

SECURITIES & EXCHANGE COMMISSION V. MOZILO ET AL.
CASE NO.: CV 09-3994 JFW (MANx)
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

**NOTICE FOR DISTRIBUTION OF
THE SEC v. MOZILO FAIR FUND**

If you purchased or otherwise acquired Countrywide Financial Corporation common stock (CUSIP No. 222372104) during the period March 1, 2005 to April 24, 2008 (the “Relevant Period”), you may be eligible to share in the distribution of the \$48,150,000.00 Fair Fund.

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

The United States Securities and Exchange Commission (“SEC”) filed an enforcement action against Angelo Mozilo, David Sambol and Eric Sieracki (“Defendants”) alleging that the Defendants violated Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder (the “Action”). As part of a settlement of the Action approved by the Honorable John F. Walter of the United States District Court for the Central District of California on October 15, 2010, a Fair Fund¹ in the amount of \$48.15 million was established to compensate harmed investors. The purpose of this Notice for Distribution of the SEC v. Mozilo Fair Fund (“Notice”) is to advise you of your rights and of the eligibility criteria that may entitle you to participate in the distribution of the Fair Fund.

YOUR LEGAL RIGHTS AND OPTIONS	
SUBMIT A PROOF OF CLAIM FORM	This is the only way to be considered for payment. However, if you already submitted a Proof of Claim for the <i>In re Countrywide Financial Corporation Securities Litigation</i> , No. cv 07-05295 MRP (MANx) (“Countrywide Class Action”), you do not need to submit another Proof of Claim.
DO NOTHING	You will not be considered for payment.
DEADLINE	Proof of Claim Forms must be postmarked no later than December 9, 2012

PLEASE DIRECT ALL QUESTIONS REGARDING THIS NOTICE TO		
Call: 1-877-225-9893	Email: info@MoziloFairFund.com	Write: SEC v. Mozilo Fair Fund c/o Rust Consulting, Inc., Distribution Agent P.O. Box 8045 Faribault, MN 55021-9445

Please Read this Notice carefully.

¹ All capitalized terms not otherwise defined in this Notice shall have the meanings defined in the Plan of Distribution that is on file with the Court and available at www.MoziloFairFund.com.

FREQUENTLY ASKED QUESTIONS

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BASIC INFORMATION

1. Why did I receive this Notice?

You or someone in your family may have purchased or otherwise acquired shares of Countrywide Financial Corporation (“Countrywide”) common stock during the period of March 1, 2005 to April 24, 2008 (the “Relevant Period”).

This Notice package describes the SEC’s enforcement action, your legal rights, what benefits are available, who is eligible for them, and how to get them.

2. What are the details of the Action?

In June 2009, the SEC filed a complaint against Angelo Mozilo, David Sambol and Eric Sieracki (“Defendants”) alleging violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, and Rule 13a-14 under the Exchange Act.

The SEC alleged that Mozilo, Sambol and Sieracki failed to disclose to investors the significant credit risk that Countrywide was taking on as a result of its efforts to build and maintain market share. Investors were allegedly misled by representations assuring them that Countrywide was primarily a prime quality mortgage lender that had avoided the excesses of its competitors.

The SEC further alleged that Mozilo engaged in insider trading in the securities of Countrywide in October, November and December 2006 while he was aware of material, non-public information concerning Countrywide’s increasing credit risk and the risk regarding the poor expected performance of Countrywide-originated loans.

On October 15, 2010, the United States District Court for the Central District of California (the “Court”) entered the Court’s Final Judgment, pursuant to which (i) Mozilo was required to pay a civil penalty of \$22,500,000 and disgorgement of \$45,000,000; (ii) Sambol was required to pay a civil penalty of \$520,000 and disgorgement of \$5,000,000; and (iii) Sieracki was required to pay a civil penalty of \$130,000. Between November 2010 and February 2011, the funds paid by Defendants were deposited into an interest bearing account with the Court Registry Investment System.² The Court established a Fair Fund in accordance with Section 308(a) of the Sarbanes-Oxley Act of 2002. These funds, together with any interest and income earned thereon and after deductions expended or to be expended for taxes and administrative fees (the “Net Fair Fund”), will be distributed in accordance with the enclosed Plan of

² Angelo Mozilo paid \$25,000,000 of the disgorgement to partially fund the settlement of the action *In re Countrywide Financial Corporation Securities Litigation*.

Allocation to the Eligible Claimants. The Plan of Allocation is further explained below in the Answer to Question No. 7.

