

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

IN RE MUNICIPAL MORTGAGE & EQUITY, LLC, SECURITIES
AND DERIVATIVE LITIGATION

MDL 08-MD-1961
ALL CLASS ACTIONS

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

If you purchased, received or otherwise acquired Municipal Mortgage & Equity, LLC ("MuniMae") common stock pursuant to MuniMae's dividend reinvestment plan ("DRP") between May 3, 2004 and January 29, 2008, you could get a payment from a class action Settlement (the "Class").

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

- The Settlement resolves a federal class action lawsuit alleging that MuniMae and certain of its officers and directors violated the securities laws. Herein, the "Litigation" means *In re Municipal Mortgage & Equity, LLC, Securities and Derivative Litigation*, Case No. MDL 08-MD-1961.
- The Court-appointed class representative is David Kremser ("plaintiff Kremser").
- The defendants are MuniMae, Michael L. Falcone, Mark K. Joseph, William S. Harrison, Melanie M. Lundquist, Charles M. Pinckney, David Kay, Charles C. Baum, Richard O. Berndt, Robert S. Hillman, Douglas A. McGregor, Eddie C. Brown, Fred N. Pratt, Jr., and Arthur S. Mehlman, Merrill Lynch, Pierce, Fenner & Smith Inc. and RBC Capital Markets Corp.
- Defendants deny all allegations of wrongdoing alleged in the Litigation. The parties disagree on whether Defendants violated any federal securities laws, whether the alleged violations actually caused any damages to the Class Members (as defined below), and on the average amount of damages per share that would be recoverable if plaintiff Kremser and the Class (as defined below) prevailed on their claims.
- The federal court has preliminarily certified, for settlement purposes only, a Class consisting of all persons or entities who purchased, received or otherwise acquired MuniMae common stock pursuant to MuniMae's DRP between May 3, 2004 and January 29, 2008 and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the corporate Defendants, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any Defendant has or had a majority interest.
 - "Class Member" means a Person who falls within the definition of the Class and who does not timely exercise his, her or its right to opt-out of the Class.
 - "Person" means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.
- The Settlement will provide: (i) a maximum amount of \$676,820.00, less plaintiffs' attorneys', litigation and administration fees and expenses allowed by the Court, payable to Authorized Claimants on a claims-made basis as set forth in the Plan of Allocation set forth below; and (ii) up to an additional \$150,000.00 to be paid by Defendants as attorneys' fees and expenses as awarded by the Court.
- This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation or the merits of the claims or defenses asserted.
- Your legal rights are affected whether you act or do not act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM BY SEPTEMBER 21, 2015	The only way to get a payment in this Settlement.
EXCLUDE YOURSELF FROM THE SETTLEMENT BY SUBMITTING AN OPT-OUT FORM BY AUGUST 10, 2015	Get no payment pursuant to this Settlement. This is the only option that allows you to be a part of any other lawsuit against the Defendants and other Released Persons involving the claims released by this Settlement. No other investor lawsuits relating to the facts of this Litigation are currently pending.
OBJECT BY AUGUST 10, 2015	Write a letter to the Court objecting to the Settlement. You must still file a claim if you want to receive payment from the Settlement.
GO TO A HEARING ON SEPTEMBER 24, 2015	Ask to speak in Court about the Settlement.
DO NOTHING	Get no payment from this Settlement. You also will be giving up your rights regarding all claims released by this Settlement and any other lawsuit as to the stock issued pursuant to the MuniMae DRP.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals by Class Members are resolved, if the Settlement remains effective after any such appeals.

SUMMARY NOTICE

Statement of Class Recovery Under the Settlement

Pursuant to the Settlement described herein, a Settlement Fund consisting of a maximum amount of \$676,820.00 is payable to Authorized Claimants on a claims-made basis as set forth in the Plan of Allocation set forth below. This represents an estimated average recovery of \$25.37 per share based on the estimated number of damaged shares acquired during the Class Period. A Class Member's actual recovery will be a proportion of the Settlement Fund, determined by that Claimant's recognized loss (i.e., a claim proved by timely submission of a valid Proof of Claim and Release form) as compared to the total recognized losses of all Class Members. This proportional allocation is called "proration." See the Plan of Allocation beginning on Page 7 for more information.

