

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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NECA-IBEW HEALTH & WELFARE FUND,  
Individually and On Behalf of All Others Similarly  
Situated,  
  
Plaintiff,  
  
vs.  
  
GOLDMAN, SACHS & CO., et al.,  
  
Defendants.

Civil Action No. 1:08-cv-10783-LAP  
"ECF Case"  
CLASS ACTION

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POLICE AND FIRE RETIREMENT SYSTEM OF  
THE CITY OF DETROIT, Individually and On  
Behalf of All Others Similarly Situated,  
  
Plaintiff,  
  
vs.  
  
GOLDMAN, SACHS & CO., et al.,  
  
Defendants.

Civil Action No. 10 Civ. 4429-LAP  
"ECF Case"  
CLASS ACTION

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

**TO: ALL PERSONS WHO PRIOR TO DECEMBER 11, 2008 PURCHASED OR OTHERWISE ACQUIRED ANY OF THE CERTIFICATES<sup>1</sup> IN THE OFFERINGS<sup>2</sup> AND WERE DAMAGED THEREBY**

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

**NOTICE OF SETTLEMENT:** Please also be advised that Plaintiffs NECA-IBEW Health & Welfare Fund ("NECA") and Police and Fire Retirement System of the City of Detroit ("PFRS") (collectively, "Plaintiffs" or "Class Representatives"), in the above-captioned class action lawsuits, *NECA-IBEW Health & Welfare Fund v. Goldman, Sachs & Co., et al.*, Civil Action No. 1:08-cv-10783-LAP, and *Police and Fire Retirement System of the City of Detroit v. Goldman, Sachs & Co.*, Civil Action No. 10 Civ. 4429-LAP (the "Actions"), on behalf of the Settlement Class (as defined below), have reached a proposed settlement of the Actions for a total of \$272 million in cash (the "Settlement Amount") that will resolve all claims in the Actions.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THESE ACTIONS, WHETHER OR NOT YOU ACT UPON THIS SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM ("CLAIM FORM" OR "PROOF OF CLAIM FORM") **POSTMARKED ON OR BEFORE MAY 13, 2016.**

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the "Court"). The purpose of this Notice of Pendency of Class Action and Proposed Settlement and Final Approval Hearing ("Notice") is to inform you of the proposed settlement of these class action litigations (the "Settlement") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. The Settlement resolves the Settlement Class' claims asserted against the Defendants. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and these class action litigations.

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<sup>1</sup> "Certificates" means those Certificates listed (by CUSIP) on Table A to the Plan of Allocation, which is available on the Settlement website, [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com). All capitalized terms that are not defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement ("Stipulation").

<sup>2</sup> "Offerings" means GSAA Home Equity Trust 2007-3; GSAA Home Equity Trust 2007-4; GSAA Home Equity Trust 2007-5; GSAA Home Equity Trust 2007-6; GSAA Home Equity Trust 2007-7; GSAA Home Equity Trust 2007-8; GSAA Home Equity Trust 2007-10; GSAMP Trust 2007-HE1; GSAMP Trust 2007-HE2; GSR Mortgage Loan Trust 2007-OA1; GSR Mortgage Loan Trust 2007-OA2; GSR Mortgage Loan Trust 2007-3F; GSR Mortgage Loan Trust 2007-4F; and GSR Mortgage Loan Trust 2007-5F.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT</b>	
<b>DO NOTHING.</b>	Get no payment. Remain a Settlement Class Member. Give up your rights.
<b>REMAIN A MEMBER OF THE SETTLEMENT CLASS AND SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN MAY 13, 2016.</b>	This is the only way to be potentially eligible to receive a payment. If you wish to obtain a payment as a Member of the Settlement Class, you will need to file a Claim Form, which is included with this Notice, postmarked no later than May 13, 2016.
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS (OPT OUT) BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN MARCH 4, 2016.</b>	Receive no payment pursuant to this Settlement. This is the only option that allows you to ever potentially be part of any other lawsuit against any of the Defendants or the other Released Parties concerning the Released Claims. Should you elect to exclude yourself from the Settlement Class, you should understand that Defendants and the other Released Parties will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including, without limitation, the defense that any such claims are untimely under applicable statutes of limitations and statutes of repose.
<b>OBJECT TO THE SETTLEMENT SO THAT IT IS RECEIVED NO LATER THAN MARCH 4, 2016.</b>	Write to the Court about your view on the Settlement, or why you don't think the Settlement is fair to the Settlement Class. If you do not exclude yourself from the Settlement Class, you may object to the Settlement, the Plan of Allocation, or the request for attorneys' fees and Litigation Expenses. You must still submit a Claim Form in order to be potentially eligible to receive any money from the Settlement Fund.
<b>GO TO THE HEARING ON APRIL 13, 2016, AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN MARCH 4, 2016.</b>	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and Litigation Expenses.

### **SUMMARY NOTICE**

1. **Description of the Actions and the Settlement Class:** This Notice relates to a proposed settlement of class action lawsuits pending against the following defendants: Goldman, Sachs & Co.; Goldman Sachs Mortgage Company; GS Mortgage Securities Corp.; Daniel L. Sparks; Michelle Gill; and Kevin Gasvoda ("Defendants") (collectively, with Plaintiffs, the "Settling Parties"). The proposed Settlement, if approved by the Court, will apply to the following Settlement Class (the "Settlement Class"): all Persons who prior to December 11, 2008 purchased or otherwise acquired any of the Certificates in the Offerings and were damaged thereby. As described in more detail in ¶31 below, certain persons and entities are expressly excluded from the definition of the Settlement Class, including, but not limited to, those identified in the Stipulation. Anyone with questions as to whether or not they are excluded from the Settlement Class may call the Claims Administrator toll-free at 1-877-255-2890. Also excluded are those persons or entities who submit a request for exclusion as set forth in ¶52 below.

2. **Statement of Settlement Class' Recovery:** Subject to Court approval, and as described more fully in ¶¶42-44 below, Plaintiffs, on behalf of the Settlement Class, have agreed to settle all Released Claims (as defined in ¶43 below) against Defendants and other Released Parties (as defined in ¶44 below) in exchange for a settlement payment of \$272 million in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (the Settlement Fund less Taxes, Notice and Administration Costs, and attorneys' fees and Litigation Expenses awarded by the Court) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") that will be approved by the Court and will determine how the Net Settlement Fund shall be distributed to Members of the Settlement Class. The Plan of Allocation is a basis for determining the relative positions of Settlement Class Members for purposes of allocating the Net Settlement Fund. The proposed Plan of Allocation is included in this Notice, and may be modified by the Court without further notice.

3. **Statement of Average Distribution Per \$1,000 in Original Face Value:** The Settlement Fund consists of the \$272 million Settlement Amount plus interest earned. Based on the total original face value of the Certificates offered for sale to the public as stated in the prospectus supplements (without subtracting the principal paydowns received on the Certificates) purchased or acquired by potential Settlement Class Members, and assuming all potential Settlement Class Members elect to participate, the estimated average distribution is \$24.905 per \$1,000 in original face value offered. Settlement Class Members may recover more or less than this amount depending on, among other factors, the aggregate value of the Recognized Claims represented by valid and acceptable Claim Forms as explained in the Plan of Allocation appended hereto as Appendix A; when their Certificates were purchased or acquired and the price at the time of purchase;

any principal amounts received; whether the Certificates were sold, and if so, when they were sold and for how much; whether the Court sustained the claims asserted on behalf of purchasers of certain Certificates; and/or if held on the applicable date of suit identified in the Plan of Allocation for each of the Certificates, the value of the Certificates on that date. In addition, the actual recovery of Settlement Class Members may be further reduced by the payment of fees and costs from the Settlement Fund, as approved by the Court.

