



The United States District Court for the Southern District of New York (the “Court”) on September 16, 2011 has authorized this Notice of a proposed Settlement in the above-captioned action (the “Navigator Action”). This is not a solicitation from a lawyer.

A Settlement Hearing will be held on **November 2, 2011 at 11:30 a.m.** before the Honorable Alvin K. Hellerstein at the United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 14D, New York, New York 10007.

The purpose of the Settlement Hearing is to determine whether the Settlement of the Navigator Action — pursuant to which BSAM shall deposit the Settlement Amount into the Settlement Fund in exchange for the dismissal with prejudice of the Navigator Action and release of the defendants and other persons and entities — should be approved by the Court as fair, reasonable, adequate and in the best interests of the Domestic High Grade Fund and its Limited Partners.

### **Brief Description of the Navigator Action and the Settlement**

**Terms Used Herein:** To the extent not otherwise defined herein, all capitalized terms used in this Notice have the same meaning as provided in the Stipulation of Settlement, dated August 26, 2011 (the “Stipulation”). For ease, certain sections from the Stipulation containing definitions are reproduced at the end of this Notice.

**The Navigator Action:** The Settlement resolves a derivative action in which Navigator alleges, on behalf of itself and derivatively on behalf of the Domestic High Grade Fund, that Defendants breached their fiduciary duties to the Domestic High Grade Fund, were grossly negligent and/or aided and abetted breaches of fiduciary duties, during the period beginning on October 1, 2003 and concluding on July 18, 2007 by, *inter alia*, permitting investments inconsistent with the terms of the Domestic High Grade Fund’s governing documents, failing adequately to analyze and assess the credit risks of investments as provided in the Domestic High Grade Fund’s governing documents, assigning inflated values to assets of the Domestic High Grade Fund and permitting principal trades with related entities without required approvals by independent directors. The Defendants have denied, and continue to deny, that any claims that were or could have been asserted in the Navigator Action have merit.

**Reasons for the Settlement:** Plaintiff and Defendants have agreed to the Settlement in order to avoid the cost and risks of further litigation.

Plaintiff has conducted a thorough investigation and reviewed extensive discovery materials with respect to the claims and underlying events and transactions alleged in the Navigator Action. While Plaintiff and its counsel believe that the claims asserted in the Navigator Action have merit, they have concluded that settling the Navigator Action on the terms and conditions set

forth in the Stipulation is in the best interests of the Domestic High Grade Fund and its Limited Partners. In making this determination, Plaintiff and its counsel have considered the benefits conferred on the Domestic High Grade Fund and its Limited Partners by the Settlement and have taken into account the uncertain outcome and risks of litigation, especially in complex derivative litigation such as the Navigator Action, as well as the difficulties and delays inherent in such litigation. Plaintiff and its counsel also are mindful of the inherent problems of proof associated with, and possible defenses to, the claims asserted in the Navigator Action. In addition, Plaintiff and its counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Navigator Action against the Defendants through trial and possible appeals.

The Defendants have denied, and continue to deny, that any claims that were or could have been asserted in the Navigator Action have merit and that any of the Defendants have committed any violations of law or breaches of duties to the Domestic High Grade Fund or its Limited Partners. The Defendants are entering into the Stipulation and the Settlement, *inter alia*, in order to eliminate the burden, expense and distraction of further litigation in the Navigator Action.

**Settlement Fund:** In order to resolve the Navigator Action, BSAM will pay the Settlement Amount into the Settlement Fund within fifteen (15) business days after entry of the Scheduling Order dated September 16, 2011 upon the terms set forth in the Stipulation.

**Distribution to Eligible Investors of 30% of Net Contributions.** Within thirty (30) business days after Final Court Approval of the Settlement, counsel for Navigator shall cause to be paid from the Settlement Fund an amount to each Eligible Investor equal to thirty percent (30%) of such Eligible Investor's Net Contributions, provided such Eligible Investor has timely submitted a fully executed and valid Proof of Claim, a copy of which is attached hereto.

You are an "Eligible Investor" as that term is used in this Notice if (i) you invested in the Domestic High Grade Fund and held your interest on or after July 18, 2007 (hereinafter "Limited Partner"), and (ii) the total amount that you invested collectively in the Feeder Funds exceeds the total amounts withdrawn or otherwise removed collectively from the Feeder Funds, and (iii) you are not a Settled Limited Partner, Arbitration Limited Partner or Employee Limited Partner, as defined in the Stipulation and reproduced at the end of this Notice.