Statement of Claims, Issues, Defenses, and Potential Outcome of Case

This litigation consists of five class actions and five derivative actions filed in the United States District Court for the District of Maryland and Southern District of New York, which were consolidated on August 27, 2008 for coordinated proceedings in the District of Maryland.

Plaintiffs, on behalf of themselves and on behalf of investors who purchased MuniMae stock between May 3, 2004 and January 29, 2008 (the "Class Period"), allege in their Consolidated and Amended Class Action Complaint ("Complaint") claims against Defendants arising under §§11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act") and §10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") for issuing materially false and misleading statements and omissions concerning MuniMae's compliance with accounting standards. With regard to the Securities Act claims, the Complaint alleged that Defendants made various materially false and misleading statements and omissions in the Company's prospectus and registration documents accompanying its February 2, 2005 Secondary Public Offering ("SPO").

Specifically, the Complaint alleged that MuniMae misrepresented its compliance with GAAP Financial Interpretation No. ("FIN") 46, a reporting rule enacted in the wake of the Enron scandal, which required a company to consolidate investment vehicles known as variable interest entities ("VIES") onto its financial statement if it was the primary beneficiary of the risks and rewards in the assets of the VIE. The Complaint alleged that, beginning in 2004, MuniMae failed to consolidate the VIES, and by 2007, when the Company announced that it would have to restate financial reports to correct for this error, the cost of preparing such restatements was so enormous that MuniMae's compliance efforts had serious and detrimental effects on its financial condition. The Complaint further alleges that on January 29, 2008, the end of the Class Period, when MuniMae revealed the truth concealed by its misrepresentations, announcing that it faced difficulties in its efforts to meet its restatement obligations, the price of MuniMae shares fell.

Defendants moved to dismiss the Complaint on March 12, 2009, arguing, variously, that Plaintiffs failed to allege facts sufficient to meet the requirements for alleging federal securities law claims, lacked standing to assert certain claims and were barred by applicable statutes of limitation and repose from asserting certain claims. On June 26, 2012, the District Court issued a memorandum opinion and order (the "Order"). The Order denied Defendants' motions to dismiss plaintiff Kremser's claims under §§11, 12(a)(2) and 15 of the Securities Act in connection with purchases of MuniMae stock pursuant to MuniMae's DRP, holding that those claims were timely and adequately pled. The Order dismissed the claims under §10(b) of the Exchange Act for failure to plead scienter sufficiently. With respect to the claims under §11 of the Securities Act, the District Court dismissed those claims, holding that the §11 claims relating to MuniMae's SPO were time-barred under the three-year statute of repose of §13 of the Securities Act. The District Court also dismissed the §12(a)(2) claims in connection with the SPO on the grounds that the Complaint did not adequately plead that any Plaintiff purchased shares directly in the SPO and, therefore, Plaintiffs lacked standing to assert those claims. Having not found a primary violation under §§11 or 12(a)(2), the District Court dismissed the control person claims (§15 of the Securities Act) relating to the SPO.

Following issuance of the Order, the parties agreed and jointly requested that the District Court issue a Fed. R. Civ. P. 54(b) judgment to permit immediate appeal of the District Court's dismissals of the claims under §§10(b) and 20(a) of the Exchange Act, and §§11, 12(a)(2) and 15 of the Securities Act relating to the SPO (the "Judgment").

On November 30, 2012, Plaintiffs timely appealed from the Order and Judgment, and subsequently filed an Amended Notice of Appeal on December 4, 2012. On March 7, 2014, the United States Court of Appeals for the Fourth Circuit issued an order and opinion affirming the District Court on all grounds. On June 5, 2014, plaintiff Dammeyer filed a Petition for Writ of Certiorari in the United States Supreme Court, which was denied on October 6, 2014. Following denial of the Petition for Writ of Certiorari by the United States Supreme Court, the only surviving claims in the Litigation were those on behalf of persons who received shares of MuniMae common stock through MuniMae's DRP.