4. **Statement of the Parties’ Position on Damages:** Defendants deny all claims of wrongdoing, that they engaged in any wrongdoing, that they are liable to Plaintiffs and/or the Settlement Class, that Plaintiffs or other Members of the Settlement Class suffered any injury, and that the Actions are subject to proper certification for litigation purposes. Moreover, the parties do not agree on the amount of recoverable damages or on the average amount of damages per Certificate that would be recoverable if Plaintiffs were to prevail on each of the claims. The issues on which the parties disagree include, but are not limited to, whether: (1) the statements made or facts allegedly omitted were material, false or misleading; (2) Defendants are otherwise liable under the securities laws for those statements or omissions; and (3) all or part of the damages allegedly suffered by Members of the Settlement Class were caused by economic conditions or factors other than the allegedly false or misleading statements or omissions.

5. **Statement of Attorneys’ Fees and Expenses Sought:** Lead Counsel will apply to the Court for an award of attorneys’ fees from the Settlement Fund in the amount up to 21% of the Settlement Fund, plus interest earned at the same rate and for the same period as earned by the Settlement Fund. In addition, Lead Counsel also will apply to the Court for payment from the Settlement Fund for Plaintiffs’ Counsel’s Litigation Expenses (reasonable costs, expenses, or charges of Plaintiffs’ Counsel in connection with commencing and prosecuting the Actions), in an amount not to exceed \$1.5 million, plus interest earned at the same rate and for the same period as earned by the Settlement Fund. Expenses may include reimbursement of the costs and expenses of Plaintiffs (including lost wages) in accordance with 15 U.S.C. §77z-1(a)(4). Based on the total original face value of the Certificates offered for sale to the public as stated in the prospectus supplements (without subtracting the principal paydowns received on the Certificates) purchased or acquired by potential Settlement Class Members, and assuming all purchasers of the initially offered Certificates elect to participate, if the Court approves Lead Counsel’s fee and expense application, the estimated average cost is \$5.367 per \$1,000 of original face value offered. The actual cost may be more or less than this amount depending on, among other factors, the aggregate value of the Recognized Claims represented by valid and acceptable Claim Forms as explained in the Plan of Allocation appended hereto as Appendix A; when their Certificates were purchased or acquired and the price at the time of purchase; any principal amounts received; whether the Certificates were sold, and if so, when they were sold and for how much; whether the Court awards the amount of attorneys’ fees and Litigation Expenses requested by Lead Counsel; and/or if held on the applicable date of suit identified in the Plan of Allocation for each of the Certificates, the value of the Certificates on that date.

6. **Identification of Attorneys’ Representatives:** Plaintiffs and the Settlement Class are being represented by Robbins Geller Rudman & Dowd LLP (“Lead Counsel”), Wolf Haldenstein Adler Freeman & Herz, LLP, Kohn, Swift & Graf, P.C., and Cavanagh & O’Hara (collectively, “Plaintiffs’ Counsel”). Any questions regarding the Settlement should be directed to Arthur C. Leahy and Lucas F. Olts at Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900, artl@rgrdlaw.com, lolts@rgrdlaw.com.

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## WHY DID I GET THIS NOTICE?

7. The purpose of this Notice is to inform you about: (a) the class action litigations, (b) the certification of the Settlement Class, (c) the terms of the proposed Settlement, and (d) your rights in connection with a hearing to be held before the United States District Court for the Southern District of New York (the “Court”), on April 13, 2016, at 10:00 a.m., to consider the fairness, reasonableness, and adequacy of the Settlement and related matters. This Notice also describes the steps to be taken by those who wish to be excluded from the Settlement Class and, for those who remain Settlement Class Members, the steps necessary to seek to be potentially eligible to share in the distribution of the Settlement Fund in the event the Settlement is approved by the Court.

8. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. In a class action lawsuit, the court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. (For more information on excluding yourself from the Settlement Class, please read “What if I Do Not Want to Be a Part of the Settlement? How Do I Exclude Myself?” located below.) In the Actions, the Court has appointed Plaintiffs as the Class Representatives and Lead Counsel as class counsel, for purposes of the Settlement.

9. The Court in charge of these cases is the United States District Court for the Southern District of New York, and the cases are known as *NECA-IBEW Health & Welfare Fund v. Goldman, Sachs & Co., et al.*, Civil Action No. 1:08-cv-10783-LAP, and *Police and Fire Retirement System of the City of Detroit v. Goldman, Sachs & Co. et al.*, Civil Action No. 10 Civ. 4429-LAP (the “Actions”). The judge presiding over the Actions is the Honorable Loretta A. Preska, Chief United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In these cases, the plaintiffs are NECA-IBEW Health & Welfare Fund and Police and Fire Retirement System of the City of Detroit, and defendants are Goldman, Sachs & Co.; Goldman Sachs Mortgage Company; GS Mortgage Securities Corp.; Daniel L. Sparks; Michelle Gill; and Kevin Gasvoda.

10. This Notice explains the lawsuits, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of these cases, that are class actions, how you might be affected, and how to exclude yourself from the Settlement if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, the proposed Plan of Allocation, and the application by Lead Counsel for attorneys’ fees and Litigation Expenses (the “Final Approval Hearing”).

11. ***The Final Approval Hearing will be held on April 13, 2016, at 10:00 a.m.***, before the Honorable Loretta A. Preska, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, Courtroom 12A, for the following purposes:

- (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate and should be approved by the Court;
- (b) to determine whether the Order and Final Judgment as provided for under the Stipulation should be entered;
- (c) to determine whether the proposed Plan of Allocation for the net proceeds of the Settlement is fair and reasonable and should be approved by the Court;
- (d) to determine whether the application by Lead Counsel for an award of attorneys’ fees and Litigation Expenses should be approved; and
- (e) to rule upon such other matters as the Court may deem appropriate.

12. This Notice does not express any opinion by the Court concerning the merits of any claim in the Actions, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. This process takes time. Please be patient.

## WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

13. These cases arise from the sale of certain residential mortgage-backed securities by Goldman Sachs entities during 2007 and 2008. Plaintiffs allege that the offering documents for the securities contained false and misleading statements about the underlying borrowers and collateral, thereby concealing the true nature, risk, and overall quality of the securities. Defendants deny that the offering documents contained misstatements and asserted factual and legal defenses.

14. On December 11, 2008, NECA commenced the NECA Action by filing a class action complaint (the “Initial Complaint”) against Goldman, Sachs & Co., Goldman Sachs Mortgage Company, GS Mortgage Securities Corp., Daniel L. Sparks, Michelle Gill, Kevin Gasvoda, and certain other defendants in the United States District Court for the Southern District of New York.