**Attorneys' Fees and Expenses:** Plaintiff's counsel have litigated the Navigator Action for over four years on a contingency fee basis and have incurred expenses in the Navigator Action with the expectation that (i) they would be awarded attorneys' fees and expenses if they were successful in obtaining a derivative recovery on behalf of the Domestic High Grade Fund, and (ii) those attorneys' fees and expenses would be paid from the Settlement Fund, as is customary in this type of litigation. Plaintiff's counsel will apply to the Court for attorneys' fees and expenses in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000), inclusive of all costs and expenses in the Navigator Action.

**Deadlines for Eligible Investors to:**

File Objection: **October 21, 2011**

File Proof of Claim: **October 21, 2011**

**Date of Court Hearing on Fairness of Settlement:**

**November 2, 2011**

For More Information:

11:30 a.m.

Andrew J. Entwistle

Courtroom 14D

Arthur V. Nealon

Hon. Alvin K. Hellerstein

Entwistle & Cappucci LLP

United States Courthouse

280 Park Avenue, 26th Floor West

500 Pearl Street

New York, NY 10017

New York, N.Y. 10007

Tel: 212-894-7200

Counsel for Plaintiff

**Your legal rights are affected whether you act or do not act. Please read this Notice carefully.**

**SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS:**

**OBJECT**

Object to the Court, in the manner described below, if you do not approve of the Settlement or the request by Plaintiff's counsel for attorneys' fees and expenses. By objecting, you can inform the Court of your views but you will (i) nevertheless be bound by the Judgment entered by the Court if it approves the Settlement, including the release of the Released Claims (explained below) and (ii) provided you are an Eligible Investor and have timely submitted a fully executed and valid Proof of Claim, you may have the right to share in the Settlement Fund.

**GO TO A HEARING**

Ask to speak in Court about the fairness of the Settlement. By asking to speak, you can inform the Court of your views but you will

(i) nevertheless be bound by the Judgment entered by the Court if it approves the Settlement, including the release of the Released Claims (explained below) and (ii) provided you are an Eligible Investor and have timely submitted a fully executed and valid Proof of Claim, you may have the right to share in the Settlement Fund.

## **DO NOTHING**

You will be bound by the Judgment entered by the Court if it approves the Settlement, including the release of the Released Claims (explained below) and (ii) provided you are an Eligible Investor and have timely submitted a fully executed and valid Proof of Claim, you may have the right to share in the Settlement Fund.

These rights and options — **and the deadlines to exercise them** — are explained below in this Notice.

The Court must decide whether to approve the Settlement. Payments to Eligible Investors will be made if and only if the Court approves the Settlement, and, if there are any appeals from the Court's decision to approve the Settlement, after such appeals are resolved. Please be patient.

## **BASIC INFORMATION**

### **1. Why Did I Receive this Notice?**

You may have held an interest in the Domestic High-Grade Fund as of July 18, 2007 and have not previously settled with and released all claims against Bear Stearns Defendants arising from, related to, or in connection with your investment in the Domestic High Grade Fund or had such claims resolved by arbitration.

If this description applies to you, you have a right to know about a proposed Settlement of the Navigator Action, and about all of your options, including your right to object to the Settlement, before the Court decides whether to approve the Settlement. Settlement payments will be made to Eligible Investors who timely submit a fully executed and valid Proof of Claim only if the Court approves the Settlement.

This Notice explains the Settlement, your legal rights, what benefits are available, who is eligible for them, how eligible persons can receive them, how to object, and what happens if you do nothing.