Throughout the Litigation, the counsel for the respective Parties (as defined herein) engaged in extensive, arms-length settlement negotiations. Following dismissal of the non-DRP claims by the District Court in June 2012, Co-Lead Counsel and Defendants engaged in extensive negotiations regarding the settlement of the claims of those investors. Those negotiations, which were concluded after the United States Supreme Court denied certiorari, resulted in this settlement on behalf of the purchasers of MuniMae common stock through MuniMae's DRP represented by plaintiff Kremser.

At the time the Settlement was reached, plaintiff Kremser faced the possibility that the Class in this Litigation would not be certified, that the Litigation would not survive summary judgment, or that some or all of the claims would be dismissed before trial. Had the case gone to trial, Defendants would have asserted myriad factual and legal defenses, including that MuniMae's offering documents relating to the SPO fully complied with the federal securities laws and did not contain any materially untrue or misleading statements or omissions. Defendants also would contest: (1) the measure and amount of recoverable damages, if any; (2) the extent to which the statements that plaintiff Kremser alleged as materially false or misleading influenced (if at all) the trading prices of MuniMae's common stock at various times during the relevant time period; and (3) whether plaintiff Kremser has standing to assert the surviving DRP claims in the Complaint.

Furthermore, to the extent plaintiff Kremser succeeded on any claims, Defendants could take those issues on appeal, which could result in additional years of litigation with no certainty as to outcome for either side. Thus, had this Litigation continued, plaintiff Kremser and the proposed Class could face the possibility of obtaining no recovery. This Settlement will enable claiming Class Members to recover approximately 100% of their recoverable damages under applicable law for the surviving claims asserted by the Class as calculated by Co-Lead Counsel in conjunction with their consultants, without incurring any additional risk. As a result, plaintiff Kremser and Co-Lead Counsel believe this Settlement is a fair and reasonable recovery.

Statement of Attorneys' Fees and Costs Sought and Notice Costs and Expenses

Co-Lead Counsel will move the Court to award attorneys' fees and reimbursement of out-of-pocket costs (excluding the costs of notice and claims administration, which will be deducted from the Settlement Fund) not to exceed 30% of the Settlement Fund. Co-Lead Counsel estimates that the requested fees and expenses would amount to an average of not more than \$7.61 per damaged share in total for fees and expenses. Defendants have agreed to also pay an additional \$150,000 over and above the Settlement Fund in attorneys' fees and expenses. Co-Lead Counsel estimates that the additional \$150,000 in requested fees and expenses, which is not otherwise available for distribution to the Class, would amount to an average of not more than \$5.62 per damaged share. The attorneys' fees requested by Plaintiffs' Counsel, after deduction of out-of-pocket expenses is a small percentage of Plaintiffs' Counsel's hourly billings incurred prosecuting this Litigation since 2008. To date, Co-Lead Counsel have not received any payment for their services in prosecuting this Litigation on behalf of Plaintiffs and the members of the Class, nor have Co-Lead Counsel received any payment for their time or expenses. Co-Lead Counsel have committed a substantial amount of time prosecuting claims on behalf of Co-Lead Plaintiffs and the Class for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. The fees and expenses requested by Co-Lead Counsel would compensate counsel for investigating the facts, litigating the case, and negotiating the Settlement. Co-Lead Counsel believe that the amount to be requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in other litigations of this type.

Co-Lead Counsel are also authorized by the Stipulation to pay to the Claims Administrator, The Garden City Group, Inc., its fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Settlement proceeds to the Class Members; these fees and expenses are estimated to be no greater than \$50,000 and will be paid out of the Settlement Fund. Co-Lead Counsel may thereafter from time to time apply to the Court, without further notice to the Class, for an additional award of attorneys' fees and costs incurred in connection with administering the Settlement.

All such awards shall be subject to the approval of the Court.

See Questions 8-10 below for more information. Class Members are not personally liable for any such fees, expenses, or compensation.

Further Information

Further information regarding the Litigation and this Notice of Proposed Settlement of Class Action (the "Notice") may be obtained by contacting the Claims Administrator, Garden City Group, LLC. You may contact the Claims Administrator by calling 1-800-231-1815 or writing to: "In re MuniMae Securities Litigation, Claims Administrator, c/o GCG, PO Box 9349, Dublin, OH 43017-4249."