WHO IS ELIGIBLE

3. Who is eligible to receive a payment from the Fair Fund?

In order to determine whether you will receive a distribution from the Fair Fund, you first must determine whether you are a Potentially Eligible Claimant. A Potentially Eligible Claimant is any of the following individuals and entities, subject to certain exceptions (see Question No. 4):

All persons or entities that purchased or otherwise acquired Countrywide Financial Corporation common stock (CUSIP No. 222372104) during the period of March 1, 2005 to April 24, 2008.

If you have questions about the tax consequences of participating in the Fair Fund, you should consult with your own tax advisor.

4. Who is excluded from receiving a payment from the Fair Fund?

You are not a Potentially Eligible Claimant if you are:

- a) A current or former Countrywide Financial Corporation officer or director or any of their past or present affiliates (or any of their affiliates, assigns, creditors (provided that such entity shall only be excluded in its capacity as such without regard to whether it may otherwise be an Eligible Claimant), heirs, distributees, spouses, parents, children, or controlled entities) who had access to the allegedly undisclosed information that is the subject of the Action;
- b) Any Person who assigned that Person's right to obtain a recovery in the Action;
- c) Any assignee of another Person's right to obtain a recovery in the Action, provided, however, this provision shall not be construed to exclude those Persons who obtained such a right by inheritance or devise; or
- d) The Distribution Agent, its employees, and those persons assisting the Distribution Agent in its role as Distribution Agent.

HOW TO SUBMIT A PROOF OF CLAIM FORM FOR CONSIDERATION

5. What do I need to do to receive a payment?

To qualify for a distribution payment, if you did not submit a valid Proof of Claim in the Countrywide Class Action, you **must** file a signed Proof of Claim Form with the Distribution Agent on or before the Claims Filing Deadline, **December 9, 2012**. If you require additional information or forms, you may obtain them from the Fair Fund website at www.MoziloFairFund.com, by calling 1-877-225-9893, or you may submit a written request or email to the Distribution Agent at the address below.

Be sure to complete all information requested on the Proof of Claim Form that applies to you including your signature, and include sufficient documentation reflecting your purchases, acquisitions, sales and holdings of Countrywide common stock shares as requested. If you do not provide all required information and sign the Proof of Claim Form, your claim may be rejected.

If you submitted a valid Proof of Claim in the Countrywide Class Action, the trading information you already supplied will be used to determine your Fair Fund claim. Please DO NOT submit another Proof of Claim Form.

6. When is the deadline for sending in my Proof of Claim Form?

Your completed Proof of Claim Form must be postmarked no later than the Claims Filing Deadline of December 9, 2012 and mailed to the following address:

SEC v. Mozilo Fair Fund
c/o Rust Consulting, Inc.
Distribution Agent
P.O. Box 8045
Faribault, MN 55021-9445

7. How much will I receive if my claim is eligible?

A Plan of Allocation has been prepared that provides a mathematical formula for the Distribution Agent to determine each Eligible Claimant's Approved Claim based on each Eligible Claimant's purchases of Countrywide common stock during the

Relevant Period. The Net Fair Fund will be allocated to each Eligible Claimant *pro rata* based upon the ratio of the Approved Claim of each Eligible Claimant to the aggregate Approved Claims of all Eligible Claimants.

For more specific information regarding the methodology utilized to determine each Eligible Claimant's Distribution Amount, please review the Plan of Allocation, which is attached to this Notice as Exhibit A, and available for download at www.MoziloFairFund.com.

8. When will I receive my payment?

Processing of the Proof of Claim Forms will require significant time. The Distribution Agent estimates that distributions from the Fair Fund will be made approximately 8 to 10 months after the Claims Filing Deadline, although that estimate is subject to change, depending on various factors.

Potentially Eligible Claimants may obtain updates on the progress of the administration of the Fair Fund by visiting the website at www.MoziloFairFund.com, by calling 1-877-225-9893, by sending an email to info@MoziloFairFund.com, or writing to: SEC v. Mozilo Fair Fund, c/o Rust Consulting, Inc., Distribution Agent, P.O. Box 8045, Faribault, MN 55021-9445.

9. Do I give up any legal rights by submitting a Proof of Claim Form?

By participating in the distribution of the Fair Fund, Eligible Claimants **will not** be releasing any rights or claims they may have against any party, including but not limited to Countrywide and Countrywide's present or former officers and directors.

IF YOU DO NOTHING

10. What happens if I do nothing at all?

If you did not submit a Proof of Claim in the Countrywide Class Action, and you do not submit a Proof of Claim Form for this SEC Action, you will not receive any payment in connection with the Fair Fund, regardless of whether you are otherwise a Potentially Eligible Claimant.