## **2. What Is This Lawsuit About?**

- A. In or about July 2007, the Domestic High Grade Fund commenced liquidation. On August 6, 2007, following the closing of the Domestic High Grade Fund, Navigator filed a Class Action and Verified Derivative Complaint in New York County Supreme Court, asserting class claims on behalf of the Limited Partners and derivative claims on behalf of the Domestic High Grade Fund.
- B. On August 12, 2008, following removal of the New York County action to this Court and related proceedings, Navigator filed an Amended Complaint, asserting class claims on behalf of the Limited Partners and derivative claims on behalf of the Domestic High Grade Fund against the Defendants.
- C. On September 8, 2008, this Court coordinated discovery in this and other related actions.
- D. On February 24, 2009, this Court denied in part motions by Defendants to dismiss the Amended Complaint. Navigator then advised the Court that, pursuant to the Court's tentative holding that there may be a conflict of interest in asserting simultaneously class and derivative claims, Navigator would proceed only with derivative claims on behalf of the Domestic High Grade Fund.
- E. Pursuant to certain discovery plans, the Parties have engaged in extensive discovery, including the production by Defendants of millions of pages of documents and materials, which were reviewed by counsel for Navigator, and depositions of former employees of the Bear Stearns Entities and Walkers.
- F. The Domestic High Grade Fund is currently in liquidation and thus the proceeds of the Settlement Fund will be distributed to Eligible Investors.

## **3. Why Is There a Settlement?**

The Court has not finally decided the case in favor of Plaintiff or Defendants. Instead, both sides agreed to a Settlement in order to avoid the cost and risk of further litigation, for the reasons explained under the heading “Reasons for the Settlement” above. Plaintiff and Plaintiff’s counsel believe that the Settlement is in the best interests of the Domestic High Grade Fund and its Limited Partners.

## **SETTLEMENT DETAILS**

### **4. What Does the Settlement Provide?**

As explained above, BSAM will deposit \$18,960,837 in cash into the Settlement Fund. Within thirty (30) business days after Final Court Approval of the Settlement, counsel for Navigator shall cause to be paid from the Settlement Fund an amount to each Eligible Investor equal to thirty percent (30%) of such Eligible Investor’s Net Contributions to the Domestic High Grade Fund, provided such Eligible Investor has timely submitted a fully executed and valid Proof of Claim. Should any Eligible Investor fail to timely submit a fully executed and valid Proof of Claim those funds which otherwise would have been distributed to such Eligible Investor shall revert to BSAM pursuant to the terms provided in the Stipulation.

### **5. What Claims Will Be Released?**

The parties will request that the Court enter a Judgment that will contain a release pursuant to which Defendants and other Released Persons will be fully and finally released and discharged with respect to the Released Claims. The complete text of the Released Claims that is part of the Judgment is reproduced at the end of this Notice. Additionally, pursuant to the Proof of Claim, any Eligible Investor who timely submits a fully executed and valid Proof of Claim releases all individual claims arising from, related to or in connection with his, her, or its Investment, in addition to the release in the Judgment of its derivative claims on behalf of the Domestic High Grade Fund.

## **ATTORNEYS’ FEES AND EXPENSES**

### **6. How Will Plaintiff’s Counsel Be Paid?**

Plaintiff’s counsel in the Navigator Action, Entwistle & Cappucci LLP and Sadis & Goldberg LLP, will apply to the Court for an award of attorneys’ fees in an amount of Three Million Five Hundred Thousand Dollars (\$3,500,000), inclusive of all of the costs and expenses of Navigator in the Navigator Action (the “Fee Request”). Defendants agree that they will not oppose the Fee Request. The Settlement Amount includes the amount sought in the Fee Request

and thus the amount paid to counsel will not reduce the distributions from the Settlement Fund to Eligible Investors who timely submit a fully executed and valid Proof of Claim.

Final resolution of the Fee Request shall not be a precondition to the dismissal, with prejudice, of the Navigator Action, and any application or litigation concerning the Fee Request may be considered and resolved separately from the Settlement. Additionally, to the extent the Settlement is not approved or is otherwise terminated pursuant to the terms of the Stipulation, Plaintiff's counsel will not be entitled to any award of attorneys' fees and/or costs.

**7. Is the Settlement Contingent on Plaintiff's Counsel Being Paid?**

No. The granting by the Court, in whole or in part, of the Fee Request by Plaintiff's counsel is not a condition of the Settlement. The Fee Request by Plaintiff's counsel will be considered by the Court separately from the Court's consideration of whether the Settlement is fair, reasonable and adequate.

**OBJECTING TO THE SETTLEMENT**

**8. How Do I Tell the Court that I Do Not Like the Settlement, or Any Part of It?**

You may object to the Settlement, the Fee Request by Plaintiff's counsel, or otherwise request to be heard in person or by counsel that you hire concerning any matter properly before the Court at the Settlement Hearing.