15. The Initial Complaint asserted claims under Sections 11, 12 and 15 of the Securities Act of 1933 (the “Securities Act”) for material misrepresentations and omissions in GS Mortgage Securities Corp.’s January 31, 2007 Pre-Effective Amendment No. 1 to Form S-3 Registration Statement (Registration No. 333-139817) and its accompanying Prospectus Supplements (“Offering Documents”) that were filed with the U.S. Securities and Exchange Commission between 2007 and 2008.

16. On December 11, 2008, notice of the NECA Action was published pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”), alerting investors in the certificates about their right to move for appointment as lead plaintiff. On April 2, 2009, the Court approved NECA as lead plaintiff and Robbins Geller Rudman & Dowd LLP (then Coughlin Stoia Geller Rudman & Robbins LLP) as lead counsel.

17. On May 15, 2009, NECA filed the Amended Complaint, which asserted claims on behalf of purchasers of 17 offerings that were issued pursuant or traceable to the Offering Documents. On September 18, 2009, the Court granted Defendants’ motion to dismiss the Amended Complaint and afforded NECA leave to file a second amended complaint.

18. On November 9, 2009, NECA filed the Second Amended Complaint (“SAC”). On January 28, 2010, the Court granted Defendants’ motion to dismiss on the bases that NECA lacked standing to assert claims on behalf of purchasers of certificates from the 15 offerings that it did not itself purchase from, and that NECA did not allege a legally cognizable loss in the SAC. The Court permitted NECA to file an amended complaint limited to claims pertaining to the offerings from which NECA purchased certificates.

19. On March 31, 2010, NECA filed the Third Amended Complaint (“TAC”), which asserted claims against Defendants on behalf of acquirers from the two remaining offerings under Sections 11, 12 and 15 of the Securities Act. On September 22, 2010, the Court sustained NECA’s Section 12 and 15 claims, but reserved judgment on the Section 11 claims. On October 15, 2010, the Court entered an order dismissing the Section 11 claims, holding that NECA had no legally cognizable injury. NECA filed a motion for reconsideration of the dismissal, which the Court denied on November 17, 2010.

20. On June 3, 2010, PFRS commenced the PFRS Action by filing a class action complaint against Goldman, Sachs & Co., Goldman Sachs Mortgage Company, GS Mortgage Securities Corp., Daniel L. Sparks, Michelle Gill, and Kevin Gasvoda in the United States District Court for the Southern District of New York. On September 13, 2011, the Court granted Defendants’ motion to dismiss that complaint and afforded PFRS leave to file an amended complaint.

21. On February 8, 2011, NECA filed a Motion for Leave to File Amended Complaint and for Relief Pursuant to Fed. R. Civ. P. 60(b) seeking to reinstate its Section 11 claims by alleging the sale of its certificates, and requesting relief from the Court’s dismissal Order. The Court denied NECA’s motion on March 3, 2011.

22. On June 10, 2011, the Court entered final judgment, enabling NECA to appeal to the United States Court of Appeals for the Second Circuit. On July 6, 2011, NECA timely filed a notice of appeal seeking review of the Court’s Order limiting NECA’s standing to only those offerings from which it purchased, and the Order which held that NECA had no cognizable injury under Section 11 of the Securities Act. On September 6, 2012, the Second Circuit affirmed in part and vacated in part, holding that NECA had standing as to certain offerings that it did not purchase, and that NECA had properly alleged a cognizable injury under Section 11.

23. On October 20, 2011, PFRS filed its Amended Class Action Complaint. On May 31, 2012, the Court granted Defendants’ motion to dismiss on the basis that PFRS did not allege a legally cognizable loss, and that it failed to allege that any of the misrepresentations specified in the complaint applied to the particular mortgages underlying the certificates it purchased. The Court permitted PFRS to file a second amended complaint.

24. On July 9, 2012, PFRS filed its Second Amended Class Action Complaint. On March 27, 2014, the Court denied in part Defendants’ motion to dismiss PFRS’ Second Amended Class Action Complaint, and denied PFRS’ motion for leave to amend its complaint to add allegations regarding two additional trusts.

25. On November 5, 2012, NECA filed the Fourth Amended Complaint (“FAC”). The FAC alleges claims under Sections 11, 12 and 15 of the Securities Act on behalf of purchasers of the 14 offerings implicated by the Settlement. On April 18, 2014, Defendants moved to dismiss the FAC, arguing that the Second Circuit’s Order precluded NECA’s claims with respect to seven of the offerings included in the FAC. On July 10, 2014, the Court issued an order granting Defendants’ motion with respect to those seven offerings.

26. On September 30, 2014, Defendants filed their Answer to the FAC.

27. On March 20, 2015, PFRS served Defendants with a Motion for Class Certification and Appointment of Class Representative and Class Counsel.

28. On March 23, 2015, NECA filed its Motion for Class Certification and Appointment of Class Representative and Class Counsel. On May 19, 2015, Defendants filed their Opposition to Plaintiff’s Motion for Class Certification.

29. Plaintiffs' Counsel conducted extensive investigations related to the claims at issue and the underlying events and transactions alleged in the Complaints, including through document discovery and obtaining testimony from witnesses. Plaintiffs' Counsel have analyzed evidence, including a substantial volume of documents produced by Defendants and third parties, have consulted with experts, and have researched the applicable law with respect to the claims of NECA and the Settlement Class, as well as Defendants' potential defenses.

30. After extensive arm's-length negotiations, the Settling Parties reached an agreement-in-principle to settle the Actions for \$272 million, subject to the negotiation of a complete set of settlement terms. The negotiation of the Stipulation was subsequently completed and filed with the Court. By Order entered December 30, 2015, the Court preliminarily approved the Settlement, certified a Class for purposes of the Settlement only, authorized this Notice to be sent to potential Settlement Class Members, and scheduled the Final Approval Hearing to consider whether to grant final approval to the Settlement.

#### **HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?**

31. If you are a Member of the Settlement Class, you are subject to the Settlement unless you timely request to be excluded. The Settlement Class consists of all Persons<sup>3</sup> who: prior to December 11, 2008 purchased or otherwise acquired any of the Certificates in the Offerings and were damaged thereby. Excluded from the Settlement Class are: (i) Defendants, originators of any loans underlying the Certificates, and Defendants' and the originators' successors and assigns, and the directors and officers of such entities at all relevant times, as well as members of such Persons' immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any excluded Person has or had a controlling interest, except that affiliates and entities in which such excluded Person has or had a controlling interest are excluded from the Settlement Class only to the extent that such entities themselves had a proprietary (*i.e.*, for their own account) interest in the Certificates and not to the extent that they held the Certificates in a fiduciary capacity or otherwise on behalf of any third-party client, account, fund, trust, or employee benefit plan that otherwise falls within the Settlement Class, and Investment Vehicles<sup>4</sup> shall not be excluded from the Settlement Class; and (ii) Persons who have filed a timely and valid request for exclusion in accordance with the requirements set forth in this Notice, it being understood and agreed that those Persons who have filed individual actions to separately pursue claims against the Defendants relating to the Certificates or the Offerings are nevertheless required to file a timely and valid request for exclusion in order to be excluded from the Settlement Class. (See "What if I Do Not Want to Participate in the Settlement Class and the Settlement? How Do I Exclude Myself?," below.) Anyone with questions as to whether or not they are excluded from the Settlement Class may call the Claims Administrator toll-free at 1-877-255-2890.