GETTING MORE INFORMATION

11. Are there more details about the Action?

This Notice summarizes the distribution of the Fair Fund. You may obtain copies of the Plan of Distribution and other relevant documents at www.MoziloFairFund.com or you may request copies by writing to SEC v. Mozilo Fair Fund, c/o Rust Consulting, Inc., Distribution Agent, P.O. Box 8045, Faribault, MN 55021-9445.

12. How do I get more information?

You can visit the website at www.MoziloFairFund.com, where you will find answers to common questions about the Distribution, the Proof of Claim Form, plus other information to help you determine whether you are a Potentially Eligible Claimant and whether you are eligible for payment. You can also call 1-877-225-9893 toll-free, write to the SEC v. Mozilo Fair Fund, c/o Rust Consulting, Inc., Distribution Agent, P.O. Box 8045, Faribault, MN 55021-9445, or send an email to info@MoziloFairFund.com.

INQUIRIES

All inquiries concerning this Notice, the Proof of Claim Form, or any other questions by shareholders should be directed to the Distribution Agent as follows:

SEC v. Mozilo Fair Fund
c/o Rust Consulting, Inc.
Distribution Agent
P.O. Box 8045
Faribault, MN 55021-9445

Toll-Free: 1-877-225-9893 — Website: www.MoziloFairFund.com — Email: info@MoziloFairFund.com

PLEASE DO NOT CONTACT THE COURT WITH YOUR QUESTIONS REGARDING THIS NOTICE.

Dated: August 24, 2012

For More Information: call 1-877-225-9893, email info@MoziloFairFund.com, or visit www.MoziloFairFund.com

EXHIBIT A

PLAN OF ALLOCATION OF THE NET FAIR FUND

A. Preliminary Matters

The Securities and Exchange Commission (“SEC”) has recovered \$48.15 million in cash (the “Fair Fund”) for the benefit of Potentially Eligible Claimants³. The Fair Fund and the interest earned thereon, less fees and expenses, is the “Net Fair Fund.” The Net Fair Fund will be distributed to Potentially Eligible Claimants who submitted a valid claim in the *In re Countrywide Financial Corporation Securities Litigation* (“Countrywide Class Action”) or who submit timely and valid Proof of Claim forms (“Eligible Claimants”) in the SEC Fair Fund matter pursuant to the Plan of Distribution.

The purpose of this Plan of Allocation (the “Plan”) is to establish a reasonable and equitable method of distributing the Net Fair Fund among Eligible Claimants. This Plan is intended to be generally consistent with an assessment of, among other things, the monetary loss suffered by each Eligible Claimant as a result of the conduct alleged by the SEC.

The Net Fair Fund will likely amount to less than the total losses suffered by Eligible Claimants. The calculated Recognized Losses do not represent the amount that will actually be paid to Eligible Claimants. Rather, the Recognized Losses provide the basis upon which the Distribution Agent will allocate the Net Fair Fund to Eligible Claimants on a *pro rata* basis.

B. Eligible Security

The Countrywide Financial Corporation security (“Eligible Security”) for which a Potentially Eligible Claimant may be entitled to receive a distribution from the Net Fair Fund consists of Countrywide Financial Corporation common stock (CUSIP No. 222372104).

C. Relevant Period

Only those persons or entities that purchased or otherwise acquired the Eligible Security during the period of March 1, 2005 to April 24, 2008 (the “Relevant Period”) are eligible for a distribution.

D. Principles and Additional Definitions

This Plan is based on the following principles and additional definitions (listed alphabetically), among others:

1. “Approved Claim” shall mean the Recognized Loss ultimately determined by the Distribution Agent pursuant to the Plan of Distribution.
2. The “Distribution Amount” is the actual amount to be distributed to an Eligible Claimant from the Net Fair Fund.
3. The “Holding Price” is (i) the sale price for units sold after April 24, 2008 and before July 1, 2008, the date of Countrywide’s merger with Bank of America Corporation; or (ii) \$4.25 for units held as of the close of trading on June 30, 2008.
4. “Inflation” is the amount by which the price of the Eligible Security was overvalued on each day in the Relevant Period because of the alleged misrepresentations.
5. A “purchase” is the acquisition of the Eligible Security by any means other than a purchase transaction conducted for the purpose of covering a “short sale” transaction.
6. “Purchase Price Per Unit” is the amount paid per unit by a Potentially Eligible Claimant to purchase the Eligible Security.
7. “Recognized Loss” is the amount of loss, as calculated under this Plan, based on the amount of inflation in the Eligible Security’s prices.
8. A “sale” is the disposition of the Eligible Security by any means other than a “short sale” transaction.
9. “Sales Price Per Unit” is the amount received per unit by a Potentially Eligible Claimant upon the sale of the Eligible Security.
10. “Total Purchase Amount” is the Purchase Price Per Unit multiplied by the number of units purchased by a Potentially Eligible Claimant during the Relevant Period.
11. “Total Sales Proceeds” is (a) the Sales Price Per Unit multiplied by the number of units sold by a Potentially Eligible Claimant during the Relevant Period, or (b) the Holding Price per Unit multiplied by the number of units purchased during the Relevant Period held as of the close of trading on April 24, 2008.