The Court will hold a Settlement Hearing at **11:30 a.m. on November 2, 2011** at the U.S. Courthouse, 500 Pearl Street, Courtroom 14D, New York, New York 10007, for the following purposes: (i) to determine whether Plaintiff and Plaintiff's counsel have fairly and adequately represented the interests of the Domestic High Grade Fund and whether the Settlement should be finally approved as fair, reasonable, adequate and in the best interests of the High Grade Domestic Fund; (ii) to determine whether a Judgment should be entered, dismissing the Navigator Action and releasing the Released Claims (set forth below), with prejudice; (iii) to rule upon the Fee Request of Plaintiff's counsel; and (iv) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

Any Person who receives this Notice may object to the Settlement (“Objector”). Any objection, statement or request to be heard at the Settlement Hearing must be (i) in writing; (ii) delivered by hand, overnight delivery services or first class postage pre-paid mail addressed to counsel identified below in this Notice; and (iii) received by the Court and counsel no later than **October 21, 2011**. Any objection, statement or request to be heard at the Settlement Hearing must be signed by the Objector and must include the following information: (i) the Objector’s name, address, telephone number and, if available, e-mail address; (ii) whether the Objector is a Settled Limited Partner, Arbitration Limited Partner, or Employee Limited Partner as those terms are defined in the Stipulation and this Notice; (iii) all dates on which the Objector purchased, assigned, transferred, and/or sold any interest in the Domestic High Grade Fund between October 1, 2003 and the present and the amount of each purchase, assignment, transfer, and/or sale; (iv) all dates on which the Objector purchased, assigned, transferred, and/or sold any interest in any of the Feeder Funds (other than the Domestic High Grade Fund) between October 1, 2003 and the present and the amount of each purchase, assignment, transfer, and/or sale; (v) a detailed statement of the basis for the objections, statements or request to be heard concerning the Settlement, the Fee Request by Plaintiff’s counsel, or any other matter before the Court, and (vi) any supporting papers, including all documents and writings, that the Objector wants the Court to consider. The Parties to the Navigator Action will have an opportunity to respond to any Objector’s objection, statement or request.

Your objection, statement or request to be heard at the Settlement Hearing must be filed with the Clerk of the Court, United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 14D, New York, NY 10007, and must also be delivered by hand or overnight delivery service or first class postage pre-paid mail, to the following counsel prior to or at the same time that the objection, statement or request to be heard is filed with the Clerk of the Court – both no later than **October 21, 2011**:

**Plaintiff’s Counsel:**

Entwistle & Cappucci LLP  
280 Park Avenue  
New York, NY 10017  
Attention: Andrew J. Entwistle  
Arthur V. Nealon

Sadis & Goldberg LLP  
551 Fifth Avenue, 21<sup>st</sup> Floor  
New York, NY 10176  
Attention: Douglas R. Hirsch

**Counsel for the Bear Stearns Defendants:**

Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY 10036-2714  
Attention: Barry H. Berke  
                  Kerri Ann Law

**Counsel for Defendant Ralph Cioffi**  
Hughes Hubbard & Reed LLP  
One Battery Park Plaza  
New York, NY 10004  
Attention: Marc A. Weinstein  
                  Lisa Cahill

**Counsel for Defendant Matthew Tannin**  
Brune & Richard LLP  
One Battery Park Plaza  
New York, NY 10004  
Attn.: Nina M. Beattie  
                  Theresa Trzaskoma

**Counsel for Defendant Raymond McGarrigal**  
Driscoll & Redlich  
521 Fifth Avenue, Suite 3300  
New York, NY 10175  
Attn.: Catherine L. Redlich

**Counsel for Defendants Walkers Fund Services Ltd.,  
Scott Lennon and Michelle Wilson-Clarke**  
Cadwalader, Wickersham & Taft, LLP  
One World Financial Center  
New York, NY 10281  
Attn.: Martin L. Seidel

**9. When Do I Need to File a Proof of Claim?**

Your Proof of Claim must be postmarked by **October 21, 2011**, which is the same deadline as that for objections to the Settlement. Your Proof of Claim should be sent to the address listed on the Proof of Claim.