Reasons for the Settlement

For plaintiff Kremser, the principal reason for the Settlement is the benefit to be provided to the Class now and the approximate 100% recovery for Class Members. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. Plaintiff Kremser further considered, after conducting a substantial investigation into the facts of this case, the risks to proving liability and damages and if successful in doing so, whether a larger judgment could ultimately be collected. For Defendants, who deny all allegations of wrongdoing or liability, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM AND RELEASE FORM

1. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim and Release form ("Claim Form"). A Claim Form is being circulated with this Notice. You also may get a Claim Form on the Internet at www.gardencitygroup.com. Read the instructions carefully, fill out the Claim Form, include all the documents the form asks for, sign it, and mail it postmarked no later than September 21, 2015.

2. When would I get my payment?

The Court will hold a hearing on September 24, 2015 at 9:00 a.m., to decide whether to approve the Settlement (the "Settlement Fairness Hearing"). If the Court approves the Settlement, there may be appeals by Class Members after the approval. Resolving appeals can take time, perhaps more than a year. It also takes time for all the Claim Forms to be processed.

3. What am I giving up to get a payment?

Unless you specifically exclude yourself, you will be treated as a member of the Class Action. This means that upon the Effective Date, you will relinquish all Released Claims against the Released Persons. These terms are defined below:

"Released Claims" means any and all claims, actions, liabilities, losses, proceedings, causes of action (including both known and "Unknown Claims" and rights of every nature and description whatsoever, whether for damages, injunctive relief or any other remedy (including any claims for costs, attorneys' fees or expenses except as otherwise provided in this Stipulation), whether based on state, federal, foreign or common law, statute, rule or regulation (including, without limitation, claims under the federal securities laws), whether legal or equitable or any other type, whether accrued or not accrued, foreseen or unforeseen, matured or not matured, suspected or unsuspected, or fixed or contingent, against the Released Persons based upon, arising out of or related in any way to the purchase, receipt or acquisition of MuniMae common stock through MuniMae's DRP during the Class Period; the allegations made in the Litigation by plaintiff Kremser on his behalf and on behalf of Class Members; and any conduct, acts, omissions, transactions, negotiations or decisions of or by Plaintiffs, Plaintiffs' Counsel, Defendants and/or Defendants' Counsel in connection with the conduct of the Litigation or the negotiation of this Settlement;

"Released Persons" means each Defendant and their respective past or present directors, officers, employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, underwriters, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of each Defendant's immediate families, the heirs, successors and assigns of each Defendant, and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family.;

"Unknown Claims" means any Released Claims which the plaintiff Kremser or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, plaintiff Kremser shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, and/or equivalent to California Civil 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.

Plaintiff Kremser or any Class Member 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 plaintiff Kremser shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the 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, but not limited to, conduct which is negligent, 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. Plaintiff Kremser acknowledges, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

The "Effective Date" occurs when all of the following events and conditions have been met and have occurred:

- (a) the Settlement Amount shall have been transferred to the Escrow Agents;
- (b) the Court has entered the Notice Order;
- (c) Defendants have not exercised their option to terminate the Settlement;
- (d) the Court has entered the Judgment substantially in the form and content of Exhibit B attached to the Stipulation; and
- (e) the Judgment has become Final.

The Parties disagree on the amount of damages, if any, which would have been recoverable had plaintiff Kremser prevailed on all claims in this litigation. Plaintiff Kremser contends that the misrepresentations and omissions alleged in the Complaint were the direct cause of the artificial elevation and eventual decline in MuniMae's stock price and caused plaintiff Kremser and the Class to be damaged. Plaintiff Kremser further contends that the alleged stock decline is fully attributable to the alleged misrepresentations and omissions set forth in the Complaint. Defendants contend that they made no misrepresentations or omissions, but in all events the alleged misrepresentations and/or omissions set forth in the Complaint did not cause a decline in MuniMae's stock price and, therefore, plaintiff Kremser and the Class have not been damaged.

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

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Persons in some other lawsuit as to the Released Claims, then you must take steps to remove yourself from this lawsuit. This is called excluding yourself from or "opting out" of the Class. If more than a certain percentage of Class Members opt out or exclude themselves from the Class, Defendants may withdraw from and terminate the Settlement.

4. How do I exclude myself from the proposed Settlement?

To exclude yourself from the Class, you must send a signed letter by mail stating that you "request exclusion from the Class in *In re Municipal Mortgage & Equity, LLC, Securities and Derivative Litigation*, Case No. MDL 08-MD-1961" Your letter must state, for each of your purchases and sales of common stock in MuniMae pursuant to MuniMae's DRP during the Class Period, the date(s) of purchase(s) and/or sale(s), the number of shares purchased and/or sold, and the price paid or received per for each such purchase or sale. In addition, you must include your name, address, telephone number, and signature, and provide proper evidence of your purchases and sales of common stock in MuniMae pursuant to MuniMae's DRP, during the Class Period. You must mail your exclusion request postmarked **no later than August 10, 2015** to:

In re MuniMae Securities Litigation
c/o GCG
PO Box 9349
Dublin, OH 43017-4249

You cannot exclude yourself by telephone or by email. If you ask to be excluded, you will not get any Settlement payment and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Defendants and the other Released Persons in the future. If you exclude yourself, do not send in a Claim Form to ask for any money.

If you submit a request for exclusion but subsequently change your mind, you may submit a written revocation of your request for exclusion and may receive a payment pursuant to the Settlement provided that your written revocation is mailed to the above address and postmarked no later than September 21, 2015 and also provided that you submit a valid Claim Form and include all the documents the form asks for, sign it, and mail it postmarked **no later than September 21, 2015** (see Question 1).

5. If I do not exclude myself from the Settlement, can I sue the Defendants and the other Released Persons later for the same alleged conduct?

No. Unless you exclude yourself, you give up any rights to attempt to sue the Defendants and the other Released Persons for any and all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, **the exclusion deadline is August 10, 2015.**

Please take note that the statute of repose for all claims under the Securities Act of 1933 for persons who received shares of MuniMae common stock pursuant to the DRP has expired. The law is currently unsettled as to whether the statute of repose is tolled by the pendency of a class action asserting claims that would otherwise be barred by passage of the statute of repose as to individual members of a class. The Settlement here eliminates that risk to recovery to Class Members who do not seek to be excluded from the Class. If you choose to request exclusion from the Class, however, you should be aware that you may not be able to pursue an individual claim against any of the Defendants or Released Persons based on violations of the Federal Securities Laws due to the expiration of the statute of repose.

6. If I exclude myself from the Settlement, can I get money from the proposed Settlement?

No, only persons who remain in the Class will receive payment from the Settlement Fund.

IF YOU DO NOTHING

7. What happens if I do nothing at all?

The Judgment of the Court will be binding upon you if you do nothing. You will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other Released Persons about the Released Claims in this case, ever again. To share in the Net Settlement Fund, you must submit a Claim Form (see Question 1). To start, continue, or be a part of any other lawsuit against the Defendants and the other Released Persons about the Released Claims in this case, you must exclude yourself from this Class (see Question 4).

THE LAWYERS REPRESENTING CLASS MEMBERS

8. Do I have a lawyer in this case?

The Court ordered that the law firms of Brower Piven, A Professional Corporation and Berger & Montague, P.C. represent all Class Members. These firms are called Co-Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Co-Lead Counsel's fees and expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How will Co-Lead Counsel be paid?

Co-Lead Counsel will move the Court to award Co-Lead Counsel's fees from the Settlement Fund in a total amount not greater than thirty percent (30%) of the Settlement Fund, plus reimbursement of out-of-pocket costs (excluding notice and claims administration costs, which will be deducted from the Settlement Fund) plus an additional \$150,000 which Defendants have agreed to pay as attorneys' fees and expenses.

10. How will the notice costs and expenses be paid?

Co-Lead Counsel are authorized by the Stipulation to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Settlement proceeds to the Class Members. The Claims Administrator's fees and expenses will be paid out of the Settlement Fund and are estimated to be no greater than \$50,000.

OBJECTING TO THE SETTLEMENT

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

11. How do I object to the Settlement?

If you are a Class Member, you can object to the Settlement or any of its terms, the proposed Plan of Allocation, and/or the application by Co-Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection(s). You should state reasons why you think the Court should not approve the terms or arrangements of any or all of these documents or applications.

You must object in writing by sending a signed letter stating that you object to the proposed Settlement, proposed Plan of Allocation, and/or the application by Co-Lead Counsel for an award of fees and expenses in *In re Municipal Mortgage & Equity, LLC, Securities and Derivative Litigation*, Case No. MDL 08-MD-1961. Your objection must include a cover page identifying this case name and number and naming the hearing date of September 24, 2015, at 9:00 a.m. at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201. Be sure to include your name, address, telephone number, and signature; identify the date(s), price(s), and number of shares of all purchases and sales of common stock in MuniMae pursuant to MuniMae's DRP you made during the Class Period, and state the reasons for your objection. Your objection must be provided to the Court by filing or mail postmarked on or before August 10, 2015; and served or postmarked on or before August 10, 2015 upon Brower Piven, A Professional Corporation or Berger & Montague, P.C. on behalf of plaintiff Kremser; and Goodwin Procter, LLP, Counsel for the Defendants at the following addresses:

COURT:

Clerk of the Court
United States District Court
for the District of Maryland
101 W. Lombard Street
Baltimore, MD 21201

FOR PLAINTIFF KREMSE:

David Brower
Brower Piven, A Professional Corporation
475 Park Avenue South, 33rd Floor,
New York, New York 10016;

Barbara A. Podell
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, PA 19103

Co-Lead Counsel for the Class

FOR DEFENDANTS:

Mark Holland
Goodwin Procter, LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018

Counsel for Defendants

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court.

At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class may appear and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation, or Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Settlement Fairness Hearing. If you or your representative intends to appear in person but have not submitted a written objection served or postmarked **on or before August 10, 2015**, it is recommended that you give advance notice to Co-Lead Counsel for the Class and/or counsel for Defendants of your intention to attend the hearing in order to object and the basis for your objection. You may contact them at the addresses provided above.

12. What is the difference between objecting and excluding myself from the Class?

Objecting is simply telling the Court that you do not like something about the proposed Settlement, the proposed Plan of Allocation, and/or the application by Co-Lead Counsel for an award of fees and expenses. You can object only if you remain in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT FAIRNESS HEARING

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

13. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Fairness Hearing at 9:00 a.m. on September 24, 2015 at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201, Courtroom 5C. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. At the Settlement Fairness Hearing, the Court will also consider the proposed Plan of Allocation for the proceeds of the Settlement, and the application of Co-Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections mailed in accordance with the instructions in the answer to Question 11. The Court also will listen to people who seek to speak at the hearing, but decisions regarding the conduct of the hearing will be made by the Court. See Question 11 for more information about speaking at the hearing. The Court also will decide how much to pay to Co-Lead Counsel. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the hearing, you should check with Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

GETTING MORE INFORMATION

14. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation of Settlement with Defendants dated April 15, 2015 (the "Stipulation"). You can get a copy of the Stipulation by writing to Co-Lead Counsel at their address above.

You also can call the Claims Administrator toll-free at 1-800-231-1815; write to the Claims Administrator at In re MuniMae Securities Litigation, c/o GCG, PO Box 9349, Dublin, OH 43017-4249; or visit the website at www.gardencitygroup.com, where you will find a Claim Form, answers to common questions about the Settlement, and other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

15. How do I get more information?

For more detailed information concerning the matters involved in this Litigation, you can inspect the pleadings, the Stipulation, the Orders entered by the Court, and the other papers filed in the Litigation at the Office of the Clerk at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201, during regular business hours. You may also contact Co-Lead Counsel.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

This Plan of Allocation has been prepared by plaintiff Kremser and Co-Lead Counsel. Defendants do not agree with the characterization that any damages were suffered by any Class Members.

The \$676,820.00 of the cash Settlement Amount and the interest earned thereon shall be the "Settlement Fund." The Settlement Fund, less all taxes and approved costs, fees, and expenses (the "Net Settlement Fund") shall be distributed to Class Members who submit acceptable Claim Forms ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's recognized loss. The recognized loss formula is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The recognized loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects the allegations in the Complaint that have not been dismissed by the Court. Each Authorized Claimant shall be paid based on the percentage of the Net Settlement Fund that each Authorized Claimant's recognized loss bears to the total of the recognized losses of all Authorized Claimants (the "Pro Rata Share")

Plan of Allocation

1. Recognized losses are available for publicly traded shares of MuniMae common stock pursuant to MuniMae's DRP between May 3, 2004 and January 29, 2008.
2. If claims are received for all common stock in MuniMae pursuant to MuniMae's DRP, the average per-share benefit after deduction of court-awarded fees and expenses would be \$25.37.
3. The total Settlement Fund of \$676,820.00, less attorneys' fees and reimbursement of out-of-pocket litigations expenses, the costs of notice and administration, and taxes due, shall be distributed to Class Members who submit Recognized Claims.
4. Each eligible claimant's "Recognized Claim" will be calculated depending on whether the claimant chooses to recover under Section 11 Claims (see POOL 1) or Section 12(a)(2) Claims (see POOL 2), and meets the requirements for a recovery under Section 12(a)(2). Any claimant who cannot meet the requirements for a Section 12(a)(2) Claims recovery will be assigned to the Section 11 Claims (POOL 1). Claimants who acquired MuniMae stock pursuant to the MuniMae DRP on the dates indicated below, and have retained that stock, may elect between POOL 1 or POOL 2 for determining their Recognized Loss in connection with that stock. Recoveries for those eligible to participate in POOL 2 will recover a larger amount, but in order to participate in POOL 2, Claimants must agree to tender their MuniMae stock acquired pursuant to the MuniMae DRP back to the Company. If a Claimant fails to make any election, or elects to participate in POOL 2 but fails to tender their MuniMae stock, their Recognized Loss will be determined as a POOL 1 claim.

POOL 1 - For Class Members Who Have Sold Their DRP Shares

If you acquired MuniMae stock pursuant to the DRP and have already sold that stock, or if you wish to retain that stock, your recognized loss will be calculated as follows:

- (i) For each share acquired pursuant to the dividend reinvestment on May 13, 2005, the recognized loss per share is the *lesser* of:
 - (a) \$17.22; or
 - (b) if the stock has already been sold, the difference between \$24.31 and the price received.
- (ii) For each share acquired pursuant to the dividend reinvestment on August 12, 2005, the recognized loss per share is the *lesser* of:
 - (a) \$19.30; or
 - (b) if the stock has already been sold, the difference between \$26.39 and the price received.
- (iii) For each share acquired pursuant to the dividend reinvestment on November 11, 2005, the recognized loss per share is the *lesser* of:
 - (a) \$17.64; or
 - (b) if the stock has already been sold, the difference between \$24.73 and the price received.
- (iv) For each share acquired pursuant to the dividend reinvestment on February 10, 2006, the recognized loss per share is the *lesser* of:
 - (a) \$19.74; or
 - (b) if the stock has already been sold, the difference between \$26.83 and the price received.

POOL 2 - For Those Class Members Who Have Retained Their DRP Shares

If you acquired MuniMae stock pursuant to the MuniMae DRP, have retained that stock, and now wish to tender that stock back to the Company, your recognized loss will be calculated as follows:

- (i) For each share acquired pursuant to the MuniMae DRP on May 13, 2005, the recognized loss per share is \$24.31 less any dividends received.
- (ii) For each share acquired for \$26.39 pursuant to the MuniMae DRP on August 12, 2005, the recognized loss per share is \$26.39 less any dividends received.
- (iii) For each share acquired for \$24.73 pursuant to the MuniMae DRP on November 11, 2005, the recognized loss per share is \$24.73 less any dividends received.

- (iv) For each share acquired pursuant to the MuniMae DRP on February 10, 2006, the recognized loss per share is \$26.83 less any dividends received.

