

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA
No. 1:09-cv-00071-NCT-JLW

JAMES L. PHILLIPS, Individually and on Behalf of)
All Others Similarly Situated,) CLASS ACTION
)
Plaintiff,)
)
vs.)
)
TRIAD GUARANTY INC., et al.,)
)
Defendants.)
)
_____)

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

If you purchased Triad Guaranty Inc. (“Triad”) common stock¹ between October 26, 2006 and April 1, 2008, inclusive (the “Class Period”), and are not otherwise excluded from the Class (see Question 6 below), you could get a payment from a class action settlement.

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

Security and Time Period: Triad common stock between October 26, 2006 and April 1, 2008, inclusive.

Settlement Fund: \$1,600,000 in cash plus any interest earned. Your recovery will depend on the timing of your purchases and sales of Triad common stock during the Class Period. Based on the information currently available to Lead Plaintiff and the analysis performed by its damages consultants, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution under the Plan of Allocation (described below), the estimated average distribution per share of common stock will be approximately \$0.08 before deduction of Court-approved fees and expenses, including the cost of notifying Members of the Class and settlement administration and any attorneys’ fees and expenses awarded by the Court to Lead Counsel and any award to Lead Plaintiff for its representation of the Class. Historically, actual claims rates are less than 100%, which result in higher distributions per share. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms (“Proof of Claim”).

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery. Indeed, the Court dismissed Lead Plaintiff’s claims with prejudice. As a result of the Court’s order, Lead Plaintiff filed a notice of appeal with the Court of Appeals for the Fourth Circuit. Lead Plaintiff’s appeal was pending at the time the parties reached the Settlement. There was no guarantee that Lead Plaintiff would have been successful and if it was not successful on appeal, the Class would have recovered no money.

If the Case Had Not Settled: Continuing with the case could have resulted in loss at summary judgment, trial, or on appeal. The two sides vigorously disagree on both liability and the amount of money, if any, that could have been won if Lead Plaintiff prevailed at trial. The parties disagree, among other things, about: (1) whether Defendants made any false or misleading statements or omissions; (2) whether any such statements, if made, were material; (3) whether any such statements, if made, were made knowingly or recklessly; (4) whether the price of Triad common stock was artificially inflated during the Class Period; and (5) whether Lead Plaintiff or the Class incurred any damages recoverable under the federal securities laws.

Attorneys’ Fees and Expenses: Court-appointed Lead Counsel will ask the Court for attorneys’ fees of 30% of the Settlement Amount and expenses not to exceed \$115,000.00 to be paid from the Settlement Amount, plus interest. Lead Plaintiff may also apply for its time and expenses in representing the Class. Lead Counsel has not received any payment for its work in investigating the facts, prosecuting this Litigation, and negotiating this Settlement on behalf of the Lead Plaintiff and the Class. If the above amounts are requested by Lead Counsel and approved by the Court, the average cost per share of common stock will be approximately \$0.03.

Deadlines:

Submit Claim:	March 21, 2016
Request Exclusion:	February 19, 2016
File Objection:	February 19, 2016
Court Hearing on Fairness of Settlement:	March 21, 2016

¹ This Notice incorporates by reference the definitions in the Stipulation of Settlement dated as of October 5, 2015 (“Stipulation”), and all capitalized terms used, but not defined herein, shall have the same meanings as in the Stipulation. The Stipulation and its exhibits can be obtained at www.triadsecuritieslitigation.com.

More Information:

Claims Administrator:

Triad Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
1-855-278-2821
www.triadsecuritieslitigation.com

Representative of Lead Counsel:

Rick Nelson
Shareholder Relations
Robbins Geller Rudman & Dowd LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
1-800-449-4900