## **THE SETTLEMENT FAIRNESS HEARING**

### **10. When and Where Will the Court Decide Whether to Approve the Settlement and the Other Subjects Discussed Above?**

The Court will hold a Settlement Hearing at **11:30 a.m., on November 2, 2011**, at the U.S. Courthouse, 500 Pearl Street, Courtroom 14D, New York, New York 10007, before the Honorable Alvin K. Hellerstein. The Settlement Hearing may be adjourned by the Court without further notice other than an announcement of the adjournment at the scheduled time of the Settlement Hearing or at the scheduled time of any adjournment of the Settlement Hearing. The Court may consider modifications to the Settlement (with the consent of the Parties) without further notice.

### **11. Do I Have to Come to the Settlement Hearing?**

No. Plaintiff's counsel will answer any questions the Court may have. You are welcome to come at your own expense, and you may also pay your own lawyer to attend, but neither is required. If you submit an objection, you do not have to come to Court to talk about it. As long as your written objection is received by the Court on time, the Court will consider it.

### **12. May I Speak at the Hearing?**

You may ask the Court to speak at the Settlement Hearing.

## **OBTAINING MORE INFORMATION**

### **13. How Can I Obtain More Details About the Settlement?**

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. You can obtain a copy of the Stipulation or more information about the Settlement by writing to or calling Plaintiff's counsel at 212-894-7200. You can also obtain a copy of the Stipulation and related documents, pleadings and other papers on file in the Navigator Action at the Clerk's office at the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007, during regular business hours.

## **PLEASE NOTE**

Whether or not the Settlement or Judgment is approved by the Court, and whether or not the Settlement is consummated, the facts and terms of the Settlement, all negotiations, discussions, drafts and proceedings in connection with the Settlement, and any act performed or documents signed in connection with the Settlement, shall not, in this or any other court, administrative agency, arbitration forum or other tribunal, constitute an admission of, or evidence of, or be deemed to create any inference of, (i) any acts of wrongdoing, (ii) any liability on the part of any of the Defendants or Released Persons to Plaintiff or anyone else, (iii) any deficiency of any claim or defense that has been or could have been asserted in the Navigator Action, (iv) any damages suffered by Plaintiff or anyone else, or (v) that the Settlement Amount (or any other amount) represents the amount that could or would have been recovered from Defendants in the Navigator Action if it was not settled at this point in time.

The facts and terms of the Settlement, including all negotiations, discussions, drafts and proceedings in connection with the Settlement and the Judgment, and any act performed or document signed in connection with the Settlement, Judgment or the Stipulation, shall not be offered or received in evidence or used for any other purpose in this or any other proceeding in any court, administrative agency, arbitration forum or other tribunal, except as necessary to enforce the terms of the Settlement or the Stipulation, including, but not limited to, the Judgment, the releases in the Judgment and the releases in the Proof of Claim. Plaintiff understands, acknowledges and agrees that Defendants have denied and continue to deny each and all of the claims of wrongdoing, liability and damages alleged in the Navigator Action.

## **RELEASE TERMS**

The following constitute the full and final terms of release and discharge contained in the Stipulation, including the definitions of “Released Persons” and “Released Claims” as used in this Notice:

“Released Persons” means and includes the Domestic High Grade Fund, BSAM, The Bear Stearns Companies LLC (f/k/a The Bear Stearns Companies Inc.), JPMorgan Chase & Co., J.P. Morgan Securities LLC (f/k/a Bear, Stearns & Co. Inc.), J.P. Morgan Clearing Corp. (f/k/a Bear, Stearns Securities Corp.), Walkers Fund Services Limited, Walkers Global Holdings, Inc., Walkers SPV Limited, Ralph Cioffi, Raymond McGarrigal, Matthew Tannin, Barry Cohen, Gerald Cummins, Gregory Quental, David Sandelovsky, Michelle Wilson-Clarke, Scott Lennon, and John Milsom and Richard Heis as Liquidators, and all of the above’s past, current and future spouses, family members, officers, directors, employees, shareholders, agents, attorneys, advisors, accountants, auditors, insurers, trustees, financial advisors, lenders, investment bankers,

associates, representatives, affiliates, parents, subsidiaries, predecessors, successors or assigns (including the past, current and future directors, officers, shareholders and employees of such affiliates, parents, subsidiaries, predecessors, successors or assigns), general partners, limited partners, partnerships, heirs, executors, personal representatives, estates, and administrators (collectively the “Defendants’ Affiliates”). For the avoidance of doubt, “Released Persons” also includes all present and former officers, directors, employees, or agents of the Bear Stearns Entities and/or the Domestic High Grade Fund (including, without limitation, Ralph Cioffi, Raymond McGarrigal, Matthew Tannin, Barry Cohen, Gerald Cummins, Gregory Quental, and David Sandelovsky, and any attorneys, agents, affiliates, parents, subsidiaries, predecessors, successors, and assigns of each of them).

“Released Claims” means any and all claims, rights, demands, suits, matters, issues, causes of action, liabilities, obligations, expenses, damages, losses, or any other matters, whether known or unknown, foreseen or unforeseen, foreseeable or unforeseeable, or certain or contingent, that have been, could have been, or in the future could be asserted by Plaintiff individually and/or derivatively on behalf of the Domestic High Grade Fund, by the Domestic High Grade Fund, or by any or all of the Limited Partners (or anyone else who participates in this Settlement) derivatively on behalf of Domestic High Grade Fund, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, predecessors, successors or assigns, against the Released Persons, whether under the laws of the United States (including, but not limited to, claims arising under the federal securities laws, any rules or regulations promulgated thereunder, or otherwise), the laws of any state or territory of the United States (including, but not limited to, claims arising under Delaware and New York law), the laws of the Cayman Islands, or the laws of any other jurisdiction, which arise out of or relate in any manner to the allegations, facts, events, transactions, acts, occurrences, conduct, statements, representations, alleged misrepresentations, alleged omissions or any other matter, thing or cause whatsoever, or any series thereof, that: (i) have been or could have been asserted in the Navigator Action; (ii) were alleged, recited, described or referred to in the Navigator Action; or (iii) arise from, relate to, or are in connection with the Domestic High Grade Fund; provided, however, that the Released Claims shall not include any claim of an Arbitration Limited Partner brought in his or her individual capacity nor any claims that may arise out of a breach of this Stipulation.

Released Claims shall include without limitation any and all provisions, rights and benefits conferred by any law of the United States, any state or territory of the United States, any law of the Cayman Islands, or any principle of common law of these or any other jurisdiction, which governs or limits a person’s release of unknown or unsuspected claims. Such claims are released. Specifically, the Parties acknowledge that they have read California Civil Code Section 1542 (“Section 1542”), which reads as follows:

**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.

All provisions, rights and benefits under Section 1542 and any law or legal principle of similar effect in any jurisdiction with respect to the release of unknown or unsuspected claims, including, but not limited to, Delaware law and New York law, are released, waived and relinquished. The Parties acknowledge that the foregoing waiver was separately bargained for and was a key element of both this Stipulation and the Settlement of which this release is a material and essential part. The Parties acknowledge that they may hereafter discover facts different from, or in addition to, those which they now know or believe to be true with respect to the claims they have released, but nonetheless agree that the Releases contained in this Stipulation shall be and remain effective in all respects.

### **SPECIAL NOTICE TO NOMINEES**

If you hold an interest in the Domestic High Grade Fund as nominee for a beneficial owner, then you must, within ten (10) days after you receive this Notice, either: (1) send a copy of this Notice by first class mail to all such individuals and/or entities; or (2) provide a list of the names and addresses of beneficial owners to Plaintiff's counsel.

### **DEFINITIONS**

"Amended Complaint" means the First Amended Class Action and Verified Derivative Complaint filed in the Navigator Action.

"Arbitration Limited Partner" means any Limited Partner who has submitted to binding arbitration at the Financial Industry Regulatory Authority ("FINRA") any claims against the Bear Stearns Defendants arising from, related to, or in connection with its Investment.

The "Bear Stearns Defendants" shall mean Bear Stearns Asset Management Inc. ("BSAM"), J.P. Morgan Clearing Corp. (f/k/a Bear, Stearns Securities Corp.), The Bear Stearns Companies LLC (f/k/a The Bear Stearns Companies Inc.), J.P. Morgan Securities LLC (f/k/a Bear, Stearns & Co. Inc.) (collectively, the "Bear Stearns Entities"), Barry Cohen, Gerald Cummins, David Sandelovsky and Gregory Quental (the "Bear Stearns Director Defendants"), Ralph Cioffi, Matthew Tannin, and Raymond McGarrigal.

"Defendants" shall mean the Bear Stearns Defendants and Scott Lennon, Michelle Wilson-Clarke and Walkers Fund Services Limited.

“Domestic High Grade Fund” means the nominal defendant Bear Stearns High-Grade Structured Credit Strategies, L.P.