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO BE POTENTIALLY ELIGIBLE TO RECEIVE A DISTRIBUTION OF THE SETTLEMENT PROCEEDS, YOU MUST COMPLETE, SIGN, AND SUBMIT THE ENCLOSED CLAIM FORM POSTMARKED NO LATER THAN **MAY 13, 2016**.

#### **WHAT ARE THE PLAINTIFFS' REASONS FOR THE SETTLEMENT?**

32. Plaintiffs and Plaintiffs' Counsel believe that the claims asserted against Defendants have merit. Plaintiffs and Plaintiffs' Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the difficulties in establishing liability, obtaining Settlement Class certification, and establishing damages. Plaintiffs and Plaintiffs' Counsel have considered the amount of the Settlement, as well as the uncertain outcome and risk in complex lawsuits like this one.

33. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class, Plaintiffs and Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Plaintiffs and Plaintiffs' Counsel believe that the Settlement provides a substantial benefit now, namely \$272 million cash (less the various deductions described in this Notice), as compared to the risk that the claims would produce a smaller recovery, or no recovery after summary judgment, trial and appeals, possibly years in the future.

34. Defendants have denied and continue to deny each and all of the claims alleged by Plaintiffs in the Actions. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Actions. Defendants also have denied and continue to deny, among other things, the allegations that Plaintiffs or the Settlement Class have suffered

<sup>3</sup> "Person" or "Persons" means any individual, corporation, partnership, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.

<sup>4</sup> "Investment Vehicle" means any investment company or pooled investment fund, including, but not limited to, mutual fund families, exchange-traded funds, fund of funds, private equity funds, real estate funds, and hedge funds, in which any Defendant have, has or may have a direct or indirect interest, or as to which its affiliates may act as an investment advisor, general partner, managing member, or other similar capacity, but of which any Defendant or any of its respective affiliates is not a majority owner or does not hold a majority beneficial interest.

any damage, that Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Actions, or that the Actions are properly certifiable as a Settlement Class action for litigation purposes.

#### **WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

35. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of the alleged claims, neither Plaintiffs nor the Settlement Class would recover anything from Defendants. If Plaintiffs were not to succeed in obtaining class certification, Defendants may have asserted the defense that the claims of Settlement Class Members were untimely under applicable statutes of limitations and statutes of repose. Also, if Defendants were successful in proving any of their defenses, Plaintiffs and the Settlement Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

#### **HOW MUCH WILL MY PAYMENT BE?**

36. Defendants have agreed to cause to be paid Two Hundred and Seventy-Two Million Dollars (\$272 million) in cash into escrow for the benefit of the Settlement Class. At this time, it is not possible to make any determination as to how much individual Settlement Class Members may receive from the Settlement. Plaintiffs have proposed a plan for allocating the Net Settlement Fund to those Settlement Class Members who timely submit valid Proof of Claim Forms (the "Plan of Allocation"). The Plan of Allocation proposed by Plaintiffs is attached hereto as Appendix A, and additional information is available on the website created for purposes of this Settlement, [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com).

37. Payment pursuant to the Plan of Allocation shall be conclusive against all Authorized Claimants. No person or entity shall have any claim based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further order(s) of the Court against Plaintiffs, Plaintiffs' Counsel, Settlement Class Members, the Claims Administrator, Defendants and the other Released Parties (defined below), or any person or entity designated by Lead Counsel. All Members of the Settlement Class who fail to timely submit an acceptable Claim Form by the deadline set by the Court, or such other deadline as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Settlement, but will in all other respects be subject to and bound by the terms of the Settlement, including the release of the Settlement Class Member's Released Claims.

38. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the claim of any Member of the Settlement Class.

39. The Plan of Allocation appended hereto is the proposed plan submitted by Plaintiffs and Lead Counsel for the Court's approval. The Court may approve this plan as proposed or it may modify it without further notice to the Settlement Class.

40. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her, or its Proof of Claim Form.

41. Persons and entities that exclude themselves from the Settlement Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Proof of Claim Forms.

#### **WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?**

42. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that Plaintiffs and all other Settlement Class Members shall have released, dismissed, and forever discharged the respective Settlement Class Member's Released Claims (as defined in ¶43 below), including Unknown Claims (as defined in ¶45 below) against each and all of the Released Parties (as defined in ¶44 below).

43. "Released Claims" means any and all claims, demands, rights, liabilities and causes of action (including "Unknown Claims" as defined in ¶45 below) of any nature whatsoever, asserted under federal, state, common, local or foreign law that Plaintiffs and/or any Settlement Class Member have, had, or may have against the Released Parties (as defined below) based on, arising out of or related directly or indirectly to both (i) the purchase or sale or other acquisition or disposition, or holding of any Certificates; and (ii) all acts, events, occurrences, transactions, facts, statements, representations, misrepresentations or omissions that were or could have been alleged in the Actions. "Released Claims" include all rights of appeal from any prior decision of the Court in the Actions. "Released Claims" do not include: (a) claims arising out of, based upon, relating to, concerning, or in connection with the interpretation or enforcement of the terms of the Settlement; or (b) any claims against the trustees of the Offerings or any derivative claims belonging to the Offerings that have been asserted in any action or proceeding prior to the date of execution of the Stipulation, provided that nothing herein or otherwise shall be construed to suggest or imply that any such asserted claims (i) have merit; (ii) may be properly asserted by or on behalf of Plaintiffs, any Settlement Class Member, or any trustee of the Offerings; or (iii) are timely.

44. "Released Parties" means: (i) the Defendants; (ii) each of the Defendants' respective past or present parents, subsidiaries, affiliates, divisions, successors, and predecessors; (iii) each of the respective past or present officers,

directors, employees, partners, members, principals, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and assigns, of the foregoing in (i) and (ii) in their capacities as such; and (iv) any Person which is or was related to or affiliated with any of the Defendants or in which any of the Defendants has or had a controlling interest.

45. “Unknown Claims” means any and all Released Claims that Plaintiffs and/or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any and all Released Parties’ Claims that the Released Parties do not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its settlement with and release of the Released Parties (or Plaintiffs, Plaintiffs’ Counsel and the Members of the Settlement Class, as appropriate), or might have affected his, her or its decision not to object to this Settlement or not exclude himself, herself or itself from the Settlement Class. With respect to any and all Released Claims and Released Parties’ Claims, the parties stipulate and agree that, upon the Effective Date, Plaintiffs and Defendants shall expressly waive, and each Settlement Class Member and Released Party shall be deemed to have waived, and by operation of the Order and Final Judgment shall have expressly waived, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by Cal. Civ. Code §1542, and any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction, that is similar, comparable or equivalent to Cal. Civ. Code §1542, which provides:

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

Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and Settlement Class Members and Released Parties by law and operation of the Order and Final Judgment shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Parties’ Claims was separately bargained for and was a material element of the Settlement.

46. The Judgment also will provide that Defendants and each of the other Released Parties shall be deemed to have released, dismissed, and forever discharged all of the Released Parties’ Claims against Plaintiffs, Plaintiffs’ Counsel, and any other Settlement Class Member. “Released Parties’ Claims” means any and all claims and causes of action of every nature and description, whether known or Unknown Claims, which the Released Parties possess against Plaintiffs, Plaintiffs’ Counsel or any Settlement Class Member, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims in the Actions, except for claims relating to, concerning, or in connection with the interpretation or the enforcement of the terms of the Settlement.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

47. Plaintiffs’ Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Settlement Class, nor have Plaintiffs’ Counsel been paid for their expenses. Before final approval of the Settlement, Lead Counsel intends to apply to the Court for an award of attorneys’ fees to Plaintiffs’ Counsel from the Settlement Fund in the amount not to exceed 21% of the Settlement Fund, plus interest. At the same time, Lead Counsel also intends to apply for the payment from the Settlement Fund for Plaintiffs’ Counsel’s Litigation Expenses (which may also include reimbursement of the reasonable costs and expenses of Plaintiffs directly related to their representation of the Settlement Class in accordance with 15 U.S.C. §77z-1(a)(4)), in an amount not to exceed \$1.5 million, plus interest. The Court will determine the amount of the award.

**HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?**

48. If you fall within the definition of the Settlement Class as described above, and you are not excluded by the definition of the Settlement Class and you do not elect to exclude yourself from the Settlement Class, then you are a Settlement Class Member, and you will be bound by the proposed Settlement if the Court approves it, and by any judgment or determination of the Court affecting the Settlement Class. If you are a Settlement Class Member, you must submit a Claim Form and supporting documentation to establish your potential entitlement to share in the proceeds of the Settlement. A Claim Form is included with this Notice, or you may go to the website maintained by the Claims Administrator for the Settlement to download and print a copy of the Claim Form from that site or request that a Claim Form be mailed to you. The website is [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com). You may also request a Claim Form by calling toll-free 1-877-255-

2890. Copies of the Claim Form can also be downloaded from Lead Counsel's website at [www.rgrdlaw.com](http://www.rgrdlaw.com). Those who exclude themselves from the Settlement Class, and those who do not submit timely and valid Claim Forms with adequate supporting documentation will not be entitled to share in the proceeds of the Settlement unless otherwise ordered by the Court. Please retain all original records of your ownership of, or transactions in the Certificates, as they may be needed to document your Claim.

49. As a Settlement Class Member, for purposes of the Settlement you are represented by Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?" below.

50. If you do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What if I Do Not Want to Be a Part of the Settlement? How Do I Exclude Myself?" below. If you exclude yourself from the Settlement Class, you will not be eligible to receive any benefit from the Settlement and you should not submit a Claim Form but you will retain the right to be a part of any other lawsuit against any of the Released Parties (as defined in ¶44 above) with respect to any of the Released Claims (as defined in ¶43 above).

51. If you wish to object to the Settlement or any of its terms, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?" below. If you exclude yourself from the Settlement Class, you are not entitled to submit an objection.

**WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENT?  
HOW DO I EXCLUDE MYSELF?**

52. Each Settlement Class Member will be bound by all determinations and judgments in the lawsuits concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails, by first-class mail (or its equivalent outside the U.S.), or otherwise delivers a written request for exclusion from the Settlement Class, addressed to *Goldman Sachs MBS Settlement, c/o Gilardi & Co. LLC, P.O. Box 990, Corte Madera, CA 94976-0990*. The exclusion request must be **received** no later than **March 4, 2016**. Each request for exclusion must clearly indicate the name, address, and telephone number of the person or entity seeking exclusion, that the sender requests to be excluded from the Settlement Class in *NECA-IBEW Health & Welfare Fund v. Goldman, Sachs & Co., et al.*, Civil Action No. 1:08-cv-10783-LAP (S.D.N.Y.), and/or *Police and Fire Retirement System of the City of Detroit v. Goldman, Sachs & Co.*, Civil Action No. 10 Civ. 4429-LAP, and must be signed by such person. Such persons or entities requesting exclusion are also directed to provide the following information: (i) identity and original face value of Certificates included in the Settlement Class definition and the Settlement Class Member's transactions therein; (ii) prices or other consideration paid or received for such Certificates; and (iii) whether the Certificates were exchanged or sold, and if so, when, and, if applicable, the sale amount. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

53. If a person or entity requests to be excluded from the Settlement Class, that person or entity will not receive any benefit provided for in the Stipulation.

54. If the requests for exclusion from the Settlement Class exceed a certain amount, as set forth in a separate confidential Supplemental Agreement between Plaintiffs and Defendants (the "Supplemental Agreement"), Defendants shall have, in their unanimous discretion, the option to terminate the Settlement in accordance with the procedures set forth in the Supplemental Agreement.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?  
DO I HAVE TO COME TO THE HEARING?  
MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

55. If you do not wish to object in person to the proposed Settlement, the proposed Plan of Allocation, and/or the application for attorneys' fees and Litigation Expenses, you do not need to attend the Final Approval Hearing. You can object to or participate in the Settlement without attending the Final Approval Hearing.

56. The Final Approval Hearing will be held on **April 13, 2016, at 10:00 a.m.**, before the Honorable Loretta A. Preska, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, Courtroom 12A. The Court reserves the right to approve the Settlement or the Plan of Allocation at or after the Final Approval Hearing without further notice to the Members of the Settlement Class.

57. Any Settlement Class Member who does not request exclusion such that it is **received** no later than **March 4, 2016**, may object to the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and Litigation Expenses.<sup>5</sup> Objections or oppositions must be in writing. You must file any written objection or opposition, together with copies of all other supporting papers and briefs, with the clerk's office at the United States District Court for the Southern District of New York at the address set forth below on or before **March 4, 2016**. You must also serve the papers on Lead Counsel for the Settlement Class and counsel for the Defendants at the addresses set forth below so that the papers are **received** on or before **March 4, 2016**.

**Clerk's Office**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007

**Lead Counsel for the Settlement Class**

ROBBINS GELLER RUDMAN  
& DOWD LLP  
Arthur C. Leahy, Esq.  
Lucas F. Olts, Esq.  
655 West Broadway, Suite 1900  
San Diego, CA 92101

**Counsel for Defendants**

SULLIVAN & CROMWELL LLP  
Richard H. Klapper, Esq.  
125 Broad Street  
New York, NY 10004

58. Any objection must include: (a) the full name, address, and phone number of the objecting Settlement Class Member; (b) a list and documentation of all of the Settlement Class Member's transactions involving the Certificates included in the Settlement Class definition, including brokerage confirmation receipts or other competent documentary evidence of such transactions, including the amount and date of each purchase or sale and the price paid and/or received, and documentation of any exchange transactions; (c) a written statement of all grounds for the objection accompanied by any legal support for the objection; (d) copies of any papers, briefs or other documents upon which the objection is based; (e) a list of all persons who will be called to testify in support of the objection; and (f) a statement of whether the objector intends to appear at the Final Approval Hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or to Lead Counsel's application for an award of attorneys' fees and Litigation Expenses, and desire to present evidence at the Final Approval Hearing must include in their written objections the exhibits they intend to introduce into evidence at the Final Approval Hearing.

59. You may not object to the Settlement or any aspect of it, if you excluded yourself from the Settlement Class.

60. You may file a written objection without having to appear at the Final Approval Hearing. You may not appear at the Final Approval Hearing to present your objection, however, unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

61. You are not required to hire an attorney to represent you in making written objections or in appearing at the Final Approval Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Lead Counsel and counsel for the Defendants so that the notice is **received** on or before **March 4, 2016**.