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	If you are a Class Member and do not exclude yourself from the Class, the only way to get a payment is to submit a Proof of Claim. You may submit a Proof of Claim and still object to any aspect of the Settlement, the request for an award of attorneys' fees and expenses, and/or the Plan of Allocation. If you submit a Proof of Claim, you give up your right to participate in another lawsuit against the Defendants for the legal claims in this case. See Answer to Question 12 for a more detailed description of what you are giving up if you submit a Proof of Claim.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants for the legal claims in this case.
OBJECT	If you are a Class Member and do not exclude yourself from the Class, you may write to the Court if you do not like the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. If you submit an objection to the Settlement, Plan of Allocation, or the request for an award of attorneys' fees and expenses and do not submit a Proof of Claim seeking payment from the Settlement proceeds, your objection may be rejected because you would not have an interest in the Settlement Fund.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation.
DO NOTHING	If you do nothing, you will not receive any payment, will not be allowed to object to the Settlement, and will give up your right to participate in another lawsuit against the Defendants for the legal claims in this case. See Answer to Question 12 for a more detailed description of what you are giving up if you do nothing.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased Triad common stock between October 26, 2006 and April 1, 2008, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Middle District of North Carolina (the "Court"), and the case is known as *Phillips v. Triad Guaranty Inc., et al.*, No. 1:09-cv-00071-NCT-JLW. The entity that leads the Litigation, Western Pennsylvania Electrical Employees Pension Fund, is called the Lead Plaintiff and the individuals it sued are called Defendants.

2. What is this lawsuit about?

This Litigation alleges that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") by misrepresenting and omitting material facts about Triad's business and financial results. Specifically, Lead Plaintiff alleges that Triad under-priced certain of its insurance products known as Modified Pool Insurance by knowingly

or recklessly under-appreciating the risk involved in the transactions. Lead Plaintiff alleges that when Defendants disclosed the truth about Triad's financial results, Class Members suffered damages as a result of the decline in the price of Triad common stock. The following is a brief procedural history of the Litigation.

On March 30, 2012, Lead Plaintiff filed the Second Amended Class Action Complaint (the "Second Amended Complaint") asserting claims for violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder. Defendants moved to dismiss the Second Amended Complaint on May 15, 2012. On July 6, 2012, Lead Plaintiff filed a Motion to Strike Extraneous Documents and References Thereto in Defendants' Motion to Dismiss the Second Amended Class Action Complaint (the "Motion to Strike").

On March 12, 2013, the Court heard oral argument on the motion to dismiss the Second Amended Complaint and Motion to Strike. On May 31, 2013, United States Magistrate Judge Joe L. Webster issued his Order, Memorandum Opinion and Recommendation ("Order and Recommendation"), recommending that the motion to dismiss be denied, and Lead Plaintiff's Motion to Strike be granted.

After the issuance of the Order and Recommendation, on June 3, 2013, Triad filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware.

On June 14, 2013, Defendants filed their objections to Judge Webster's Order and Recommendation. Lead Plaintiff opposed Defendants' objections on July 1, 2013.

On June 25, 2013, the Court entered an order recognizing that the proceeding against Triad was stayed pending the outcome of the bankruptcy court proceedings and ordering the clerk to terminate Triad as a party to the action. On October 18, 2013, defendant Triad was dismissed from the case with prejudice.

On March 30, 2015, Senior United States District Judge N. Carlton Tilley, Jr. issued his Memorandum Opinion and Order ("Opinion and Order") affirming Judge Webster's Order and Recommendation in part and rejecting it in part. Judge Tilley's Opinion and Order granted the motion to dismiss with prejudice and granted Lead Plaintiff's Motion to Strike. On that same day, the Court entered a Judgment dismissing the action with prejudice.

On April 29, 2015, Lead Plaintiff filed its notice of appeal to the United States Court of Appeals for the Fourth Circuit. The proposed Settlement was reached while Lead Plaintiff's appeal was pending.

Defendants deny all of Lead Plaintiff's allegations, including that they made any material misrepresentations or omissions or that the Lead Plaintiff or the Class Members were harmed by the conduct alleged in the Second Amended Complaint. Defendants further deny that they did anything wrong and maintain that their conduct was at all times proper and in compliance with applicable provisions of law.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case, the Court appointed the Western Pennsylvania Electrical Employees Pension Fund as Lead Plaintiff) sue on behalf of people who have similar claims. All of these people and/or entities are called a class or class members. One judge – in this case, Senior United States District Judge N. Carlton Tilley, Jr. – resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why is there a settlement?

The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, the lawyers for both sides of the lawsuit have negotiated a settlement, that they believe is in the best interests of their respective clients. Settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation, including Lead Plaintiff's appeal of the Judgment dismissing its and the Class' claims. It also permits Class Members to be compensated without further delay. Lead Plaintiff and its attorneys think the Settlement is best for all Class Members. Defendants deny any wrongdoing and their agreement to settle this Litigation shall in no event be construed or deemed to be evidence of an admission or concession on the part of any Defendant with respect to any claim or of any fault, liability, wrongdoing, or damage.

