective as a bar to any all claims within the scope
12 of their express terms and provisions that Plaintiffs or any Class Member does not know or suspect to
13 exists in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants’
14 Claims that Defendants do not know or suspect to exist in their favor, which if known by him, her or it
15 might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all
16 Settled Claims and Settled Defendants’ Claims, the Parties stipulate and agree that by operation of this
17 Final Order and Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly
18 waived, and each Class Member shall be deemed to have waived, and by operation of this Final Order
19 and Judgment shall have expressly waived, the provisions, rights and benefits of Cal. Civ. Code §1542,
20 which provides:

21 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS**
22 **WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO**
23 **EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING**
24 **THE RELESASE, WHICH IF KNOWN BY HIM OR HER MUST**
25 **HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT**
26 **WITH THE DEBTOR;**

27 and any and all provisions, rights and benefits conferred by any law of any state or territory of the
28 United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ.
Code §1542. Plaintiffs and Defendants acknowledge, and Class Members shall be deemed to have

1 acknowledged, that the inclusion of Unknown Claims in the definition of Settled Defendants' Claims
2 was separately bargained for and was a key element of the Settlement.

3 6. All Class Members who have not made their objections to the settlement in the manner
4 provided in the notice are deemed to have waived any objections by appeal, collateral attack or
5 otherwise.

6 7. All Class Members who have failed to properly file requests for exclusion (requests to
7 opt out) from the Classes are bound by the terms and conditions of the Settlement Agreement and this
8 Final Order and Judgment and release and forever discharge the Released Parties from all Settled
9 Claims as provided in the Settlement Agreement.

10 8. Plaintiffs' Counsel are hereby awarded _____% of the Gross Settlement Fund in fees,
11 which sum the Court finds to be fair and reasonable, and \$ _____ in reimbursement of expenses,
12 which fees and expenses shall be paid within five (5) days of entry of this Order to Plaintiffs' Counsel
13 from the Gross Settlement Fund with interest from the date such Gross Settlement Fund was funded to
14 the date of payment at the same rate earned by the Gross Settlement Fund.

15 9. In making this award of attorneys' fees and reimbursement of expenses to be paid from
16 the Gross Settlement Fund, the Court has considered and found that:

17 (a) The Settlement has created a fund of \$2.05 million in cash plus interest thereon and that
18 Class Members who submit acceptable Proofs of Claim will benefit from the Settlement created by
19 Plaintiffs' Counsel;

20 (b) Over _____ copies of the Notice were disseminated to putative Class Members
21 indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of up to 33 1/3% of the
22 Gross Settlement Fund and for reimbursement of expenses in an amount of approximately \$ _____
23 and [only _____] [no] objections were filed against the terms of the proposed Settlement or the ceiling
24 on the fees and expenses requested by Plaintiffs' Counsel contained in the Notice;

25 (c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill,
26 perseverance and diligent advocacy;

1 (d) The Actions involve complex factual and legal issues, were actively prosecuted and, in
2 the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the
3 complex factual and legal issues;

4 (e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk
5 that Plaintiffs and the Classes may have recovered less or nothing from the Settling Defendants; and

6 (f) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement
7 Fund are consistent with awards in similar cases.

8 9. All other provisions of the Settlement Agreement are incorporated into this Order as if
9 fully rewritten herein. To the extent that the terms of this Order conflict with the terms of the Settlement
10 Agreement, the Settlement Agreement shall control.

11 10. Plaintiffs and all Class Members are hereby **BARRED AND PERMANENTLY**
12 **ENJOINED** from instituting, commencing, maintaining or prosecuting in any court or tribunal any of the
13 Settled Claims against any of the Released Parties.

14 11. Defendants and their successors or assigns are hereby **BARRED AND PERMANENTLY**
15 **ENJOINED** from instituting, commencing, maintaining or prosecuting any of the Settled Defendants'
16 Claims against any of the Plaintiffs, Class Members or their attorneys.

17 12. The Plan of Allocation set forth in the Notice is approved as fair and reasonable, and
18 Plaintiffs' Counsel are directed to arrange for the administration of the Settlement in accordance with its
19 terms and provisions. Any modification or change in the Plan of Allocation that may hereafter be
20 approved shall in no way disturb or affect this Final Order and Judgment or the releases provided
21 hereunder and shall be considered separate from this Final Order and Judgment.

22 13. The Court hereby decrees that neither the Settlement Agreement nor this final judgment
23 nor the fact of the settlement is an admission or concession by the Released Parties, or any of them, of
24 any liability or wrongdoing. This Final Order and Judgment is not a finding of the validity or invalidity
25 of any of the claims asserted or defenses raised in the Actions. Neither the Settlement Agreement nor
26 this Final Order and Judgment nor the fact of settlement nor the settlement proceedings nor the
27 settlement negotiations nor any related documents shall be offered or received in evidence as an
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1 admission, concession, presumption or inference against any of the Released Parties in any proceeding,
2 other than such proceedings as may be necessary to consummate or enforce the Settlement Agreement,
3 or in an action or proceeding to determine the availability, scope, or extent of insurance coverage (or
4 reinsurance related to such coverage) for the sums expended for the settlement and defense of these
5 Actions.

6 14. The Actions are dismissed with prejudice; subject, however, to this Court retaining
7 jurisdiction over compliance with the Settlement Agreement and this Final Order and Judgment.

8 15. The Court hereby bars all future claims for contribution arising out of the Actions (i) by
9 any person against the settling Parties; and (ii) by the settling Parties against any person, other than a
10 person whose liability has been extinguished by the settlement of the settling Parties.

11 16. Nothing in this Final Order and Judgment constitutes or reflects a waiver, release or
12 discharge of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries,
13 predecessors, successors, assigns, affiliates, or representatives. Nothing in this Final Order and
14 Judgment constitutes or reflects a waiver or release of any rights or claims relating to indemnification,
15 advancement or any undertakings by an indemnified party to repay amounts advanced or paid by way of
16 indemnification or otherwise.

17 17. In the event that the Settlement Agreement is terminated in accordance with its terms,
18 (i) this Judgment shall be rendered null and void and shall be vacated *nunc pro tunc*, (ii) these Actions
19 shall proceed as provided in the Settlement Agreement, (iii) the Defendants shall be permitted to object
20 to the certification of any proposed class in these Actions, (iv) the Defendants shall not be judicially or
21 equitably estopped from arguing against the certification of any class in these Actions.

22 18. There is no just reason for delay, and this is a final, appealable order as of when it is
23 stamped as received for filing.

24 19. Final judgment shall be entered herein.

25 So ordered.

26
27 Dated: _____

HON. JANE L. JOHNSON

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CERTIFICATE OF SERVICE

I, Ellen DeWan, declare:

I am employed in the County of San Diego, State of California. I am over the age of 18 and not a part to the within action. My business address is 707 Broadway, Suite 1000, San Diego, California, 92101.


On December 30, 2010, I served the following document by placing a true copy thereof in a sealed envelope on the persons listed on the attached service list:

STIPULATION AND AGREEMENT OF SETTLEMENT

I placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this firm's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid. The envelope or package was placed in the mail at San Diego, California.

I declare under penalty of perjury under the State of California that the foregoing is true and correct.

Executed on December 30, 2010, at San Diego, California.



Ellen DeWan

Teratsonian v. Countrywide Financial Corp., et al.
Los Angeles Superior Court
Case No. BC 389332

Consolidated with

Layne v. Countrywide Financial Corp., et al.
Los Angeles Superior Court
Case No. BC 389208

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