In the event a Class Member has more than one purchase or sale of common stock in MuniMae pursuant to MuniMae's DRP, all purchases and sales shall be matched on a first in, first out ("FIFO") basis. Class Period sales will be matched first against any common stock in MuniMae pursuant to MuniMae's DRP held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of common stock in MuniMae pursuant to MuniMae's DRP shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise, or operation of law of common stock in MuniMae pursuant to MuniMae's DRP during the Class Period shall not be deemed a purchase or sale of common stock in MuniMae pursuant to MuniMae's DRP for the calculation of an Authorized Claimant's recognized loss, nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of common stock in MuniMae pursuant to MuniMae's DRP during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of common stock in MuniMae pursuant to MuniMae's DRP.

To the extent an Authorized Claimant had a gain from his, her, or its overall transactions in common stock in MuniMae pursuant to MuniMae's DRP during the Class Period, the value of the recognized loss will be zero. To the extent that a Claimant suffered an overall loss on his, her, or its overall transactions in common stock in MuniMae pursuant to MuniMae's DRP during the Class Period, but that loss was less than the recognized loss calculated above, then the recognized loss shall be limited to the amount of the actual loss. There shall be no recognized loss on short sales of common stock in MuniMae pursuant to MuniMae's DRP during the Class Period; however, any recognized gains with respect to short sales shall be offset against recognized losses on other transactions.

The following defined terms shall be used to describe the process the Claims Administrator shall use to determine whether a Claimant had a gain or suffered a loss in overall transactions in common stock in MuniMae pursuant to MuniMae's DRP during the Class Period: the "Total Purchase Amount" is the total amount paid by the Claimant for all common stock in MuniMae pursuant to MuniMae's DRP purchased during the Class Period less commissions and fees; the "Sales Proceeds" means the amount received for sales of common stock in MuniMae pursuant to MuniMae's DRP during the Class Period less commissions and fees; and "Holding Value" means the monetary value assigned to the common stock in MuniMae pursuant to MuniMae's DRP purchased by the Claimant during the Class Period and still held by the Claimant at the end of the Class Period.

The difference between the Total Purchase Amount and the sum of Sales Proceeds and Holding Value will be deemed a Claimant's gain or loss on his, her, or its overall transactions in common stock in MuniMae pursuant to MuniMae's DRP during the Class Period. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her, or its recognized loss as compared to the total recognized losses of all Authorized Claimants. Class Members who do not submit acceptable Claim Forms will not share in the Settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Claim Form will nevertheless be bound by the Settlement and the order and final judgment of the Court dismissing this Litigation.

Distributions will be made to Authorized Claimants after all claims have been processed for those claims with *Pro Rata* Shares of \$10.00 or more after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distributions or otherwise, then after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one year after the distribution of such funds shall be returned to Defendants' insurer or other designees.

Plaintiff Kremser, Defendants, their respective counsel, and all other Related Parties shall have no responsibility for or liability whatsoever for the administration, investment or distribution or disbursement of the Settlement Fund, the Net Settlement Fund, or the Plan of Allocation; the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator; the Class Notice and Administration Fund; the administration of, distribution of, or disbursement from the Class Notice and Administration Fund; the payment or withholding of taxes owed by the Settlement Fund; or any losses incurred in connection therewith.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you are a nominee for any Class Member, the Court has directed that **WITHIN TEN DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each such person or organization or (b) request additional copies of this Notice and the Claim Form, which will be provided to you free of charge, and within ten days mail the Notice and Claim Form directly by first class mail to all such persons or organizations. If you choose to follow alternative procedure (b), the Court has directed that upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re MuniMae Securities Litigation
c/o GCG
PO Box 9349
Dublin, OH 43017-4249

If you choose to mail the Notice and Claim Form yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Claim Form and which would not have been incurred but for the obligation to forward the Notice and Claim Form, upon submission of appropriate documentation to the Claims Administrator.

DATED: May 22, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

06/24/15/05:50:15 0022 3807643 1712

In re MuniMae Securities Litigation Claims Administrator

c/o GCG

PO Box 9349

Dublin, OH 43017-4249

Return Service Requested

AARP INVESTMENTS PROG
SCUDDER INVESTMENTS SERVICE CO
PO BOX 219154
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