WHO GETS MONEY FROM THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Class includes *all Persons who purchased Triad common stock between October 26, 2006 and April 1, 2008, inclusive.*

6. Are there exceptions to being included in the Class?

Yes. Excluded from the Class are all Defendants, their families or any trust of which any Defendant is the settler or which is for the benefit of any Defendant's family. Also excluded from the Class are those Persons who validly and timely request exclusion from the Class pursuant to this Notice.

7. I'm still not sure if I am included.

If you still are not sure whether you are included, you can ask for free help. You can call 1-855-278-2821 or visit www.triadsecuritieslitigation.com for more information; or, you can call Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, at 1-800-449-4900 for more information; or, you can fill out and return the Proof of Claim described in Question 10 to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

Defendants have agreed to pay or cause their insurers to pay \$1,600,000 in cash (the "Settlement Amount"). The Settlement Amount, plus interest earned from the date it is established (the "Settlement Fund"), less costs, fees, and expenses (the "Net Settlement Fund"), will be divided among all eligible Class Members who send in valid Proofs of Claim ("Authorized Claimants"). Costs, fees, and expenses include Court-approved attorneys' fees and expenses, the costs of notifying Class Members, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice, the costs of claims administration, and Taxes on the Settlement Fund.

9. How much will my payment be?

Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim that Class Members send in and how many shares of Triad common stock you purchased during the relevant period and when you bought and sold them.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Plaintiff conferred with its damages consultants and the Plan of Allocation reflects its judgment regarding the relative strengths of the claims at issue that it believes could have been recovered had it prevailed at trial.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A "claim" will be calculated as follows:

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than zero the claim per share is zero.

The allocation below is based on the following price declines as well as the statutory PSLRA 90-day look-back amount of \$1.04:

August 28, 2007 Price Decline: \$6.00

April 2, 2008 Price Decline: \$1.86

1. For shares of Triad common stock **purchased on or between October 26, 2006 through August 27, 2007**, the claim per share shall be as follows:
 - a) If sold prior to August 28, 2007, the claim per share is zero.
 - b) If sold on August 28, 2007 through April 1, 2008, the claim per share shall be the lesser of (i) \$6.00 (August 28, 2007 Price Decline), or (ii) the difference between the purchase price and the selling price.
 - c) If retained at the end of April 1, 2008 and sold before June 30, 2008, the claim per share shall be the lesser of (i) \$7.86 (August 28, 2007 and April 2, 2008 Price Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
 - d) If retained, or sold, on or after June 30, 2008, the claim per share shall be the lesser of (i) \$7.86 (August 28, 2007 and April 2, 2008 Price Declines), or (ii) the difference between the purchase price per share and \$1.04 per share.
2. For shares of Triad common stock **purchased on or between August 28, 2007 through April 1, 2008**, the claim per share shall be as follows:
 - a) If sold prior to April 2, 2008, the claim per share is zero.
 - b) If retained at the end of April 1, 2008 and sold before June 30, 2008, the claim per share shall be the lesser of (i) \$1.86 (April 2, 2008 Price Decline), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

c) If retained, or sold, on or after June 30, 2008, the claim per share shall be the lesser of (i) \$1.86 (April 2, 2008 Price Decline), or (ii) the difference between the purchase price per share and \$1.04 per share.