62. The Final Approval Hearing may be adjourned by the Court without further written notice to the Settlement Class, other than a posting of the adjournment on the Settlement website, [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com). If you intend to attend the Final Approval Hearing, you should confirm the date and time with Lead Counsel or by looking at the Settlement website.

**Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and Litigation Expenses. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.**

**WHAT IF I BOUGHT CERTIFICATES ON SOMEONE ELSE'S BEHALF?**

63. Nominees who purchased Certificates for beneficial owners who are Settlement Class Members are directed to: (a) request within ten (10) business days of receipt of this Notice additional copies of the Notice and the Claim Form from the Claims Administrator for such beneficial owners; or (b) send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) business days after receipt of this Notice. If a nominee elects to send the Notice to beneficial owners, such nominee is directed to mail the Notice within ten (10) business days of receipt of the additional copies of the Notice from the Claims Administrator, and upon such mailing, the nominee shall send a statement to the

<sup>5</sup> Plaintiffs' and Lead Counsel's initial motion papers in support of these matters will be filed with the Court on or before February 18, 2016.

Claims Administrator confirming that the mailing was made as directed, and the nominee shall retain the list of names and addresses for use in connection with any possible future notice to the Settlement Class. Upon full compliance with these instructions, including the timely mailing of the Notice to beneficial owners, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with the instructions by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought and reflecting compliance with these instructions, including timely mailing of the Notice, if the nominee elected or elects to do so. Such properly documented expenses incurred by nominees in compliance with the terms of these instructions will be paid from the Settlement Fund. Copies of this Notice may also be obtained by calling toll-free 1-877-255-2890, and may be downloaded from the Settlement website, [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com) or from Lead Counsel's website, [www.rgrdlaw.com](http://www.rgrdlaw.com).

**CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

64. This Notice contains only a summary of the terms of the proposed Settlement. More detailed information about the matters involved in the Actions is available at [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com), including, among other documents, copies of the Stipulation and Proof of Claim Form. All inquiries concerning this Notice or the Claim Form should be directed to:

*Goldman Sachs MBS Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box 990  
Corte Madera, CA 94976-0990  
Toll-free number: 1-877-255-2890

**OR**

Arthur C. Leahy, Esq.  
Lucas F. Olts, Esq.  
ROBBINS GELLER RUDMAN & DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Toll-free number: 1-800-449-4900

Lead Counsel

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF  
THE CLERK OF COURT REGARDING THIS NOTICE.**

DATED: December 30, 2015

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

## APPENDIX A

### THE PROPOSED PLAN OF ALLOCATION

#### I. GENERAL PROVISIONS

1. The Net Settlement Fund will be distributed to eligible Settlement Class Members who timely submit valid Proof of Claim Forms under the Plan of Allocation described below, or as otherwise ordered by the Court (“Claimants”).
2. Your share of the Net Settlement Fund will depend on several considerations, including: (a) the aggregate value of the Recognized Claims (defined below) (represented by valid and acceptable Claim Forms) that Settlement Class Members submit to the Claims Administrator, relative to the Net Settlement Fund; (b) when your Certificates were purchased or acquired and the price on the date of purchase; (c) any principal payments received; (d) whether your Certificates were sold, and if so, when they were sold and for how much; (e) if held on the date of suit identified for each of the Certificates, as set forth in Table A-1 and Table A-2<sup>6</sup> (the “Date of Suit”), the price of the Certificates on that date; and/or (f) whether the Court sustained claims asserted on behalf of purchasers of certain Certificates.
3. To determine the amount that a Claimant may recover under the Plan of Allocation, Lead Counsel conferred with a valuation consultant. The proposed Plan of Allocation is generally based upon the statutory measure of damages for claims based on material misrepresentations in the relevant offering documents. For each Claimant, a “Recognized Claim” will be calculated. The calculation of a “Recognized Claim” is not an estimate of the amount that will be paid to Claimants pursuant to the Settlement, which would depend on the total amount of all Recognized Claims submitted by Claimants. The Recognized Claim formula provides the basis for proportionately allocating the Net Settlement Fund among the Claimants. Each Claimant will receive a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim, subject to the \$10.00 minimum threshold mentioned below.
4. Settlement Class Members are required to include in their Proof of Claim Forms, and to submit the required documentation for, all transactions and holdings in any of the Certificates that they have purchased, held, and are currently holding as of submission of the Proof of Claim Form. Proof of Claim Forms submitted by Settlement Class Members that do not include all transactions in the Certificates will be considered deficient and may be ineligible for a recovery in this Settlement.

#### II. CALCULATION OF RECOGNIZED LOSS OR RECOGNIZED GAIN AMOUNTS

5. A “Recognized Loss Amount” or “Recognized Gain Amount” will be calculated for each Certificate purchased or acquired for which adequate documentation is provided (each an “Eligible Certificate”). The calculation of the Recognized Loss Amount or Recognized Gain Amount will depend on several considerations, including: (a) when such Certificates were purchased or acquired and the price on the date of purchase; (b) any principal payments received; (c) whether your Certificates were sold, and if so, when they were sold and for how much; (d) if held on the Date of Suit, the price of the Certificates on that date; and/or (e) whether the Court sustained claims asserted on behalf of purchasers of certain Certificates.
6. The calculations under this proposed Plan of Allocation use various financial parameters for each Certificate, including:
  - (a) the price of each Certificate, if any, on the Date of Suit. See Tables A-1 and A-2, available on the Settlement website ([www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com)) or by calling the Claims Administrator toll-free at 1-877-255-2890;
  - (b) the portion of original face amount remaining on each Certificate as of various dates between the Certificate’s initial offering and the most recent monthly distribution. This portion is commonly referred to as the Certificate’s “Factor”<sup>7</sup> and reflects all principal payments received and write-downs incurred; and
  - (c) the portion of original face amount remaining on each Certificate as of various dates between the Certificate’s initial offering and the most recent monthly distribution reflecting only principal payments received. This portion is referred to as the Write-Down Free Factor (“WFF”). Tables B and C, which provide, respectively, a complete list of all Factors and WFFs for all Certificates for each relevant date, are also available at [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com) or by calling the Claims Administrator toll-free at 1-877-255-2890.<sup>8</sup>

<sup>6</sup> Tables A-1, A-2, B and C (described below) are incorporated by reference into this proposed Plan of Allocation, and are available on the Settlement website ([www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com)) or by calling the Claims Administrator toll-free at 1-877-255-2890.

<sup>7</sup> The Certificates entitle borrowers to principal and interest payments derived from the underlying mortgages. Following a Certificate’s offering, the outstanding principal balance may generally be reduced by various methods, including: (1) borrowers making principal payments; (2) borrowers prepaying in whole or in part; (3) borrowers discontinuing payments; and/or (4) recognized losses the loans incur. A Certificate’s Factor is taken into consideration when allocating the proceeds of the Settlement because it reflects any reductions in outstanding principal balance and directly impacts the remaining value realizable at sale.

<sup>8</sup> The Factors reflected in Table B and the WFFs reflected in Table C are presented based on two distinct chronological systems that are appropriate to the distinct purposes for which those tables are used. The Factors in Table B are used with prices to derive the amount of funds

7. For each calculation of a Recognized Loss Amount or Recognized Gain Amount, the purchase price used for the calculation may not exceed the price at which the Certificate was offered to the public, which prices are set forth in Tables A-1 and A-2. Thus, if the actual purchase price exceeds the price at which the Certificate was offered to the public, the price at which it was offered to the public will be used as the purchase price.

8. If a Claimant has more than one purchase/acquisition or sale of the same Certificate, those transactions will be matched on a first-in-first-out (FIFO) basis. Recognized Gain Amounts on the purchases or acquisitions of the same Certificate will be netted against (used to offset) Recognized Loss Amounts resulting from other purchases or acquisitions of the same Certificate, but will not be used to offset Net Recognized Losses (described further below in paragraph 15 of this Plan of Allocation) resulting from purchases or acquisitions of different Certificates.

9. Notwithstanding any of the other provisions in this proposed Plan of Allocation, for all purchases or acquisitions of Certificates that occurred on or after the Date of Suit, the Recognized Gain Amount or Recognized Loss Amount is zero.

### III. EXAMPLES OF RECOGNIZED LOSS OR GAIN CALCULATIONS

**SET FORTH BELOW ARE EXAMPLES OF HOW CLAIMS WILL BE CALCULATED.**

**HOWEVER, THE CLAIMS ADMINISTRATOR WILL CALCULATE YOUR RECOGNIZED GAINS AND LOSSES FOR YOU BASED ON THE INFORMATION YOU SUPPLY ON THE PROOF OF CLAIM FORM WHICH ACCOMPANIES THIS NOTICE.**

**YOU DO NOT HAVE TO CALCULATE YOUR OWN CLAIM.**

10. **Certificates Sold Prior to Date of Suit:** For each Certificate sold prior to the Date of Suit, the Recognized Loss Amount or Recognized Gain Amount is calculated as follows:

a. Step 1: Determine the Original Principal Amount

**Original Principal Amount = Original Face Amount of Certificates Purchased x Factor on Date of Purchase x (Purchase Price/100)**

The original face amount of the Certificates you purchased and the purchase price can be determined from your records. The "Purchase Price" to be used in this formula is the lesser of: (i) the actual price paid, or (ii) the price at which the Certificate was offered to the public. The value of the Factor on the date of your purchase or sale can be found in Table B.

b. Step 2: Determine the Principal Payments Received

**Principal Payments Received = Original Face Amount of Certificates Purchased x (WFF on Date of Purchase – WFF on Date of Sale)**

The original face amount of the Certificates you purchased can be determined from your records. The WFF on the date of your purchase and the WFF on the date of your sale can be found in Table C.

c. Step 3: Determine the Amount Received on Sale

**Amount Received on Sale = Original Face Amount of Certificates Purchased x Factor on Date of Sale x (Sale Price/100)**

The original face amount of the Certificates you purchased and the sale price can be determined from your records. The Factor on the date of your sale can be found in Table B.

d. Step 4: Calculate Recognized Loss Amount or Recognized Gain Amount Using the Results of Steps 1-3

**Recognized Loss Amount or Recognized Gain Amount = Original Principal Amount - Principal Payments Received - Amount Received on Sale**

If this calculation results in a positive number, the result is a "Recognized Loss Amount." If this calculation results in a negative number, it is a "Recognized Gain Amount."

Example 1:<sup>9</sup> Investor A purchased \$100,000.00 original face amount of Certificate 3622ECBU9 (GSAA 2007-5 2A1B) on July 3, 2007. The purchase price was \$98.00. On May 9, 2008, Investor A sold its remaining interest in the Certificate. The sales price was \$82.00.

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expended or realized in market transactions. Those Factors reflect convention used in the market, *i.e.*, the previous month's factor is used up until the current month's distribution date. The WFFs in Table C are used to attribute the receipt of monthly distributions during the holding period of a Certificate to the correct Claimant. Thus, the time periods associated with the WFFs are derived from the Certificate-specific record date convention, which determines the legal beneficiary of a monthly distribution.

<sup>9</sup>The examples contained herein are for illustration purposes only and investors should not rely on the Certificate prices used (other than prices contained in Table A-1 and Table A-2).

- (1) Step 1: Investor A uses Table B to determine that the Factor at the purchase date (July 3, 2007) is 0.952225. Therefore, Original Principal Amount =  $\$100,000.00 \times 0.952225 \times (98.00/100) = \$93,318.05$ .
- (2) Step 2: Investor A uses Table C to determine that the WFFs at the date of purchase and sale are 0.952225 and 0.803663, respectively. Therefore, Principal Payments Received =  $\$100,000.00 \times (0.952225 - 0.803663) = \$14,856.20$ .
- (3) Step 3: Investor A uses Table B to determine that the Factor at May 9, 2008 was 0.803663. Therefore, Amount Received on Sale =  $\$100,000.00 \times 0.803663 \times (82.00/100) = \$65,900.37$ .
- (4) Step 4: Investor A uses the results of Steps 1-3 to calculate its Recognized Loss or Gain Amount: Original Principal Amount less Principal Payments Received less Amount Received on Sale =  $\$93,318.05 - \$14,856.20 - \$65,900.37 = \$12,561.48$ .

Investor A's Recognized Loss Amount is \$12,561.48.

Note that if a sale did not result in a complete disposition of an investor's ownership in a particular Certificate (*i.e.*, only a portion of the holdings of a Certificate was sold), a Recognized Loss Amount or Recognized Gain Amount, if any, related to the remaining portion of the Certificate will be calculated separately.

11. **Certificates Not Sold:** For each Certificate not sold (*i.e.*, still held by the Claimant as of the submission of the Proof of Claim Form), the Recognized Loss Amount or Recognized Gain Amount is calculated using the same steps set forth directly above, except that the calculation proceeds as if the Certificate was sold on the Date of Suit.

Example 2: Investor B purchased \$100,000.00 original face amount of Certificate 362440AF6 (GSAMP 2007-HE2 M-1) on December 19, 2007. The purchase price was \$88.00. Investor B continues to hold this Certificate.

- (1) Step 1: Investor B uses Table B to determine that the Factor at the purchase date (December 19, 2007) is 1.000000. Therefore, Original Principal Amount =  $\$100,000.00 \times 1.000000 \times (88.00/100) = \$88,000.00$ .
- (2) Step 2: Investor B uses Table A-2 and Table C to determine that the WFFs at the date of purchase and Date of Suit (12/11/2008) are 1.000000 and 1.000000, respectively. Therefore, Principal Payments Received =  $\$100,000.00 \times (1.000000 - 1.000000) = \$0.00$ .
- (3) Step 3: Investor B uses Table A-2 to determine that the price at the Date of Suit was \$17.2506. Investor B then uses Table B to determine that the Factor at Date of Suit (12/11/2008) was 1.000000. Therefore, Amount Received on Sale =  $\$100,000.00 \times 1.000000 \times (17.2506/100) = \$17,250.60$ .
- (4) Step 4: Investor B uses the results of Steps 1-3 to calculate its Recognized Loss or Gain Amount: Original Principal Amount less Principal Payments Received less Amount Received on Sale =  $\$88,000.00 - \$0.00 - \$17,250.60 = \$70,749.40$ .