³ Capitalized terms have the meanings ascribed to them in the Plan of Distribution.

12. "Trading Gain" means the amount by which the Total Sales Proceeds exceed the Total Purchase Amount for the Eligible Security.

13. "Trading Loss" means the amount by which the Total Purchase Amount exceeds the Total Sales Proceeds for the Eligible Security.

14. A "unit" is the measure by which the security is denominated (i.e., shares).

15. Eligible Claimants must have purchased or otherwise acquired the Eligible Security between March 1, 2005 and April 24, 2008, inclusive (the "Relevant Period"). Further, in order for the Potentially Eligible Claimant to share in the distribution of the Net Fair Fund, the market price of the Eligible Security must have declined due to disclosure of the alleged Countrywide fraud. Because disclosure of the alleged Countrywide fraud did not affect prices of Countrywide common stock until July 24, 2007, in order for a Potentially Eligible Claimant to share in the distribution, the Eligible Security must have been (a) purchased during the Relevant Period prior to July 24, 2007 and held until at least July 24, 2007, or (b) purchased on or after July 24, 2007 but before April 25, 2008; and, in either case, the Potentially Eligible Claimant must have suffered an overall net Trading Loss as described below.

16. For purposes of computing both Trading Losses (Gains) and Recognized Losses (Gains) for a Potentially Eligible Claimant's multiple purchases or sales of the Eligible Security, purchases will be matched to sales using the "first-in/first out" (FIFO) inventory method, which matches sales to purchases based on the dates of those transactions. Specifically, when any Proof of Claim includes a Relevant Period sale of the Eligible Security acquired during the Relevant Period, the earliest sale during the Relevant Period of the Eligible Security will be matched first against the Potentially Eligible Claimant's opening position on the first day of the Relevant Period, if any, for the Eligible Security, and then matched chronologically thereafter against each purchase or acquisition of the Eligible Security during the Relevant Period. Sales matched to units from a Potentially Eligible Claimant's opening position are excluded from the calculation of Trading Loss or Recognized Loss. Note: Short sales and purchases to cover short sales (whether they occurred before, during, or after the Relevant Period) are not included when calculating Trading Losses (Gains) or Recognized Losses (Gains).

17. *Effect of shares acquired from the exercise of options:* Countrywide common stock acquired during the Relevant Period through the exercise of an exchange-traded call option shall be treated as a purchase of Countrywide common stock on the date of exercise. The purchase price paid for such stock shall be the closing price of Countrywide common stock on the date of exercise.

E. Trading Loss

The Trading Loss (or Gain) for the Eligible Security is computed as the Total Purchase Amount minus the Total Sales Proceeds. A Trading Loss exists if the Total Purchase Amount exceeds the Total Sales Proceeds.

The Eligible Security's Holding Price is (i) the sale price for units sold after April 24, 2008 and before July 1, 2008, the date of Countrywide's merger with Bank of America Corporation; or (ii) \$4.25 for units held as of the close of trading on June 30, 2008.

For all units of the Eligible Security purchased by a Potentially Eligible Claimant during the Relevant Period, the Trading Loss (or Gain) will be totaled. If a Potentially Eligible Claimant has an overall net Trading Gain or has a net Trading Loss equal to zero (Total Sales Proceeds exceed or are equal to Total Purchase Amount) during the Relevant Period, the Claimant "made money" or "broke even" overall and accordingly will not be eligible to receive a distribution from the Net Fair Fund. In computing such net Trading Gains or net Trading Losses, the Distribution Agent (i) will offset Trading Gains against Trading Losses, and (ii) will treat any units held at the end of the Relevant Period as if they were sold for the Holding Price.

If there is not a net Trading Loss, the Potentially Eligible Claimant will not be eligible to receive a distribution from the Net Fair Fund. If there is a net Trading Loss, the Distribution Agent will then compute the Recognized Loss (and Recognized Claim), if any, as indicated herein.