Date	Closing Price	Average Closing Price	Date	Closing Price	Average Closing Price
4/2/2008	\$3.39	\$3.39	5/16/2008	\$2.36	\$2.36
4/3/2008	\$2.58	\$2.58	5/19/2008	\$2.35	\$2.35
4/4/2008	\$2.15	\$2.15	5/20/2008	\$2.24	\$2.24
4/7/2008	\$2.55	\$2.55	5/21/2008	\$2.18	\$2.18
4/8/2008	\$2.26	\$2.26	5/22/2008	\$2.23	\$2.23
4/9/2008	\$2.13	\$2.13	5/23/2008	\$2.08	\$2.08
4/10/2008	\$2.20	\$2.20	5/27/2008	\$2.13	\$2.13
4/11/2008	\$2.55	\$2.55	5/28/2008	\$2.17	\$2.17
4/14/2008	\$2.45	\$2.45	5/29/2008	\$2.22	\$2.22
4/15/2008	\$2.30	\$2.30	5/30/2008	\$2.21	\$2.21
4/16/2008	\$2.51	\$2.51	6/2/2008	\$2.19	\$2.19
4/17/2008	\$2.59	\$2.59	6/3/2008	\$2.14	\$2.14
4/18/2008	\$2.47	\$2.47	6/4/2008	\$2.12	\$2.12
4/21/2008	\$2.39	\$2.39	6/5/2008	\$2.11	\$2.11
4/22/2008	\$2.43	\$2.43	6/6/2008	\$1.99	\$1.99
4/23/2008	\$2.28	\$2.28	6/9/2008	\$1.77	\$1.77
4/24/2008	\$2.44	\$2.44	6/10/2008	\$1.77	\$1.77
4/25/2008	\$2.33	\$2.33	6/11/2008	\$1.81	\$1.81
4/28/2008	\$2.32	\$2.32	6/12/2008	\$1.92	\$1.92
4/29/2008	\$2.35	\$2.35	6/13/2008	\$2.00	\$2.00
4/30/2008	\$2.28	\$2.28	6/16/2008	\$2.11	\$2.11
5/1/2008	\$2.38	\$2.38	6/17/2008	\$1.93	\$1.93
5/2/2008	\$2.39	\$2.39	6/18/2008	\$2.05	\$2.05
5/5/2008	\$2.45	\$2.45	6/19/2008	\$1.22	\$1.22
5/6/2008	\$2.55	\$2.55	6/20/2008	\$1.13	\$1.13
5/7/2008	\$2.40	\$2.40	6/23/2008	\$1.04	\$1.04
5/8/2008	\$2.38	\$2.38	6/24/2008	\$1.07	\$1.07
5/9/2008	\$2.27	\$2.27	6/25/2008	\$1.20	\$1.20
5/12/2008	\$2.27	\$2.27	6/26/2008	\$1.03	\$1.03
5/13/2008	\$2.21	\$2.21	6/27/2008	\$1.01	\$1.01
5/14/2008	\$2.21	\$2.21	6/30/2008	\$1.04	\$1.04
5/15/2008	\$2.34	\$2.34			

For Class Members who held Triad common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of Triad common stock during the Class Period will be matched in chronological order, first against common stock held at the beginning of the Class Period. The remaining sales of Triad common stock during the Class Period will then be matched, in chronological order, against like common stock purchased during the Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Triad common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of Triad common stock which have been matched against like stock held at the beginning of the Class Period will not be used in the calculation of such net loss.

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

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiff, any Plaintiff’s counsel, any claims administrator or other Person designated by Lead Counsel or Defendants and/or the Related Parties and/or the Released Persons and/or their counsel based on distributions made pursuant to the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound, unless they exclude themselves from the Class, by all of the terms of the Stipulation, including the terms of any order and/or judgment entered and the releases given.

*HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How will I get a payment?

To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim is enclosed with this Notice or it can be downloaded at www.triadsecuritieslitigation.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope or submit it online no later than March 21, 2016. The claim form may be submitted online at www.triadsecuritieslitigation.com.

11. When would I get my payment?

The Court will hold a hearing on March 21, 2016, at 10:00 a.m., to decide whether to approve the Settlement. If Judge Tilley approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that, if the Settlement is approved, you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or about issues that could have been asserted in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your Released Claims in this case against the Released Persons.

- “Released Claims” means any and all claims, debts, demands, disputes, rights, causes of action, suits, matters, damages, losses, or liabilities of any kind, nature, and character whatsoever arising under federal, state, local, statutory, or common law, or any other law, rule or regulation, whether foreign or domestic, based upon, arising out of, or relating to directly or indirectly to both (a) the purchase of Triad common stock during the Class Period, and (b) the acts, facts, circumstances, statements, or omissions that were asserted or could have been asserted by Lead Plaintiff or any Class Member. It is expressly understood and agreed that Released Claims include Unknown Claims.
- “Released Persons” means each and all of the Defendants, and their respective Related Parties.
- “Related Parties” means each Defendant's heirs, successors, and insurers.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue one or more of the Defendants on your own about the same issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as “opting out” of the Class.