Investor B's Recognized Loss Amount is \$70,749.40.

12. **Certificates Sold On or After Date of Suit:** For each Certificate that was sold on or after the Date of Suit, the Recognized Loss Amount or Recognized Gain Amount is calculated using steps similar to those set forth above in Example 2. For Certificates sold on or after the Date of Suit, the Recognized Loss Amount or Recognized Gain Amount shall be calculated using the greater of the sum of Principal Payments Received and Amount Received on Sale (Steps 2 and 3) as of (i) the Date of Suit for that Certificate (see Table A-1 or Table A-2); or (ii) the Date of Actual Sale.

Example 3: Investor C purchased \$100,000.00 original face amount of Certificate 362669AK9 (GSR 2007-4F 3A-1) on June 27, 2007. The purchase price was \$100.00. On July 18, 2013, Investor C sold its remaining interest in the Certificate. The sales price was \$72.00.

- (1) Step 1: Investor C uses Table B to determine that the Factor at the purchase date (June 27, 2007) is 1.000000. Therefore, Original Principal Amount =  $\$100,000.00 \times 1.000000 \times (100.00/100) = \$100,000.00$ .
- (2) Steps 2 and 3: Investor C conducts independent summations of Principal Payments Received and Amount Received on Sale at both (1) the Date of Suit; and (2) the Date of Actual Sale. Investor C shall use the greater of the sums in Step 4.
  - (a) Date of Suit

Investor C first uses Table C to determine that the WFFs at the date of purchase and Date of Suit (12/11/2008) are 1.000000 and 0.875176, respectively. Therefore, Principal Payments Received as of the Date of Suit =  $\$100,000.00 \times (1.000000 - 0.875176) = \$12,482.40$ .

Investor C then uses Table A-1 to determine that the price at the Date of Suit was \$67.6875. Investor C uses Table B to determine that the Factor at the Date of Suit was 0.879882. Therefore, Amount Received on Sale at Date of Suit =  $\$100,000.00 \times 0.879882 \times (67.6875/100) = \$59,557.01$ .

The sum of Steps 2 and 3 for the Date of Suit is  $\$12,482.40 + \$59,557.01 = \$72,039.41$ .

(b) Date of Actual Sale

Investor C first uses Table C to determine that the WFFs at the date of purchase and Date of Actual Sale are 1.000000 and 0.393662, respectively. Therefore, Principal Payments Received as of the Date of Actual Sale =  $\$100,000.00 \times (1.000000 - 0.393662) = \$60,633.80$ .

Investor C then uses the actual sales price of \$72.00. Investor C uses Table B to determine that the Factor at the Date of Actual Sale was 0.391958. Therefore, Amount Received on Sale at Date of Actual Sale =  $\$100,000.00 \times 0.391958 \times (72.00/100) = \$28,220.98$ .

The sum of Steps 2 and 3 for the Date of Actual Sale is  $\$60,633.80 + \$28,220.98 = \$88,854.78$ .

Investor C shall use \$88,854.78 (rather than \$72,039.41) in Step 4.

(3) Step 4: Investor C uses the results of Steps 1-3 to calculate its Recognized Loss Amount or Recognized Gain Amount.

Original Principal Amount less the greater of the sums from Steps 2 and 3 above (i.e., Principal Payments Received + Amount Received on Sale) =  $\$100,000.00 - \$88,854.78 = \$11,145.22$ .

Investor C's Recognized Loss Amount is \$11,145.22.

13. **Exchangeable Certificates:** The Offerings included classes of Certificates that could be exchanged into and from certain other classes of Certificates that were not sold as of the date of such Offerings (typically referred to as "Exchangeable Certificates") based on predefined certificate exchange relationships described in the relevant offering documents.<sup>10</sup> For purposes of determining the Recognized Loss Amount or Recognized Gain Amount for an Eligible Certificate that was exchanged by a Claimant, the exchange transaction will not be treated as a separate purchase or sale for which a distinct Recognized Loss Amount or Recognized Gain Amount would be claimed, but will instead be treated as a component of the Recognized Loss Amount or Recognized Gain Amount that is attributable to the Claimant's original acquisition of the Eligible Certificate. Thus, each leg (pre-exchange and post-exchange) of a Claimant's ownership resulting from the acquisition of an Eligible Certificate will have a Recognized Loss Amount or Recognized Gain Amount that reflects the financial parameters, such as Factor, WFF and price, of that specific component of the total ownership period, and those components will be aggregated to calculate the Recognized Loss Amount or Recognized Gain Amount for the original Eligible Certificate. The exchange transaction will be assumed, both for purposes of calculating the Original Principal Amount of the Certificate exchanged to and the Amount Received from Sale of the Certificate exchanged from, to occur at a price of \$0.00.

The calculation of Recognized Gain Amount or Recognized Loss Amount for Exchangeable Certificates will otherwise be the same as for any other Certificate, as described above. Summary examples of the Recognized Loss Amount or Recognized Gain Amount calculations for Certificates involved in exchange transactions, using the same methodologies set forth above, can be found at [www.GoldmanSachsMBSSettlement.com](http://www.GoldmanSachsMBSSettlement.com).

14. **Dismissed Certificates:** Claims associated with certain of the Offerings<sup>11</sup> were not sustained by the Court. Accordingly, the Net Recognized Loss for those Certificates (identified by CUSIP in the attached Table A-2) will be 30% of the Net Recognized Loss to reflect the reduced likelihood of success of those claims.

<sup>10</sup> These Certificates were sold in the following offerings: GSR 2007-3F and GSR 2007-4F.

<sup>11</sup> These offerings are the GSAA Home Equity Trust 2007-8; GSAMP Trust 2007-HE1; GSAMP Trust 2007-HE2; GSR Mortgage Loan Trust 2007-OA1; GSR Mortgage Loan Trust 2007-OA2; and GSR Mortgage Loan Trust 2007-5F.

**IV. CALCULATION OF THE CLAIMANT'S RECOGNIZED  
CLAIM AND DISTRIBUTION AMOUNT**

15. For each Certificate, a Claimant's Net Recognized Loss will be calculated by totaling all of the Claimant's Recognized Loss Amounts for a Certificate and subtracting from that total all Recognized Gain Amounts for the same Certificate. If this calculation results in a positive number, that figure will be the Claimant's Net Recognized Loss for that Certificate. If the calculation results in a negative number, the Claimant's Net Recognized Loss for that Certificate will be zero and the Claimant will not receive any recovery from the Net Settlement Fund as a result of its purchases or acquisitions of that Certificate.

16. A Claimant's "Recognized Claim" is the sum of all of the Claimant's Net Recognized Losses for all of the Certificates.

17. The Net Settlement Fund will be distributed to Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Claimant, which shall be the Claimant's Recognized Claim divided by the total Recognized Claims of all Claimants, multiplied by the total amount in the Net Settlement Fund. If any Claimant's Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Claimant. The Recognized Claims of any Claimants whose Distribution Amounts would be less than \$10.00 are then excluded and the total Recognized Claims of all other Claimants are totaled to determine the *pro rata* Distribution Amounts for the Authorized Claimants who will receive \$10.00 or more.