If a Potentially Eligible Claimant acquired the Eligible Security during the Relevant Period by means of a gift, inheritance or operation of law, the Trading Loss (Gain) for that acquisition will be computed by using the price of the Eligible Security on the original date of purchase - if the original purchase was during the Relevant Period - and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of the Eligible Security. To the extent that the Eligible Security was originally purchased prior to or after the end of the Relevant Period, and there was no taxable event or change in cost basis at the time of transfer during the Relevant Period, the Potentially Eligible Claimant's Trading Loss (Gain) for that acquisition shall be zero.

F. Recognized Loss

If a Potentially Eligible Claimant has a net Trading Loss, the Distribution Agent will calculate a Recognized Loss (Gain). The calculation of Recognized Loss (Gain) is the dollar amount of inflation per unit at date of acquisition multiplied by the number of units acquired, minus either (i) the dollar amount of inflation per unit at the date of sale multiplied by the number of units sold if sold on or before April 24, 2008, or (ii) zero for those units purchased during the Relevant Period and held past April 24, 2008. Inflation (deflation) per unit is based, in part, on the price changes (net of market/industry movements) in the security caused by disclosures that allegedly corrected the previous misrepresentations.

Recognized Loss will be reduced dollar-for-dollar to the extent that (i) units were purchased or acquired at a price below the lowest trading or published price on the date during the Relevant Period on which the purchase or acquisition was made (e.g., in a private sale or at a discounted price), or (ii) units were sold at a price above the highest trading or published price on the date during the Relevant Period on which the sale was made.

1. Inflation for Transactions in Countrywide Common Stock

For Countrywide common stock, a unit is a share of common stock. The dollar amount of inflation in the price of a share of Countrywide common stock for purposes of calculating Recognized Loss appears in the table below.

Inflation in Prices of Countrywide Common Stock

<i>Period Start</i>	<i>Period End</i>	<i>Inflation at Time of Purchase or Sale</i>
03/01/2005	01/30/2006	\$0.06
01/31/2006	06/30/2006	\$0.60
07/01/2006	09/30/2006	\$4.56
10/01/2006	12/31/2006	\$7.14
01/01/2007	07/23/2007	\$8.60
07/24/2007	08/13/2007	\$5.84
08/14/2007	08/14/2007	\$4.08
08/15/2007	08/15/2007	\$1.44
08/16/2007	04/24/2008	\$0.03

2. A Potentially Eligible Claimant's Recognized Gains will be netted against that claimant's Recognized Losses for transactions in the Eligible Security to determine the net Recognized Loss. For all units purchased during the Relevant Period, the Recognized Loss (or Gain) will be totaled. Recognized Gains and Losses, in other words, will be netted or aggregated. If a Potentially Eligible Claimant has a net Recognized Gain on all of the claimant's purchases and sales of the Eligible Security during the Relevant Period, the claimant will not be eligible to receive a distribution from the Net Fair Fund. If a Claimant has a net Recognized Loss on all purchases and sales of the Eligible Security during the Relevant Period, the Distribution Agent will then calculate the Claimant's Recognized Claim.

G. Recognized Claim

Each Authorized Claimant's aggregate Recognized Claim will be calculated as the sum of his, her or its Recognized Claims for the Eligible Security as computed based on the preceding provisions.

If a Claimant has an overall net Trading Loss and a net Recognized Loss on all of the Claimant's transactions in the Eligible Security, then a Claimant's Recognized Claim is the **lesser** of (i) the Recognized Loss or (ii) the Trading Loss.

H. Distributions from the Net Fair Fund

The Distribution Agent will determine each Eligible Claimant's share of the Net Fair Fund. In general, each Eligible Claimant will receive an amount (the "Distribution Amount") determined by multiplying the Net Fair Fund by a fraction, the numerator of which is the Eligible Claimant's Recognized Claim and the denominator of which is the aggregate Recognized Claims of all Eligible Claimants. In no event will the Distribution Amount received by an Eligible Claimant exceed his, her, or its Recognized Claim.

The Court has reserved jurisdiction to modify, amend or alter the Plan of Allocation without further notice to anyone, and to allow, disallow or adjust any Potentially Eligible Claimant's claim to ensure a fair and equitable distribution.

Please note that the term "Recognized Claim" is used solely for calculating the amount of participation by Eligible Claimants in the Net Fair Fund. It is not the actual amount an Eligible Claimant can expect to recover.

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IMPORTANT COURT DOCUMENTS