“Eligible Investor” means a Limited Partner with Net Losses who is not a Settled Limited Partner, Arbitration Limited Partner or Employee Limited Partner.

“Employee Limited Partner” means any current or former employee, director or officer of any of the Bear Stearns Entities or of any affiliate, predecessor, successor, representative, or assign of any of the Bear Stearns Entities, or any current or former family member, affiliate, agent, heir, executor, estate, trust, administrator, or assign of any current or former employee, director or officer of any of the Bear Stearns Entities or of any affiliate, predecessor, successor, representative, or assign of any of the Bear Stearns Entities, who also is a Limited Partner of the Domestic High Grade Fund.

“Feeder Funds” shall refer collectively to the Domestic High Grade Fund, Bear Stearns High-Grade Structured Credit Strategies (Overseas), Ltd., Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Fund, L.P. and Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage (Overseas), Ltd.

“Final” means no longer subject to review upon appeal, whether due to expiration of time to appeal, or due to final affirmation on appeal and expiration of time for any petition for reargument, appeal or review, by certiorari or otherwise.

“Final Court Approval” means that the Court has entered an Order approving this Stipulation and that such Order has become Final.

“Investment” means any investment made by a Limited Partner in the Domestic High Grade Fund.

“Judgment” means a Final Order and Judgment entered by the Court dismissing the Navigator Action, with prejudice, substantially in the form attached to the Stipulation as Exhibit D.

“Limited Partner” means any Person who invested or otherwise properly acquired an interest in the Domestic High Grade Fund and who held that interest in the Domestic High Grade Fund on or after July 18, 2007.

“Navigator” or “Plaintiff” means Navigator Capital Partners, L.P., on behalf of itself and all others similarly situated and derivatively on behalf of nominal defendant Bear Stearns High-Grade Structured Credit Strategies L.P.

“Navigator Action” means the action set forth in the Caption of this Notice.

“Net Contribution” means the amount of money that a Limited Partner invested in the Domestic High Grade Fund less any money that the Limited Partner withdrew, transferred, redeemed or otherwise removed from the Domestic High Grade Fund, and specifically does not include any purported gain on any amount of money invested in the Domestic High Grade Fund.

“Net Losses” means the amount by which the total amount invested by a Limited Partner collectively in the Feeder Funds exceeds the total amount withdrawn or otherwise removed collectively from the Feeder Funds.

“Notice” means this Notice of Proposed Settlement of Derivative Action and Settlement Hearing.

“Party” or “Parties” shall mean the Plaintiffs and Defendants individually or collectively.

“Person” means a natural person, individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, joint venture, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, any business or legal entity, and any spouse, heir, legatee, executor, administrator, predecessor, successor, representative, or assign of any of the foregoing.

“Proof of Claim” refers to the Proof of Claim and Release Form, attached as an Exhibit to this Notice.

“Scheduling Order” means the order of this Court dated September 16, 2011 preliminarily approving the Settlement, approving the Notice and scheduling the Settlement Hearing for November 2, 2011 at 11:30 a.m.

“Settled Limited Partner” means any Limited Partner who has settled with and released all claims against the Bear Stearns Defendants arising from, related to, or in connection with such Limited Partner’s Investment.

“Settlement” means the settlement and compromise of the Navigator Action and related matters as provided for in the Stipulation of Settlement, dated August 26, 2011.

“Settlement Amount” means Eighteen Million Nine Hundred Sixty Thousand Eight Hundred Thirty Seven Dollars (\$18,960,837) — which was determined by calculating 30% of the Net Contributions of all Eligible Investors and adding Three Million Five Hundred Thousand Dollars (\$3,500,000) reflecting the potential award of attorneys’ fees and expenses as provided for in paragraph 6.1 of the Stipulation — that BSAM will deposit in the Settlement Fund.

“Settlement Fund” means an interest-bearing escrow account to be established and administered by Navigator’s counsel in which BSAM will deposit the Settlement Amount after the Court enters the Scheduling Order.

“Settlement Hearing” means the hearing or hearings on November 2, 2011 at 11:30 a.m. or as adjourned at which the Court will review the adequacy, fairness, and reasonableness of the Settlement, and the appropriateness of the Fee Request (as defined in Section VI of the Stipulation).

“Stipulation” means the Stipulation of Settlement, dated August 26, 2011.

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

DATED: September 23, 2011

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