13. How do I get out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Phillips v. Triad Guaranty Inc., et al.*, No. 1:09-cv-00071-NCT-JLW. You must include your name, address, telephone number, your signature, the number of shares of Triad common stock you purchased and sold between October 26, 2006 and April 1, 2008, inclusive, the dates of such purchases and sales, and the prices of such purchases and sales. You must mail your exclusion request **postmarked no later than February 19, 2016** to:

Triad Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants and their Related Parties for all Released Claims. Remember, the exclusion deadline is February 19, 2016.

15. If I exclude myself, can I get money from this Settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. Once you exclude yourself, you will receive no cash payment even if you also submit a Proof of Claim.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP to represent you and other Class Members. These lawyers are called Lead Counsel. These lawyers will apply to the Court for payment from the Settlement Fund; you have not been and will not otherwise be charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

At the fairness hearing, Lead Counsel will request the Court to award attorneys' fees of 30% of the Settlement Amount and for expenses up to \$115,000.00, which were incurred in connection with the Litigation, plus interest. Lead Plaintiff may also apply for its time and expenses in representing the Class. If awarded, the cost would be approximately \$0.03 per share. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Lead Counsel has not received any payment for its services in conducting this Litigation on behalf of the Lead Plaintiff and the Class, nor has counsel been paid for its expenses. The fee requested will compensate Lead Counsel for its work in achieving the Settlement Fund. Lead Counsel believes its requested fee is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and expenses.

18. How do I tell the Court that I do not like the Settlement?

If you are a Class Member (and you have not excluded yourself), you can object to the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in *Phillips v. Triad Guaranty Inc., et al.*, No. 1:09-cv-00071-NCT-JLW. Be sure to include your name, address, telephone number, your signature, the number of shares of Triad common stock you purchased between October 26, 2006 and April 1, 2008, inclusive, and the reasons you object to the Settlement, the requested attorneys' fees and expenses, or the Plan of Allocation. Any such objection must be mailed or delivered such that it is **received** by the following **no later than February 19, 2016**:

Court:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA
324 W. Market Street
Greensboro, NC 27401

Lead Counsel:

JEFFREY D. LIGHT
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Defendants' Counsel:

RICHARD A. ROSEN
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019

19. What is the difference between objecting and excluding?

Objecting is telling the Court that you do not like something about the proposed Settlement. You can object **only** if you stay 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 applies to you.

THE COURT'S FAIRNESS HEARING

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

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

The Court will hold a hearing at **10:00 a.m., on March 21, 2016**, at the United States District Court for the Middle District of North Carolina, 324 W. Market Street, Greensboro, NC 27401. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court will also decide whether to approve the payment of fees and expenses to Lead Counsel, whether to approve the expenses of Lead Plaintiff, and whether to approve the Plan of Allocation. We do not know how long the hearing will take or whether the Court will make its decision on the day of the hearing or sometime later.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions Judge Tilley may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but you are not required to do so.

22. May I speak at the hearing?

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in *Phillips v. Triad Guaranty Inc., et al.*, No. 1:09-cv-00071-NCT-JLW. Be sure to include your name, address, telephone number, your signature, and the number of shares of Triad common stock you purchased between October 26, 2006 and April 1, 2008, inclusive. Your notice of intention to appear must be **received no later than February 19, 2016**, by the Clerk of the Court, Lead Counsel, and Defendants' counsel at the addresses listed in the Answer to Question 18. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants or their Related Parties about the same issues in this case.

GETTING MORE INFORMATION

24. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation dated October 5, 2015, which has been filed with the Court. You can get a copy of the Stipulation from the Clerk's office at the United States District Court for the Middle District of North Carolina, 324 W. Market Street, Greensboro, NC 27401, during regular business hours, or at www.triadsecuritieslitigation.com, or you can contact a representative of Lead Counsel at the number and address below in the Answer to Question 25.

25. How do I get more information?

For more information about the Settlement or the Litigation, you can call 1-800-449-4900 or write to a representative of Lead Counsel, Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the case specific website at www.triadsecuritieslitigation.com. **Please do not call the Court or the Clerk of the Court for additional information about the Settlement.**

26. Special notice to banks, brokers, and other nominees

If you hold any Triad common stock purchased between October 26, 2006 and April 1, 2008, inclusive, as a nominee for a beneficial owner, then, within seven (7) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Triad Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
www.triadsecuritieslitigation.com

If you choose to mail the Notice and Proof of Claim 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 which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: December 7, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA