IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE & ERISA LITIGATION This Document Relates to: *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv	No. 09-md-02009-SHM

STIPULATION AND AGREEMENT OF SETTLEMENT

This stipulation and agreement of settlement (the "Settlement Agreement" or "Settlement") is made and entered into by and between Lead Plaintiffs Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore (collectively, "Lead Plaintiffs"), and C. Fred Daniels, in his capacity as Court-appointed Trustee *Ad Litem* for the Leroy McAbee, Sr. Family Foundation Trust (the "McAbee Foundation Trust") (the McAbee Foundation Trust together with the Lead Plaintiffs, "Plaintiffs"), on behalf of themselves and the Class and TAL Subclass (each defined below); and the Morgan Keegan Defendants (defined below), Defendant Regions Financial Corporation ("RFC"), the Closed-End Funds (defined below), the Officer Defendants (defined below), and the Director Defendants (defined below) (collectively, "Defendants"; and together with Plaintiffs, the "Parties").

WHEREAS:

A. All capitalized words or terms herein shall have the meanings ascribed thereto herein and in Paragraph 1 below.

B. Beginning in December 2007, shareholders filed several securities class action complaints in the United States District Court for the Western District of Tennessee (the "Court") on behalf of persons and entities who purchased or otherwise acquired shares of four "closed-end" investment companies and three "open-end" mutual funds (the "Open-End Funds") offered by Defendant Morgan Keegan & Company, Inc. ("Morgan Keegan"). The "closed-end" investment companies are: RMK Multi-Sector High Income Fund, Inc., n/k/a Helios Multi-Sector High Income Fund, Inc. ("RHY"); RMK Advantage Income Fund, Inc., n/k/a Helios Advantage Income Fund, Inc. ("RMA"); RMK High Income Fund, Inc., n/k/a Helios High Income Fund, Inc. ("RMH"); and RMK Strategic Income Fund, Inc., n/k/a Helios Strategic Income Fund, Inc. ("RSF") (collectively, the "Closed-End Funds").

C. On September 23, 2008, Judge Samuel H. Mays, Jr. issued an Order consolidating one set of actions on behalf of purchasers of shares in the Closed-End Funds under the style *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SMH dkv (W.D. Tenn.) (the "Action"), and consolidating a separate set of actions on behalf of purchasers of shares in the Open-End Funds under the style *In re Regions Morgan Keegan Open-End Mutual Fund Litigation*, No. 07-cv-02784 SMH dkv (W.D. Tenn.) (the "Open-End Funds Action").

D. On August 26, 2009, Judge Mays issued another Order further consolidating the set of actions brought by C. Fred Daniels, in his capacity as Court-appointed Trustee *Ad Litem*, on behalf of certain Trusts and Custodial Accounts invested in the Closed-End Funds and the Open-End Funds under either the Action or the Open-End Funds Action. This consolidated Action asserts and this Settlement is intended to settle all Released Claims relating to investments in the four Closed-End Funds only.

E. On December 15, 2010, after notice concerning lead plaintiff proceedings pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA") was reissued, Judge Mays appointed Lead Plaintiffs and approved their selection of Labaton Sucharow LLP as Lead Counsel to represent the Class in this Action.

F. C. Fred Daniels was appointed by the Probate Court of Jefferson County, Alabama in June of 2008 to serve as a temporary special fiduciary known as a Trustee *Ad Litem* (or "TAL") for the limited and specific purposes of monitoring, evaluating and participating in securities litigation, and taking other litigation actions, in substitution for Regions Bank d/b/a Regions Morgan Keegan Trust ("Regions Bank") in Regions Bank's capacities as trustee, directed trustee, custodian, agent, or other fiduciary on behalf of certain trusts and custodial accounts with investments in the Open-End Funds and the Closed-End Funds.

G. Plaintiffs filed their Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint") on February 22, 2011. The Complaint asserts five claims for relief broadly alleging that Defendants misrepresented the types of assets and the true value of the assets in which the Closed-End Funds invested. Count I asserts claims under Section 11 of the Securities Act of 1933 (the "Securities Act") against Defendants RHY, Morgan Keegan, and the Director Defendants in connection with allegedly materially false and misleading statements in the Registration Statement filed with the U.S. Securities and Exchange Commission (the "SEC") for the public offering of RHY shares. Count II asserts claims under Section 12(a)(2) of the Securities Act against RHY and Morgan Keegan in connection with allegedly materially false and misleading statements in the Prospectus filed publicly with the SEC for the RHY offering. Count III asserts claims under Section 15 of the Securities Act against the Director Defendants as alleged controlling persons of RHY. Count IV

asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder against the Closed-End Funds and the Officer Defendants for allegedly material misstatements of fact in various reports of the Closed-End Funds filed publicly with the SEC. Count V asserts claims under Section 20(a) of the Exchange Act against the Morgan Keegan Defendants, the Officer Defendants, the Director Defendants, and RFC as alleged controlling persons of the Closed-End Funds.

H. On April 13, 2011, Defendants filed five motions to dismiss, which were fully briefed and *sub judice* as of August 2011.

I. The Parties engaged Professor Eric D. Green, a respected and experienced mediator in securities class actions, to assist them in exploring a potential negotiated resolution of the claims asserted in the Action. On October 27 and 28, 2011, the Parties met with Professor Green in Nashville, Tennessee for two days of intensive settlement negotiations. The mediation sessions were preceded by an exchange of comprehensive mediation statements and supporting evidence, including information from expert reports. On July 11, 2011, Defendants also provided Lead Counsel with more than 6.7 million pages of confidential documents and other confidential information pursuant to an agreement in advance of the mediation. While these discussions narrowed the Parties' differences and clarified the merits and value of the Parties' claims and defenses, no agreement was reached.

J. In January 2012, the Parties agreed to reconvene before Professor Green for resumed mediation efforts to proceed on April 26, 2012. On March 30, 2012, the Court issued an Order Granting in Part and Denying in Part Defendants' Motions to Dismiss. The Court dismissed Count IV as against Officer Defendants Weller, Sullivan, and Anthony, and otherwise denied the motions to dismiss.

K. On April 25, 2012, the Morgan Keegan Defendants, RFC, and certain Individual Defendants moved the Court to amend its Order of March 30, 2012, to include a statement certifying the decision for interlocutory appeal to the United States Court of Appeals for the Sixth Circuit on three controlling questions of law.

L. On April 26, 2012, the Parties engaged in resumed settlement negotiations facilitated by Professor Green, in Nashville. The Parties ultimately reached an agreement-in-principle to settle the Action and signed a Settlement Term Sheet consistent with the terms and conditions set forth herein (the "Settlement Term Sheet").

M. Plaintiffs, through Lead Counsel and other Plaintiffs' counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action. This process included reviewing and analyzing: (i) nearly seven million pages of nonpublic e-mails, valuation-related materials and other pertinent documents produced by the Morgan Keegan Defendants; (ii) publicly available orders, reports and other information concerning the administrative and enforcement proceedings brought by the SEC, multiple State securities regulators, and the Financial Industry Regulatory Authority ("FINRA") against certain Defendants and concerning shares of the Closed-End Funds; (iii) documents filed publicly by the Closed-End Funds and certain Defendants with the SEC; (iv) other publicly available information and data concerning the Closed-End Funds and the claims asserted in the Complaint, including press releases, news articles, and other public statements issued by or concerning the Closed-End Funds and the Defendants; (v) research reports issued by financial analysts concerning the Closed-End Funds and securities held in the Closed-End Funds' portfolios; (vi) pleadings filed in other pending litigations naming certain of the Defendants herein as defendants or nominal defendants; and (vii) the applicable law governing the claims

and potential defenses. Lead Counsel also identified and interviewed former employees of Morgan Keegan and other persons with relevant knowledge (some of whom have provided information as confidential witnesses), and consulted with a qualified expert on damages and causation issues.

N. Defendants have denied and continue to deny any wrongdoing or any violation of law, including any liability under the federal securities laws. Defendants have denied and continue to deny each of the claims alleged by Plaintiffs on behalf of the Class, including all claims asserted in the Complaint.

O. This Settlement Agreement, whether or not consummated, any proceedings relating to any settlement, or any of the terms of any settlement, whether or not consummated, shall in no event be construed as, or deemed to be evidence of, an admission or concession on the part of the Parties with respect to any claim of any liability or damage whatsoever, or any infirmity in any claim or defense that has been or could have been asserted. Defendants are entering into this Settlement to eliminate the burden, expense, uncertainty, distraction and risk of further litigation.

P. Plaintiffs believe that the claims asserted in the Action have merit and that the facts and evidence reviewed and analyzed to date support the claims asserted. However, Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and appeals. Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action, as well as the difficulties and delays inherent in such litigation. Lead Counsel also are mindful of the possible defenses to the claims alleged in the Action. Based on their investigation and evaluation, Plaintiffs and Lead

Counsel believe that the Settlement set forth in this Settlement Agreement confers substantial monetary benefits upon the Class and is in the best interests of Plaintiffs and the Class.

NOW, THEREFORE, without any concession by Plaintiffs that the Action lacks merit, and without any concession by Defendants of any liability or wrongdoing or lack of merit in their defenses, it is hereby **STIPULATED AND AGREED**, by and among the Parties to this Settlement Agreement, through their respective attorneys, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties hereto, all Released Claims and all Released Defendants' Claims as against all Released Parties shall be compromised, settled, released and dismissed with prejudice and without costs, upon and subject to the following terms and conditions:

DEFINITIONS

1. As used in this Settlement Agreement, the following terms shall have the meanings set forth below:

(a) "Action" means *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv (W.D. Tenn.), along with all the cases consolidated therewith, but only as to claims or any part of such claims based on the Closed-End Funds.

(b) "Alternative Judgment" means a form of final judgment that may be entered by the Court but in a form other than the form of Judgment provided for in this Settlement Agreement and where none of the Parties hereto elects to terminate this Settlement by reason of such variance.

(c) "Authorized Claimant" means a Class Member who timely submits a valid Proof of Claim and Release form to the Claims Administrator that is accepted for payment by the Court.

(d) "Claims Administrator" means the firm to be retained by Lead Counsel, subject to Court approval, to provide all notices approved by the Court to Class Members, process proofs of claim and administer the Settlement.

(e) "Class" or "Class Member" means: all Persons who purchased or otherwise acquired the publicly traded shares of (i) RMH between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; (ii) RSF between March 18, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iii) RMA between November 8, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iv) RHY between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information (the "RHY Offering Materials") filed by RHY on or about January 19, 2006 with the SEC, and were damaged thereby; and (v) all members of the TAL Subclass (defined below) (collectively, the "Class"). Excluded from the Class and as Class Members are the Defendants; the members of the immediate families of the Defendants; the subsidiaries and affiliates of Defendants; any person who is an executive officer, director, partner or controlling person of the Closed-End Funds or any other Defendant (including any of its subsidiaries or affiliates, which include but are not limited to Morgan Asset Management, Inc., Regions Bank, Morgan Keegan, RFC, and MK Holding, Inc.); any entity in which any Defendant has a controlling interest; any Person who has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class

Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the person to participate as a Class Member; and the legal representatives, heirs, successors and assigns of any such excluded person or entity. These exclusions do not extend to trusts or accounts as to which the control or legal ownership by any Defendant (or by any subsidiary or affiliate of any Defendant) is derived or arises from an appointment as trustee, custodian, agent, or other fiduciary ("Fiduciary Accounts") unless with respect to any such Fiduciary Account any Person has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the Person to participate as a Class Member (and such exclusion shall apply to the legal representatives, heirs, successors and assigns of any such excluded Person, entity or Fiduciary Account). With respect to Closed-End Fund shares for which the TAL Orders authorize the Trustee *Ad Litem* to prosecute the claims or causes of action pleaded in the Complaint in the Action ("TAL Represented Closed-End Fund Shares"), "Class" and "Class Member" also excludes Persons who are, or were during the Class Period, trust and custodial account beneficiaries, principals, settlors, co-trustees, and others owning beneficial or other interests in the TAL Represented Closed-End Fund Shares ("Such Persons"), but this exclusion applies only to any claims or causes of action of Such Persons that the Trustee *Ad Litem* is not

authorized by the TAL Orders to prosecute. With respect to Closed-End Fund Shares that are not TAL Represented Closed-End Fund Shares and in which Such Persons have a beneficial or other interest, the foregoing partial exclusion of Such Persons does not apply. Also excluded from the Class and as Class Members are those Persons who submit valid and timely requests for exclusion from the Class in accordance with the requirements set forth in the Notice.

(f) "Class Period" means the period between June 24, 2003 and July 14, 2009, inclusive.

(g) "Closed-End Funds" means RMH, RSF, RMA, and RHY.

(h) "Complaint" means the Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws filed on February 22, 2011.

(i) "Court" means the United States District Court for the Western District of Tennessee.

(j) "Defendants" means the Morgan Keegan Defendants, RFC, the Closed-End Funds, the Officer Defendants, and the Director Defendants.

(k) "Defendants' Counsel" means the law firms of Bass Berry & Sims PLC; Maynard, Cooper & Gale, P.C.; Sullivan & Cromwell LLP; Paul Hastings LLP; Pursley Lowery Meeks LLP; and Sutherland Asbill & Brennan, LLP.

(l) "Director Defendants" means Allen B. Morgan, Jr. and J. Kenneth Alderman.

(m) "Distribution Order" means an order of the Court approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the claims submitted and approving any fees and expenses not previously paid, including the fees

and expenses of the Claims Administrator and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

(n) "Effective Date" means the date upon which the Settlement shall become effective, as set forth in Paragraph 38 below.

(o) "Escrow Account" means the separate escrow account designated by Lead Counsel at a national banking institution, into which the Settlement Amount is to be deposited for the benefit of the Class.

(p) "Escrow Agent" means Labaton Sucharow LLP.

(q) "Final," with respect to a court order, means the later of: (i) if there is an appeal from a court order, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration or a petition for a writ of certiorari and, if certiorari is granted, the date of final affirmance of the order following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of any proceeding on certiorari to review the order; or (iii) the expiration of the time for the filing or noticing of any appeal from the order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond this time by order of the issuing court, by operation of law or otherwise, or if such extension is requested, the date of expiration of any extension if any appeal or review is not sought). However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Plan of Allocation of the Net Settlement Fund, or to the Court's award of attorneys' fees or expenses, shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment to become Final, or otherwise preclude the Judgment or Alternative Judgment from becoming Final.

(r) "Judgment" means the proposed judgment to be entered approving the Settlement substantially in the form annexed hereto as Exhibit B.

(s) "Individual Defendants" means the Officer Defendants and Director Defendants.

(t) "Lead Counsel" means the law firm of Labaton Sucharow LLP.

(u) "Lead Plaintiffs" means Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore.

(v) "Morgan Keegan Defendants" means Morgan Keegan & Company, Inc., Morgan Asset Management, Inc., and MK Holding, Inc.

(w) "Net Settlement Fund" means the Settlement Fund less: (i) Court-awarded attorneys' fees and expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any other fees or expenses approved by the Court, including any award to Plaintiffs for reasonable costs and expenses (including lost wages) pursuant to the PSLRA.

(x) "Notice" means the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses, which is to be sent to members of the Class, subject to approval of the Court, and shall be substantially in the form annexed hereto as Exhibit A-1 to Exhibit A hereto.

(y) "Notice and Administration Expenses" means all fees and expenses incurred in connection with providing notice to the Class and the administration of the Settlement, including but not limited to: (i) providing notice of the proposed Settlement by mail, publication and other means to Class Members; (ii) receiving and reviewing claims; (iii) applying the Plan of Allocation; (iv) communicating with Persons regarding the proposed

Settlement and claims administration process; (v) distributing the proceeds of the Settlement; and (vi) fees related to the Escrow Account and investment of the Settlement Fund.

(z) "Officer Defendants" means James C. Kelsoe, Jr., Carter E. Anthony, Brian B. Sullivan, and Joseph Thompson Weller.

(aa) "Party" or "Parties" means (i) Defendants and (ii) Plaintiffs on behalf of themselves and the other Class Members.

(bb) "Person" means an individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock company, joint venture, limited liability company, professional corporation, estate, legal representative, trust or custodial account (and their respective trustees, representatives, agents, and fiduciaries), unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity, including all trusts and custodial accounts (and their respective trustees, representatives, agents, and fiduciaries) for which Regions Bank is or was a trustee or a directed trustee, custodian, or agent, or other fiduciary (which includes, but is not limited to, all trusts and custodial accounts within the scope of the TAL's appointment).

(cc) "Plaintiffs" means Lead Plaintiffs and the TAL in his capacity as Trustee *Ad Litem* for the McAbee Foundation Trust.

(dd) "Preliminary Approval Order" means the proposed order preliminarily approving the Settlement and directing notice to the Class of the pendency of the Action and of the Settlement, which, subject to the approval of the Court, shall be substantially in the form annexed hereto as Exhibit A.

(ee) "Proof of Claim" means the Proof of Claim and Release form for submitting a claim, subject to approval of the Court, which shall be substantially in the form annexed as Exhibit A-2 to Exhibit A hereto.

(ff) "PSLRA" means the Private Securities Litigation Reform Act of 1995.

(gg) "Released Claims" means any and all claims, rights, causes of action, demands, actions, debts, sums of money, obligations, judgments, suits, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether fixed or contingent, liquidated or un-liquidated, at law or in equity, known or unknown, suspected or unsuspected, disclosed or undisclosed, concealed or hidden, asserted or unasserted, whether class or individual in nature, that Plaintiffs or any other Class Member: (i) asserted in the Complaint filed in the Action; or (ii) that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the Complaint filed in the Action, but only as they relate to investments in the Closed-End Funds during the Class Period; *provided, however*, that Released Claims do not include (i) claims to enforce the Settlement; (ii) any governmental or regulatory agency's claims in any criminal, or civil, or administrative action against any of the Released Defendant Parties, or any claims or rights to compensation from the SEC Fair Fund, the States' Fund, or other victim compensation funds resulting from any such governmental or regulatory agency action; (iii) claims or causes of action of the types asserted in *In re Helios Closed-End Funds Derivative Litigation*, No. 11-cv-02935 SHM dkv (W.D. Tenn.) (the "Closed-End Funds Derivative Action")[1]; *In re Regions Morgan Keegan ERISA Litigation*,

[1] The Settlement of the claims or causes of action asserted in the Closed-End Funds Derivative Action shall be provided in a separate Stipulation and Agreement of Settlement.

No. 08-cv-2192 SHM dkv (W.D. Tenn.); *Daniels v. Morgan Asset Management, Inc.*, No. 09-cv-02800 SHM (W.D. Tenn.) (the "*Daniels* State Law Action")[2]; *In re Regions Morgan Keegan Open-End Mutual Fund Litigation*, No. 07-cv-02784 SMH dkv (W.D. Tenn.); or *Landers v. Morgan Asset Management, Inc*., No. 08-cv-2260 SHM dkv (W.D. Tenn.). Neither this definition, the Settlement Agreement, nor any Final Judgment or Final Alternative Judgment shall limit or restrict the authority or power of the Probate Court of Jefferson County, Alabama to construe or enforce Regions Bank's duties and obligations under the TAL Orders, and no duties or obligations of Regions Bank created and existing under or by virtue of the TAL Orders are affected by this Settlement Agreement or any Final Judgment or Final Alternative Judgment, except to the extent that the release under this Settlement Agreement of claims or causes of action removes those claims and causes of action from the scope of the Trustee *Ad Litem*'s appointment and responsibilities.

(hh) "Released Defendant Parties" means Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, auditors, assigns, affiliates, and insurers; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which any Individual Defendant is the settlor or which is for the benefit of any of their immediate family members; and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or

[2] This Settlement includes claims, causes of action, losses, or damages of the type asserted in the *Daniels* State Law Action against Defendants only to the extent that they are based on or arise from the Closed-End Funds. To the extent that claims, causes of action, losses, damages of the type asserted in the *Daniels* State Law Action are not based on and do not arise from the Closed-End Funds, they are excluded from this Settlement and are not affected by this Settlement. This exclusion from the Settlement specifically applies to claims, causes of action, losses, or damages that are based on or arise from the Open-End Funds.

affiliated with any of the Defendants and the legal representatives, heirs, successors in interest or assigns of Defendants.

(ii) "Released Defendants' Claims" means all claims, including both known and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, that the Defendants could have asserted against any of the Released Plaintiff Parties that arise out of or relate in any way to the institution, prosecution, or settlement of the Action (other than claims to enforce the Settlement).

(jj) "Released Parties" means the Released Defendant Parties and the Released Plaintiff Parties.

(kk) "Released Plaintiff Parties" means each and every Class Member, Lead Plaintiffs, Lead Counsel, other Plaintiffs' counsel, the TAL, the TAL's counsel, and their respective past, current, or future trustees, officers, directors, partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, assigns, parents, subsidiaries, divisions, joint ventures, general or limited partners or partnerships, affiliates, and limited liability companies; and the spouses, members of the immediate families, representatives, and heirs of Class Members who are individuals, as well as any trust of which any Class Member is the settlor or which is for the benefit of any of their immediate family members. Released Plaintiff Parties does not include any Class Member or Person who timely and validly seeks exclusion from the Class.

(ll) "RFC" means Regions Financial Corporation. Regions Financial Corporation is the parent company of Regions Bank, Morgan Asset Management (now known as Regions Investment Management, Inc.) as well as several other entities, and is the former parent company of Morgan Keegan & Company, Inc. and MK Holding, Inc.

(mm) "Settlement" means the resolution of the Action as against Defendants in accordance with the terms and provisions of this Settlement Agreement.

(nn) "Settlement Agreement" means this Stipulation and Agreement of Settlement.

(oo) "Settlement Amount" means the total principal amount of Sixty-Two Million Dollars ($62,000,000.00) in cash.[3]

(pp) "Settlement Fund" means the Settlement Amount and any earnings thereon.

(qq) "Settlement Hearing" means the hearing to be held by the Court to determine whether the proposed Settlement is fair, reasonable, and adequate and should be approved.

(rr) "Summary Notice" means the Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses for publication, which, subject to approval of the Court, shall be substantially in the form annexed as Exhibit A-3 to Exhibit A hereto.

(ss) "TAL Orders" means the orders entered by the Probate Court of Jefferson County, Alabama, on June 20, 2008, and June 30, 2008, for the appointment of C. Fred Daniels as a temporary special fiduciary, or Trustee *Ad Litem,* to take certain litigation actions in substitution for Regions Bank in Regions Bank's capacity as trustee, directed trustee, custodian, agent, or other fiduciary on behalf of certain Regions Bank trusts and custodial accounts that

[3] The Settlement Amount of the Closed-End Funds Derivative Action shall be provided in a separate Stipulation and Agreement of Settlement but in no event shall the Settlement Amount for this Action and the Closed-End Funds Derivative Action together exceed Sixty-Eight Million Dollars ($68,000,000.00).

were open and existing on June 30, 2008, and which hold or held shares of the Closed-End Funds and the Open-End Funds. The TAL Orders authorize the Trustee *Ad Litem* only to take litigation actions that Regions Bank would otherwise have been authorized to take in its capacity as trustee, directed trustee, custodian, agent, or other fiduciary on behalf of the trusts and custodial accounts within the scope of the TAL Orders.

(tt) "TAL Subclass" means all trusts and custodial accounts for which Regions Bank was on June 30, 2008, a trustee or a directed trustee, custodian, or agent, and which: (i) purchased or otherwise acquired shares of RMH, RMA, RSF or RHY between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; and (ii) did not elect out of the TAL's authority pursuant to the TAL Orders.

(uu) "Taxes" means all taxes on the income of the Settlement Fund and expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, interest, penalties and the expenses of tax attorneys and accountants).

(vv) "Unknown Claims" means any and all Released Claims, which Plaintiffs or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims that Defendants do not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. Unknown Claims include those claims in which some or all of the facts comprising the claim may be unsuspected, or even undisclosed, concealed, or hidden. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and Defendants, shall expressly, and each other Class Member shall be deemed to have, and by operation of the

Judgment or Alternative Judgment shall have, expressly waived and relinquished 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, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Plaintiffs, the other Class Members or Defendants 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 and the Released Defendants' Claims, but Plaintiffs and Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' 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, heretofore have existed, or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law, rule or regulation, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

SCOPE AND EFFECT OF SETTLEMENT

2. The obligations incurred pursuant to this Settlement Agreement are subject to approval by the Court, such approval becoming Final, and are in full and final disposition of the claims in the Action with respect to the Released Parties and any and all Released Claims and Released Defendants' Claims.

3. For purposes of this Settlement only, the Parties agree to: (i) certification of the Action as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Class as defined in Paragraph 1(e); (ii) the certification of Lead Plaintiffs as Class Representatives for the Class; (iii) the certification of the McAbee Foundation Trust as Subclass Representative for the TAL Subclass; and (iv) the appointment of Lead Counsel as Class Counsel for the Class.

4. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Plaintiffs and each and every other Class Member on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, and assigns, shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Claims against each and every one of the Released Defendant Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting, or maintaining any of the Released Claims against any of the Released Defendant Parties.

5. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Defendants, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, and assigns by operation of the Judgment or Alternative Judgment, shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Defendants' Claims, as against each and every one of the Released Plaintiff Parties and shall forever be barred and enjoined from commencing,

instituting, prosecuting, or maintaining any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

THE SETTLEMENT CONSIDERATION

6. In full settlement of the claims asserted in the Action against Defendants and in consideration of the releases specified in Paragraphs 4-5 above, RFC and the Morgan Keegan Defendants collectively shall pay or cause to be paid the Settlement Amount into the Escrow Account within twenty (20) business days after the Court enters the Preliminary Approval Order and Lead Counsel has provided Defendants' Counsel (or their designee) with complete and accurate wiring instructions, payment address, and a complete and accurate W-9 form for the Settlement Fund. Under no circumstances will Defendants collectively be required to pay or cause to be paid to the Class more than the principal amount of the Settlement Amount pursuant to this Settlement Agreement and the Settlement set forth herein.

7. With the sole exception of RFC and the Morgan Keegan Defendants' obligation to pay, or cause payment of, the Settlement Amount into the Escrow Account as provided for in Paragraph 6, Defendants and Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to: (i) any act, omission, or determination of Lead Counsel, the Escrow Agent or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, calculation, or payment of any claims asserted against the Settlement Fund; (v) any losses suffered by, or fluctuations in value of, the Settlement Fund; (vi) the payment of Notice and Administration Expenses, other than as set forth in Paragraph 45

below; or (vii) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection with the taxation of the Settlement Fund or the filing of any returns.

USE AND TAX TREATMENT OF SETTLEMENT FUND

8. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by the Court; (iv) to pay any costs and expenses allowed by the PSLRA and awarded to Plaintiffs by the Court; (v) to pay any other fees and expenses awarded by the Court; and (vi) to pay the claims of Authorized Claimants.

9. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in Paragraphs 22-34 below. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held in the Escrow Account shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be disbursed or returned, pursuant to Paragraph 45 of this Settlement Agreement, and/or further order of the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed by the full faith and credit of the United States Government (or a mutual fund invested solely in such instruments), or deposit some or all of the funds in non-interest-bearing transaction account(s) up to the limit of Federal Deposit Insurance Corporation insurance. Defendants and Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions executed by the Escrow Agent.

10. After the Settlement Amount has been paid into the Escrow Account in accordance with Paragraph 6 above, the Parties agree to treat the Settlement Fund, as a "qualified settlement fund" within the meaning of Treas. Reg. § 1.468B-1. In addition, Lead Counsel shall timely make, or cause to be made, such elections as necessary or advisable to carry out the

provisions of this paragraph, including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of Lead Counsel to timely and properly prepare and deliver, or cause to be prepared and delivered, the necessary documentation for signature by all necessary parties, and thereafter take all such actions as may be necessary or appropriate to cause the appropriate filing to occur.

(a) For the purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and Treas. Reg. § 1.468B promulgated thereunder, the "administrator" shall be Lead Counsel or its successors, who shall timely and properly file, or cause to be filed, all informational and other tax returns necessary or advisable with respect to the earnings on the fund deposited in the Escrow Account (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such returns (as well as the election described above) shall be consistent with this subparagraph and in all events shall reflect that all Taxes (including any estimated taxes, earnings, or penalties) on the income earned on the funds deposited in the Escrow Account shall be paid out of such funds as provided in subparagraph (c) hereof.

(b) All Taxes shall be paid solely out of the Escrow Account. In all events, Defendants and Defendants' Counsel shall have no liability or responsibility whatsoever for the Taxes or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. In the event any Taxes are owed by any of the Defendants on any earnings on the funds on deposit in the Escrow Account, such amounts shall also be paid out of the Escrow Account. Any taxes or tax expenses owed on any earnings on the Settlement Amount prior to its transfer to the Escrow Account shall be the sole responsibility of Defendants.

(c) Taxes shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by Lead Counsel out of the Escrow Account without prior order from the Court or approval by Defendants, and Lead Counsel shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)). The Parties agree to cooperate with Lead Counsel, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this paragraph.

11. This is not a claims-made settlement. As of the Effective Date, Defendants and/or such other persons or entities funding the Settlement on Defendants' behalf, shall not have any right to the return of the Settlement Fund or any portion thereof for any reason.

ATTORNEYS' FEES AND EXPENSES

12. Lead Counsel will apply to the Court for an award from the Settlement Fund of attorneys' fees and reimbursement of litigation expenses incurred in prosecuting the Action, plus any earnings on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). Defendants shall take no position with respect to the Fee and Expense Application.

13. The amount of attorneys' fees and expenses awarded by the Court is within the sole discretion of the Court. Any attorneys' fees and expenses awarded by the Court shall be paid from the Settlement Fund to Lead Counsel immediately after entry of the Order awarding such attorneys' fees and expenses, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof.

14. Any payment of attorneys' fees and litigation expenses pursuant to Paragraphs 12-13 above shall be subject to Lead Counsel's obligation to make refunds or repayments to the Settlement Fund of any paid amounts, plus accrued earnings at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated or fails to become effective for any reason or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or litigation expenses is reduced or reversed by Final non-appealable court order. Lead Counsel shall make the appropriate refund or repayment in full no later than twenty (20) business days after receiving notice from a court of appropriate jurisdiction of the termination of the Settlement or notice of any reduction or reversal of the award of attorneys' fees and/or litigation expenses by Final non-appealable court order.

15. With the sole exception of Defendants causing the payment of the Settlement Amount into the Escrow Account as provided for in Paragraph 6, Defendants shall have no responsibility for, and no liability whatsoever with respect to, any payment to Lead Counsel (or any other counsel) in the Action that may occur at any time.

16. Defendants shall have no responsibility for, and no liability whatsoever with respect to, the allocation of any attorneys' fees or expenses among any plaintiffs' counsel in the Action, or any other Person who may assert some claim thereto, or any fee or expense awards the Court may make in the Action.

17. Defendants shall have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses incurred by or on behalf of the Class Members, whether or not paid from the Escrow Account.

18. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part of the Settlement set forth in this Settlement Agreement, and

are separate from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Settlement Agreement, and any order or proceeding relating to any Fee and Expense Application, including an award of attorneys' fees or expenses in an amount less than the amount requested by Lead Counsel, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Settlement Agreement, or affect or delay the finality of the Judgment or Alternative Judgment approving the Settlement Agreement and the Settlement set forth herein, including, but not limited to, the release, discharge, and relinquishment of the Released Claims against the Released Defendant Parties, or any other orders entered pursuant to the Settlement Agreement. Plaintiffs and Lead Counsel may not cancel or terminate the Settlement Agreement or the Settlement in accordance with Paragraph 39 or otherwise based on the Court's or any appellate court's ruling with respect to fees and expenses in the Action.

CLASS ACTION FAIRNESS ACT NOTICE

19. No later than ten (10) calendar days after the Settlement Agreement is filed with the Court, Defendants, through the Claims Administrator, shall cause to be served, upon the appropriate official(s), a notice of the proposed Settlement as required under 28 U.S.C. § 1715. Pursuant to 28 U.S.C. § 1715(d), the Judgment may be issued by the Court no earlier than ninety (90) days after the appropriate official has been served with the notice(s) required by 28 U.S.C. § 1715(b). The expenses required to satisfy the notice requirements of 28 U.S.C. § 1715 shall be paid by RFC and the Morgan Keegan Defendants.

ADMINISTRATION EXPENSES

20. Except as otherwise provided herein, the Settlement Fund shall be held in the Escrow Account until the Effective Date.

21. Prior to the Effective Date, without further approval from Defendants or further order of the Court, Lead Counsel may expend up to Five Hundred Thousand Dollars ($500,000) from the Settlement Fund to pay Notice and Administration Expenses actually incurred. Taxes and fees related to the Escrow Account and investment of the Settlement Fund may be paid as incurred. After the Effective Date, without further approval of Defendants or further order of the Court, Notice and Administration Expenses may be paid as incurred.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

22. Lead Counsel will apply to the Court for a Distribution Order, on notice to Defendants' Counsel, approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the claims submitted herein, and, if the Effective Date has occurred, directing the payment of the Net Settlement Fund to Authorized Claimants.

23. The Claims Administrator shall administer the Settlement under Lead Counsel's supervision and subject to the jurisdiction of the Court. Except as stated in Paragraphs 6, 7 and 36 herein, Defendants and Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability to the Class in connection with such administration.

24. 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, as defined in the Plan of Allocation of Net Settlement Fund (the "Plan of Allocation") included in the Notice, or in such other plan of allocation as the Court may approve.

25. Defendants will take no position with respect to the Plan of Allocation. The Plan of Allocation is a matter separate and apart from the proposed Settlement between Plaintiffs and

Defendants, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation is not a necessary term of this Settlement Agreement and it is not a condition of this Settlement Agreement that any particular plan of allocation be approved by the Court. Plaintiffs and Lead Counsel may not cancel or terminate the Settlement Agreement or the Settlement in accordance with Paragraph 39 or otherwise based on the Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in the Action. Defendants and Defendants' Counsel shall have no responsibility or liability for reviewing or challenging claims, the allocation of the Net Settlement Fund, or the distribution of the Net Settlement Fund.

ADMINISTRATION OF THE SETTLEMENT

26. Any member of the Class who fails to timely submit a valid Proof of Claim (substantially in the form of Exhibit A-2 to Exhibit A hereto) will not be entitled to receive any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the Court, but will otherwise be bound by all of the terms of this Settlement Agreement and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and the releases provided for herein, and will be barred from bringing any action against the Released Defendant Parties concerning the Released Claims.

27. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what Lead Counsel deems to be *de minimis* or formal or technical defects in any Proofs of Claim submitted. Defendants and Defendants' Counsel shall have no liability, obligation or responsibility for the administration of the Settlement, the allocation of the Net Settlement Fund

or reviewing or challenging of claims of Class Members. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to approval by the Court.

28. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Class Member shall be required to submit a Proof of Claim, substantially in the form annexed hereto as Exhibit A-2 to Exhibit A, supported by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by Lead Counsel in their discretion, or by Order of the Court. Any Class Member who fails to submit a Proof of Claim by such date shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Settlement Agreement (unless, by Order of the Court or the discretion of Lead Counsel, late-filed Proofs of Claim are accepted), but shall in all other respects be bound by all of the terms of this Settlement Agreement and the Settlement, including the terms of the Judgment or Alternative Judgment and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Party concerning any Released Claim or Released Defendants' Claims. Provided that it is received before the motion for the Distribution Order is filed, a Proof of Claim shall be deemed to be submitted when mailed, if received with a postmark on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance

with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Settlement Agreement the extent, if any, to which each claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below;

(d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejecting a Proof of Claim in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all claimants whose claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph (e) below;

(e) If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) calendar days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court; and

(f) The administrative determinations of the Claims Administrator accepting and rejecting disputed claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Distribution Order.

29. Each claimant who submits a Proof of Claim shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's claim. In connection with processing the Proofs of Claim, no discovery shall be allowed on the merits of the Action or the Settlement.

30. Payment pursuant to the Distribution Order shall be deemed Final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Settlement Agreement and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and the releases provided for herein, and will be barred from bringing any action against the Released Defendant Parties concerning the Released Claims.

31. All proceedings with respect to the administration, processing and determination of claims described by Paragraphs 22-34 of this Settlement Agreement and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment or Alternative Judgment nor require Defendants to participate in any such dispute, hearing, or controversy. Defendants will, however, cooperate

and participate as necessary to aid the Court in answering any questions regarding such proceedings.

32. No Person shall have any claim of any kind against the Released Defendant Parties or their counsel with respect to the matters set forth in Paragraphs 22-34 or any subsections of those Paragraphs.

33. No Person shall have any claim against Plaintiffs or their counsel (including Lead Counsel), or the Claims Administrator, or other agent designated by Lead Counsel, based on the distributions made substantially in accordance with this Settlement Agreement and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

34. If there is any balance remaining in the Net Settlement Fund after at least twelve (12) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if economically feasible, reallocate such balance among Authorized Claimants who have cashed their checks in an equitable fashion. Any balance that still remains in the Net Settlement Fund, after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to a non-sectarian not-for-profit charitable organization serving the public interest, designated by Lead Plaintiffs and approved by the Court.

TERMS OF THE PRELIMINARY APPROVAL ORDER

35. Concurrently with its application for preliminary Court approval of the Settlement contemplated by this Settlement Agreement and promptly upon execution of this Settlement Agreement, Lead Counsel shall apply to the Court for entry of the Preliminary Approval Order, which shall be substantially in the form annexed hereto as Exhibit A, which application shall not be opposed by Defendants or Defendants' Counsel. The Preliminary Approval Order will,

among other things, set the date and time for the Settlement Hearing and prescribe the method(s) for giving notice of the Settlement to the Class.

36. Within seven (7) calendar days after this Settlement Agreement is filed with the Court, the Closed-End Funds shall provide or cause to be provided to Lead Counsel or the Claims Administrator, at no cost to Plaintiffs, Lead Counsel or the Claims Administrator, lists of the names and addresses of purchasers of the Closed-End Funds during the Class Period, to the extent available to them. Within seven (7) calendar days after this Settlement Agreement is filed with the Court, the Morgan Keegan Defendants shall provide or cause to be provided to Lead Counsel or the Claims Administrator, at no cost to Plaintiffs, Lead Counsel, the Class or the Claims Administrator, lists of the names and addresses of purchasers who held shares of the Closed-End Funds through a Morgan Keegan account during the Class Period.

TERMS OF THE JUDGMENT

37. If the Settlement contemplated by this Settlement Agreement is approved by the Court, Lead Counsel and Defendants' Counsel shall request that the Court enter a Judgment substantially in the form annexed hereto as Exhibit B:

(a) finally approving the Settlement as fair, reasonable, and adequate, within the meaning of Rule 23 of the Federal Rules of Civil Procedure, and directing its consummation pursuant to its terms;

(b) directing that the Action be dismissed with prejudice; directing that the Parties are to bear their own costs, except as otherwise provided in this Settlement Agreement; and releasing the Released Claims;

(c) permanently barring and enjoining the institution and prosecution, by Plaintiffs and the Class Members, of any other action against the Released Defendant Parties in

any court or other tribunal, forum, or proceeding asserting any Released Claims;

(d) reserving jurisdiction over the Action, including all future proceedings concerning the administration, consummation, and enforcement of this Settlement Agreement;

(e) finding that all the filings made by each Party along with maintenance, prosecution, defense and settlement of the Action were done on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure;

(f) finding, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, that there is no just reason for delaying and directing entry of a final judgment; and

(g) containing such other and further provisions consistent with the terms of this Settlement Agreement to which the Parties expressly consent in writing.

EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION

38. The Effective Date of this Settlement shall be the date when all of the following shall have occurred:

(a) entry of the Preliminary Approval Order, which shall be in all material respects substantially in the form set forth in Exhibit A annexed hereto;

(b) payment of the Settlement Amount into the Escrow Account;

(c) RFC and the Morgan Keegan Defendants have not exercised their option to terminate the Settlement Agreement pursuant to Paragraph 39(e)-(f) or Paragraph 40;

(d) approval by the Court of the Settlement, following notice to the Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(e) a Judgment, which shall be in all material respects substantially in the form set forth in Exhibit B annexed hereto, has been entered by the Court and has become Final; or in the event that an Alternative Judgment has been entered and none of the Parties elects to terminate the Settlement by reason of such variance, that judgment has become Final.

39. Defendants and Plaintiffs each shall have the right to terminate the Settlement and this Settlement Agreement by providing written notice of their election to do so ("Termination Notice"), through counsel, to all other Parties hereto within fourteen (14) calendar days of: (a) the Court's Final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court's Final refusal to approve this Settlement Agreement or any material part of it; (c) the Court's Final refusal to enter the Judgment in any material respect or an Alternative Judgment; (d) the date upon which the Judgment or Alternative Judgment is modified or reversed in any material respect by Final order of the United States Court of Appeals for the Sixth Circuit or the Supreme Court of the United States; (e) the Court's refusal to enter the judgment or an alternative judgment in the Closed-End Funds Derivative Action in any material respect; or (f) a date that is no later than one (1) year after the Court's entry of the judgment or an alternative judgment in the Closed-End Funds Derivative Action, provided that, as of that date, the settlement in the Closed-End Funds Derivative Action has failed to become effective as set forth in Paragraph 17 of the Stipulation of Settlement in the Closed-End Funds Derivative Action.

40. The Morgan Keegan Defendants and RFC shall also have the right to terminate the Settlement on behalf of all Defendants in the event the Termination Threshold (defined below) has been reached.

(a) Simultaneously herewith, counsel for the Parties are executing a confidential Supplemental Agreement Regarding Requests for Exclusion ("Supplemental Agreement"). The Supplemental Agreement sets forth certain conditions under which the Morgan Keegan Defendants and RFC shall have the option, which must be exercised unanimously, to terminate the Settlement on behalf of all Defendants and render this Settlement Agreement null and void in the event that requests for exclusion from the Class exceed certain

agreed-upon criteria (the "Termination Threshold"). The Parties agree to maintain the confidentiality of the Termination Threshold in the Supplemental Agreement, which shall not be filed with the Court unless a dispute arises as to its terms, or as otherwise ordered by the Court, nor shall the Supplemental Agreement otherwise be disclosed to anyone other than the named Parties and their counsel unless ordered by the Court. If submission of the Supplemental Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Parties will undertake to have the Termination Threshold submitted to the Court *in camera* or under seal. The Claims Administrator shall keep the Parties apprised of all the requests for exclusion received on a regular basis and shall provide counsel for Defendants within five (5) business days of receiving any such exclusion or revocation as set forth in the Supplemental Agreement with a list of all Persons who have requested exclusion from the Class or have submitted a revocation of a request for exclusion, together with (to the extent disclosed in the request for exclusion or revocation of request for exclusion) the number of shares of each of the Closed-End Funds purchased by each such Person during the Class Period. Defendants may also request from time to time copies of any or all requests for exclusion received, together with all written revocations of requests for exclusion, which shall be delivered to Defendants' Counsel promptly upon request. Separate lists of all Persons who have validly or invalidly requested exclusion from the Class shall be provided to Defendants and the Court at least ten (10) calendar days before the Settlement Hearing.

(b) In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Settlement Agreement shall become null and void and of no further force and effect, with the exception of the provisions of Paragraphs 44 and 45 which shall continue to apply.

41. In addition to all of the rights and remedies that the Plaintiffs have under the terms of this Settlement Agreement, Plaintiffs shall also have the right to terminate the Settlement in the event that Defendants collectively do not pay, or cause to be paid, the Settlement Amount as provided in Paragraph 6 above. In the event of such failure to pay, Plaintiffs can elect to terminate by providing written notice to all other Parties to this Settlement Agreement. The termination is not effective unless and until RFC and the Morgan Keegan Defendants collectively fail to pay the Settlement Amount within fourteen (14) calendar days of such written notice.

42. If, before the Settlement becomes Final, a trustee, receiver, conservator, or other fiduciary is appointed under Title 11 of the United States Code (Bankruptcy), or any similar law, and in the event of the entry of a Final order of a court of competent jurisdiction determining the transfer of money or any portion thereof to the Settlement Fund by or on behalf of RFC and/or a Morgan Keegan Defendant to be a preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, at the election of Plaintiffs, the Parties shall jointly move the Court to vacate and set aside the release given and the Judgment or Alternative Judgment entered, and Defendants, Plaintiffs and the members of the Class shall be restored to their litigation positions immediately prior to the execution of the Settlement Term Sheet on April 26, 2012.

43. If an option to withdraw from and terminate this Settlement Agreement and Settlement arises under any of Paragraphs 39-42 above: (i) neither Defendants nor Plaintiffs (as the case may be) will be required for any reason or under any circumstance to exercise that

option; and (ii) any exercise of that option shall be made in good faith, but in the sole and unfettered discretion of Defendants or Plaintiffs, as applicable.

44. In the event the Settlement is terminated or fails to become effective for any reason, then: the Settlement shall be without prejudice, and none of its terms, including, but not limited to, the certification of the Class, selection of Class Representative, and appointment of Class Counsel, shall be effective or enforceable except as specifically provided herein; the Parties to this Settlement Agreement shall be deemed to have reverted to their respective litigation positions in the Action immediately prior to their execution of the Settlement Term Sheet on April 26, 2012; and the Parties in the Action shall proceed in all respects as if this Settlement Agreement and any related orders had not been entered. In such event, the Settlement Term Sheet, this Settlement Agreement or any aspect of the discussions or negotiations leading to this Settlement Agreement, shall not be admissible in this Action and shall not be used by Plaintiffs against or to the prejudice of Defendants or by Defendants against or to the prejudice of Plaintiffs in any court filings, depositions, at trial or otherwise.

45. In the event the Settlement is terminated or fails to become effective for any reason, any portion of the Settlement Amount previously paid on behalf of or by Defendants, together with any earnings thereon, less any Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable from the Settlement Amount shall be returned to the entities that made the payment(s) within ten (10) business days after written notification of such event. In such event, at the request of Defendants' Counsel, the Escrow Agent or its designee shall apply for any tax refund owed on the amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), for refund to the applicable funder or as otherwise directed.

NO ADMISSION OF WRONGDOING

46. Except as set forth in Paragraphs 47-48 below, this Settlement Agreement, whether or not consummated, and any discussions, negotiations, proceedings or agreements relating to the Settlement Agreement, the Settlement, and any matters arising in connection with settlement discussions or negotiations, proceedings, or agreements, shall not be offered or received against or to the prejudice of the Parties for any purpose, and in particular:

(a) do not constitute, and shall not be offered or received against or to the prejudice of Defendants as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by Defendants with respect to the truth of any allegation by Plaintiffs and the Class or the validity of any claim that has been or could have been asserted in the Action or in any litigation, including but not limited to the Released Claims, or of any liability, damages, negligence, fault or wrongdoing of Defendants;

(b) do not constitute, and shall not be offered or received against or to the prejudice of Defendants as evidence of a presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by Defendants, or against or to the prejudice of Plaintiffs or any other members of the Class as evidence of any infirmity in the claims of Plaintiffs or the other members of the Class;

(c) do not constitute, and shall not be offered or received against or to the prejudice of Defendants or against Plaintiffs or any other members of the Class, as evidence of a presumption, concession or admission with respect to any liability, damages, negligence, fault, infirmity, or wrongdoing, or in any way referred to for any other reason against or to the prejudice of any of the Parties to this Settlement Agreement, in any other civil, criminal, or administrative action or proceeding, or arbitration, other than such proceedings as may be necessary to effectuate the provisions of this Settlement Agreement;

(d) do not constitute, and shall not be construed against Defendants, Plaintiffs, or any other members of the Class, as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

(e) do not constitute, and shall not be construed as or received in evidence as, an admission, concession, or presumption against Plaintiffs or any other members of the Class that any of their claims are without merit or infirm or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

47. Defendants may file this Settlement Agreement and/or the Judgment or Alternative Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate the liability protection granted them under any applicable insurance policies. The Parties may file this Settlement Agreement and/or the Judgment or Alternative Judgment in any action that may be brought to enforce the terms of this Settlement Agreement and/or the Judgment or Alternative Judgment. All Parties submit to the exclusive jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

48. Subject to the prohibited purposes identified in Paragraph 46(a)-(e) above, the Trustee *Ad Litem* or his counsel may file this Settlement Agreement, the Preliminary Approval Order, the Judgment, or the Alternative Judgment in any civil action or other legal proceeding in response to a challenge to the Trustee *Ad Litem*'s compliance with his authority or responsibilities under the TAL orders, or in a legal proceeding seeking a discharge of the Trustee *Ad Litem* under the TAL Orders.

MISCELLANEOUS PROVISIONS

49. All of the exhibits to the Settlement Agreement, except any plan of allocation, to the extent incorporated in those exhibits, are material and integral parts hereof and are fully incorporated herein by this reference.

50. RFC and the Morgan Keegan Defendants warrant that, as to the payments made on behalf of Defendants, at the time of such payment, RFC and the Morgan Keegan Defendants will not be insolvent, nor will the payment render them insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including Sections 101 and 547 thereof.

51. The Parties to this Settlement Agreement intend the Settlement of the Action to be the full, final and complete resolution of the Released Claims and Released Defendants' Claims. Accordingly, the Parties agree not to assert in any forum that the Action was brought, prosecuted or defended in bad faith or without a reasonable basis. The Parties and their counsel agree that each has complied fully with Rule 11 of the Federal Rules of Civil Procedure in connection with the maintenance, prosecution, defense and settlement of the Action and shall not make any applications for sanctions, pursuant to Rule 11 or other court rule or statute, with respect to any claim or defense in this Action. The Parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the Parties and their respective counsel, and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

52. The Parties and their respective counsel agree that they will refrain from disparaging each other in any publicly disseminated statements concerning the Action.[4] The

[4] "Publicly disseminated statements" does not include direct communications by the Trustee *Ad Litem* with Persons who may have interests in trusts or custodial accounts that are or have

(continued . . .)

Parties and their respective counsel also agree to keep the information disclosed to them during the acts contemplated by the Settlement and this Settlement Agreement confidential unless required to publicly disclose such information by applicable law, except that this agreement excludes information that the Parties or their counsel obtain through means independent of acts contemplated by this Settlement (including confidential communications exchanged in relation to the mediations referenced in Paragraphs I and L above) or this Settlement Agreement.

53. This Settlement Agreement may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Parties hereto or their successors.

54. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

55. The administration and consummation of the Settlement as embodied in this Settlement Agreement shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and any expenses, and implementing and enforcing the terms of this Settlement Agreement.

56. The waiver by one Party of any breach of this Settlement Agreement by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Settlement Agreement.

57. This Settlement Agreement, its exhibits and the Supplemental Agreement constitute the entire agreement among the Parties hereto concerning the Settlement of the Action as against Defendants, and no representations, warranties, or inducements have been made by any party hereto concerning this Settlement Agreement and its exhibits other than those

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(. . . continued)
been within the scope of the TAL Orders to the extent necessary or appropriate for the Trustee *Ad Litem*'s discharge of his duties or responsibilities arising from the TAL Orders.

contained and memorialized in such documents. It is understood by the Parties that, except for the matters expressly represented herein, the facts or law with respect to which this Settlement Agreement is entered into may turn out to be other than or different from the facts now known to each party or believed by such party to be true; each Party therefore expressly assumes the risk of the facts or law turning out to be so different, and agrees that this Settlement Agreement shall be in all respects effective and not subject to termination by reason of any such different facts or law.

58. Nothing in the Settlement Agreement, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

59. This Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent by facsimile or by e-mail on a "pdf" document shall be deemed originals.

60. This Settlement Agreement shall be binding when signed, but the Settlement shall be effective only on the condition that the Effective Date occurs.

61. This Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto.

62. Nothing in this Settlement Agreement removes the parties' obligations under the Confidentiality Agreement entered into by the parties prior to mediation in this Action, and all such obligations shall continue to be observed in accordance with that agreement.

63. The construction, interpretation, operation, effect and validity of this Settlement Agreement, and all documents necessary to effectuate it, shall be governed by the laws of the

State of Tennessee without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

64. This Settlement Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all Parties have contributed substantially and materially to the preparation of this Settlement Agreement.

65. All counsel and any other person executing this Settlement Agreement and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so in the capacities stated therein, and that they have the authority to take appropriate action in such capacities required to be taken pursuant to the Settlement Agreement to effectuate its terms. Plaintiffs and Lead Counsel represent and warrant that none of Plaintiffs' claims or causes of action referred to herein or that could have been alleged in the Action have been assigned, encumbered or in any manner transferred in whole or in part.

66. The Parties and their counsel agree to cooperate fully with one another in promptly applying for preliminary approval by the Court of the Settlement and for the scheduling of a hearing for consideration of final approval of the Settlement and Lead Counsel's application for an award of attorneys' fees and expenses, and to promptly agree upon and execute all such other documentation as reasonably may be required to obtain final approval by the Court of the Settlement.

67. Except as otherwise provided herein, each Party shall bear its own costs.

IN WITNESS WHEREOF, the Parties hereto have caused this Settlement Agreement to be executed, by their duly authorized attorneys, as of October 12, 2012.

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CERTIFICATE OF SERVICE

I hereby certify that on October 12, 2012, I electronically filed the foregoing documents with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following participating CM/ECF participants:

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/s/ Joel H. Bernstein
JOEL H. BERNSTEIN

Exhibit A

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE and ERISA LITIGATION	)	No. 2:09-md-02009-SHM
This Document Relates to:	)	
In re Regions Morgan Keegan Closed-End Fund Litigation, No. 2:07-cv-02830-SHM-dkv	)	

ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

WHEREAS, a consolidated class action is pending before the Court entitled *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 2:07-cv-02830, in the United States District Court for the Western District of Tennessee (the "Action")[1];

WHEREAS, the Court has received the motion for preliminary approval of the Settlement Agreement and the Court has reviewed the Settlement Agreement, which has been entered into by counsel for Plaintiffs and counsel for Defendants, and its attached Exhibits; and

WHEREAS, Plaintiffs having made a motion for preliminary approval of the Settlement pursuant to Federal Rule of Civil Procedure 23(e) ("Federal Rule 23"), and for entry of an order preliminarily approving the Settlement of this Action, in accordance with the Settlement Agreement, which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Action and for dismissal of the Action with prejudice upon the terms and conditions set forth therein (the "Settlement");

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court does hereby preliminarily approve the Settlement Agreement and the Settlement set forth therein, subject to further consideration at the Settlement Hearing described below.

2. The Court finds that: (a) the Settlement resulted from arm's-length negotiations; and (b) the Settlement is sufficiently fair, reasonable, and adequate to the Class Members to warrant providing notice of the Settlement to Class Members and holding a Settlement Hearing.

3. A hearing (the "Settlement Hearing") shall be held before this Court on _____, 2013 at _____ ___.m, at the Clifford Davis / Odell Horton Federal

[1] For purposes of this Order, the Court adopts all defined terms as set forth in the Stipulation and Agreement of Settlement, with Exhibits thereto, dated October 12, 2012 (the "Settlement Agreement"), and the terms used herein shall have the same meaning as in the Settlement Agreement.

Building, 167 N. Main Street, 11th Floor, Courtroom #2, Memphis, TN 38103, to determine: whether the proposed Settlement of the Action on the terms and conditions provided for in the Settlement Agreement is fair, reasonable, and adequate to the Class and should be approved by the Court; whether to finally certify a settlement class; whether the Final Judgment and Order of Dismissal, attached as Exhibit B to the Settlement Agreement, should be entered; whether the proposed plan of allocation for the proceeds of the Settlement ("Plan of Allocation") should be approved; and the amount of attorneys' fees and expenses that should be awarded to Lead Counsel.

4. Pursuant to Federal Rule 23, the Court preliminarily certifies, solely for the purposes of effectuating this Settlement, the following Class:

> All Persons who purchased or otherwise acquired the publicly traded shares of (i) RMH between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; (ii) RSF between March 18, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iii) RMA between November 8, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iv) RHY between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information (the "RHY Offering Materials") filed by RHY on or about January 19, 2006 with the SEC, and were damaged thereby; and (v) all members of the TAL Subclass.

Excluded from the Class and as Class Members are the Defendants; the members of the immediate families of the Defendants; the subsidiaries and affiliates of Defendants; any person who is an executive officer, director, partner or controlling person of the Closed-End Funds or any other Defendant (including any of its subsidiaries or affiliates, which include but are not limited to Morgan Asset Management, Inc., Regions Bank, Morgan Keegan, RFC, and MK Holding, Inc.); any entity in which any Defendant has a controlling interest; any Person who has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the

purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the person to participate as a Class Member; and the legal representatives, heirs, successors and assigns of any such excluded person or entity. These exclusions do not extend to trusts or accounts as to which the control or legal ownership by any Defendant (or by any subsidiary or affiliate of any Defendant) is derived or arises from an appointment as trustee, custodian, agent, or other fiduciary ("Fiduciary Accounts") unless with respect to any such Fiduciary Account any Person has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the Person to participate as a Class Member (and such exclusion shall apply to the legal representatives, heirs, successors and assigns of any such excluded Person, entity or Fiduciary Account). With respect to Closed-End Fund shares for which the TAL Orders authorize the Trustee *Ad Litem* to prosecute the claims or causes of action pleaded in the Complaint in the Action ("TAL Represented Closed-End Fund Shares"), "Class"

and "Class Member" also excludes Persons who are, or were during the Class Period, trust and custodial account beneficiaries, principals, settlors, co-trustees, and others owning beneficial or other interests in the TAL Represented Closed-End Fund Shares ("Such Persons"), but this exclusion applies only to any claims or causes of action of Such Persons that the Trustee *Ad Litem* is not authorized by the TAL Orders to prosecute. With respect to Closed-End Fund Shares that are not TAL Represented Closed-End Fund Shares and in which Such Persons have a beneficial or other interest, the foregoing partial exclusion of Such Persons does not apply. Also excluded from the Class and as Class Members are those Persons who submit valid and timely requests for exclusion from the Class in accordance with the requirements set forth in the Notice.

5. The Court preliminarily finds that certification of the Class meets the requirements of Federal Rule 23 as follows:

a. The number of Class Members is so numerous that joinder of all Class Members is impracticable, thus satisfying Federal Rule 23(a)(l).

b. There are questions of law and fact common to the Class, thus satisfying Federal Rule 23(a)(2).

c. The claims of Lead Plaintiffs, as Court appointed class representatives, are typical of the Class they represent, thus satisfying Federal Rule 23(a)(3).

d. The proposed class representatives and their counsel have and will fairly and adequately protect the interests of the Class, thus satisfying Federal Rule 23(a)(4).

e. The questions of law and fact common to the Class predominate over any questions affecting only individual members, thus satisfying Federal Rule 23(b)(3).

f. A class action is superior to other available methods for the fair and efficient adjudication of the controversy, thus satisfying Federal Rule 23(b)(3).

6. Class Members are hereby provided an opportunity to be excluded from the Class. Such requests for exclusion shall, as set forth below, be received no later than twenty-one (21) calendar days prior to the Settlement Hearing. The Parties have entered into a confidential supplemental agreement, which has been incorporated by reference into the Settlement Agreement, that provides that the Morgan Keegan Defendants and RFC shall have the option, which must be exercised unanimously, to terminate the Settlement on behalf of all Defendants and render the Settlement Agreement null and void in the event that requests for exclusion from the Class exceed certain agreed-upon criteria.

7. The Court approves, as to form and content, the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Notice"), the Proof of Claim and Release form ("Proof of Claim"), and Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses ("Summary Notice"), in substantially the forms annexed as Exhibits 1 - 3 hereto, and finds that the mailing and distribution of the Notice and Proof of Claim and publishing of the Summary Notice, as set forth herein, meet the requirements of Federal Rule 23, due process, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Section 21D of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the PSLRA, and constitute the best notice practicable under the circumstances and shall constitute due and sufficient notice to all persons and entities entitled thereto.

8. The Court hereby appoints The Garden City Group, Inc. ("Claims Administrator") to supervise and administer the notice procedure as well as the processing of the claims, as more fully set forth below and as set forth in the Settlement Agreement:

a. Pursuant to the Parties' Settlement Agreement, not later than ten (10) business days after entry of this Order (the "Notice Date"), the Claims Administrator shall cause a copy of the Notice and Proof of Claim, substantially in the forms annexed hereto, to be mailed by first class mail, postage prepaid, to all Class Members who can be identified with reasonable effort. Morgan Keegan & Company, Inc. and the Closed-End Funds, to the extent they have not already done so, shall use their best efforts to obtain and provide to Lead Counsel, or the Claims Administrator, the information described in paragraph 36 of the Settlement Agreement concerning the purchasers of record of the Closed-End Funds during the Class Period, no later than seven (7) calendar days after entry of this Order.

b. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired the shares of the Closed-End Funds during the Class Period as record owners but not as beneficial owners. Such nominee purchasers are directed, within seven (7) calendar days of their receipt of the Notice, to either (i) provide the Claims Administrator with lists of the names and last known addresses of the beneficial owners, and the Claims Administrator is ordered to send the Notice and Proof of Claim promptly to such identified beneficial owners by first-class mail, or (ii) request additional copies of the Notice and Proof of Claim, and within seven (7) calendar days of receipt of such copies send them by first-class mail directly to the beneficial owners. Nominee purchasers who elect to send the Notice and Proof of Claim to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed. Additional copies of the Notice shall be made available to any record

holder requesting such for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from the Settlement Fund, after receipt by the Claims Administrator of proper documentation, for their reasonable expenses actually incurred in sending the Notices and Proofs of Claim to beneficial owners.

c. Not later than fourteen (14) calendar days after the Notice Date, the Claims Administrator shall cause the Summary Notice to be published once in *Investor's Business Daily*, and on a different day to be transmitted over PRNewswire.

d. Not later than twenty (20) business days after entry of this Order, the Claims Administrator shall cause the Settlement Agreement and its Exhibits and a copy of the Notice to be posted on the Settlement website, which shall be created and maintained by the Claims Administrator or Lead Counsel.

e. Lead Counsel shall, at least seven (7) days prior to the Settlement Hearing, file with the Court and serve on Defendants' counsel proof of such mailing, publishing, and posting as set forth above.

f. At least five (5) business days before the Settlement Hearing, the Defendants shall cause to be served on Lead Counsel and filed with the Court proof, by affidavit or declaration from the Claims Administrator, of the date and service upon the appropriate official(s) of the notice(s) set forth in 28 U.S.C. § 1715(b). This Court will not issue any final approval of the Settlement or enter the Judgment as provided in the Settlement Agreement until such proof has been filed with the Court, and in no event earlier than ninety (90) days after the date on which the appropriate official was served with the 28 U.S.C. § 1715(b) notice. Other than the notice(s) under by 28 U.S.C. § 1715(b) and the provision of names and addresses, pursuant to paragraph 36 of the

Settlement Agreement, Defendants are not obligated to bear any cost associated with mailing and publishing any notice as set forth above.

9. All Class Members (other than those persons or entities who shall timely and validly request exclusion from the Class) shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable to the Class.

10. A Class Member wishing to make an exclusion request shall mail a written request to the address designated in the Notice for such exclusions, such that it is received no later than twenty-one (21) calendar days prior to the Settlement Hearing. Such request for exclusion must state the name, address, and telephone number of the person or entity seeking exclusion, that the person requests exclusion from the Class in "*In re Regions Morgan Keegan Closed-End Fund Litigation*, Case No. 2:07-cv-02830-SHM-dkv," and must be signed and dated by such person. Such persons requesting exclusion are also directed to state: the date of each purchase or acquisition of Closed-End Fund shares during the period from June 24, 2003 through July 14, 2009, inclusive; and the number of shares purchased or acquired in each transaction. The request for exclusion shall not be effective unless it provides all of the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court or allowed by Lead Counsel and counsel for the Morgan Keegan Defendants and RFC.

11. Class Members who timely and validly request exclusion from the Class as set forth above shall not be eligible to receive any payment out of the Net Settlement Fund as described in the Settlement Agreement, unless otherwise ordered by the Court.

12. In order to be eligible to receive a distribution from the Net Settlement Fund, in the event the Settlement is effected in accordance with the terms and conditions set forth in the

Settlement Agreement, each Class Member shall take the following actions and be subject to the following conditions:

a. A properly executed Proof of Claim, substantially in the form annexed hereto as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in the Notice, postmarked no later than 120 calendar days after the Notice Date. Such deadline may be further extended by Court order or by Lead Counsel in their discretion. Each Proof of Claim shall be deemed to have been submitted when mailed (if received with a postmark and if mailed by first-class or overnight mail, postage prepaid) provided such Proof of Claim is actually received prior to the motion for an order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice. Any Class Member who does not timely submit a Proof of Claim within the time provided for shall be barred from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered by the Court, but shall remain bound by all determinations and judgments in this Action concerning the Settlement.

b. The Proof of Claim submitted by each Class Member must satisfy the following conditions, unless otherwise ordered by the Court or specified in the instructions in the Proof of Claim form: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable; (iii) if the

person executing the Proof of Claim is acting in a representative capacity, a certification of her current authority to act on behalf of the Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

c. As part of the Proof of Claim, each Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted.

13. Any Member of the Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice. If a Class Member does not enter an appearance, Lead Counsel will represent them.

14. Any Member of the Class may appear at the Settlement Hearing (other than those Persons or entities who timely and validly request exclusion from the Class) and show cause, if he, she or it has any reason why: the proposed Settlement of the Action should or should not be approved as fair, reasonable and adequate; why a judgment should or should not be entered thereon; why the Plan of Allocation should or should not be approved; or why attorneys' fees and expenses should or should not be awarded to Lead Counsel; provided, however, that no Class Member or any other person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or the judgment to be entered thereon approving the same; or the Plan of Allocation; or the attorneys' fees and expenses to be awarded to Lead Counsel, unless that person or entity has filed a written objection, papers, and briefs that comply with the requirements set forth in the Notice with the Clerk of the United States District Court for the Western District of Tennessee and delivered by hand or sent by mail to the parties below

the written objection, papers, and briefs filed with the Court such that the papers are received on or before twenty-one (21) calendar days before the Settlement Hearing:

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Atlanta, Georgia 30303

Any Member of the Class who does not make his, her or its objection in the manner provided herein and in the Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as set forth in the Settlement Agreement, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead Counsel, unless otherwise ordered by the Court.

15. Attendance at the Settlement Hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and other expenses to Lead Counsel are required to indicate in their written objection their intention to appear at the Settlement Hearing, as set forth in the Notice. Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and expenses to Lead Counsel and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing, and comply with the requirements in the Notice. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

16. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Settlement Agreement is approved. No person who is not a Class Member or Lead Counsel shall have any right to any portion of, or to any distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Settlement Agreement.

17. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such

time as such funds shall be distributed pursuant to the Settlement Agreement and/or further order(s) of the Court.

18. The administration of the proposed Settlement and the determination of all disputed questions of law and fact with respect to the validity of any claim or right of any person or entity to participate in the distribution of the Settlement Fund shall be under the authority of this Court.

19. All papers in support of the Settlement, the Plan of Allocation, and the application for attorneys' fees or expenses, shall be filed and served not later than thirty-five (35) days prior to the Settlement Hearing. Any reply papers in further support of the Settlement, the Plan of Allocation and the application for attorneys' fees or expenses, shall be filed and served no later than ten (10) days prior to the Settlement Hearing.

20. Neither the Defendants nor the Released Defendant Parties shall have any responsibility for or liability with respect to the Plan of Allocation or any application for attorneys' fees or reimbursement of expenses submitted by Lead Counsel, and such matters will be considered separately from the fairness, reasonableness and adequacy of the Settlement and will not affect any ruling on the approval of the Settlement.

21. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed in the Settlement and any application for attorneys' fees or reimbursement of expenses by Lead Counsel shall be approved.

22. In the event the Settlement is terminated or fails to become effective for any reason, any portion of the Settlement Amount previously paid on behalf of or by Defendants, together with any earnings thereon, less any Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable from the Settlement Amount shall be returned to

the entities that made the payment(s) within ten (10) business days after written notification of such event. In such event, at the request of Defendants' Counsel, the Escrow Agent or its designee shall apply for any tax refund owed on the amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), for refund to the applicable funder or as otherwise directed.

23. This Preliminary Approval Order, the Settlement Agreement and its terms, the negotiations leading up to this Settlement Agreement, the fact of the Settlement, and the proceedings taken pursuant to the Settlement, shall not: (1) be construed as an admission of liability or an admission of any claim or defense on the part of any party, in any respect; (2) form the basis for any claim of estoppel by any third party against any of the Released Defendant Parties; or (3) be admissible in any action, suit, proceeding, or investigation as evidence, or as an admission, of any wrongdoing or liability whatsoever by any of the Released Defendant Parties or as evidence of the truth of any of the claims or allegations contained in any complaint filed in the Action or deemed to be evidence of or an admission or concession that Plaintiffs or any Class Members have suffered any damages, harm, or loss. Neither the Preliminary Approval Order, any Final Judgment or Final Alternative Judgment, or the Settlement Agreement, nor any of their terms and provisions, nor any of the negotiations or proceedings connected with them, nor any action taken to carry out the Preliminary Approval Order, any Final Judgment or Final Alternative Judgment, or the Settlement Agreement by any of the Parties shall be offered into evidence, or received in evidence in any pending or future civil, criminal or administrative action, arbitration, or proceeding, except: in a proceeding to enforce the Preliminary Approval Order, any Final Judgment or Final Alternative Judgment, or the Settlement Agreement, or to enforce any insurance rights; to defend against the assertion of Released Claims (including to

support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction); by Lead Counsel to demonstrate its adequacy to serve as class counsel pursuant to Federal Rule 23(g) (or its state law analogs); subject to the prohibited purposes identified in Paragraph 46 (a)-(e) of the Settlement Agreement and in Paragraph 23(1)-(3) above, by the Trustee *Ad Litem* or his counsel in any civil action or other legal proceedings in response to a challenge to the Trustee *Ad Litem's* compliance with his authority or responsibilities under the TAL Orders, or in a legal proceeding seeking a discharge of the Trustee *Ad Litem* under the TAL Orders; or as otherwise required by law.

24. Pending final determination by the Court as to whether the Settlement, as set forth in the Settlement Agreement, is fair, reasonable and adequate and should be finally approved and whether the Judgment dismissing the Action with prejudice should be approved, no Class Member shall commence or prosecute against any of the Defendants or the Released Defendant Parties any of the Released Claims in this Action, or in any other proceeding or forum. This injunction is necessary to protect and effectuate the Settlement and to enter judgment when appropriate, and is ordered in aid of the Court's jurisdiction and to protect its judgments.

25. Pending the Settlement Hearing, the Court hereby stays all proceedings in the Action, other than the proceedings necessary to carry out or enforce the terms and conditions of the Settlement Agreement.

26. In the event that the Settlement does not become effective in accordance with the terms of the Settlement Agreement or the Effective Date does not occur, or in the event that the Settlement Fund, or any portion thereof, is returned to the Defendants, then this Order shall be rendered null and void and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void.

27. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the Members of the Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement and/or the Plan of Allocation, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to the Class.

DATED: _____

_____
HON. SAMUEL H. MAYS, JR.
UNITED STATES DISTRICT JUDGE

Exhibit A-1

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE & ERISA LITIGATION This Document Relates to: *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv	No. 09-md-02009-SHM **NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

If you purchased or otherwise acquired the publicly traded shares of: (i) RMK High Income Fund, Inc. ("RMH") between June 24, 2003 and July 14, 2009, inclusive; (ii) RMK Strategic Income Fund, Inc. ("RSF") between March 18, 2004 and July 14, 2009, inclusive; (iii) RMK Advantage Income Fund, Inc. ("RMA") between November 8, 2004 and July 14, 2009, inclusive; and (iv) RMK Multi-Sector High Income Fund, Inc. ("RHY") between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information filed by RHY on or about January 19, 2006 with the SEC, you may be entitled to a payment from a class action settlement.

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

- If approved by the Court, the settlement will create a $62 million cash settlement fund for the benefit of eligible investors (the "Settlement").[1]

[1] All capitalized terms used in this Notice are defined in the Stipulation and Agreement of Settlement (the "Settlement Agreement"), dated as of October 12, 2012.

- The Settlement resolves claims by Lead Plaintiffs Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore ("Lead Plaintiffs"), and C. Fred Daniels, in his capacity as Court-appointed Trustee *Ad Litem* ("TAL") for the Leroy McAbee, Sr. Family Foundation Trust (the "McAbee Foundation Trust") (the McAbee Foundation Trust together with the Lead Plaintiffs, "Plaintiffs") that Defendants (defined below) allegedly misled investors about the types of assets and the true value of the assets in which RMH, RSF, RMA, and RHY (the "Closed-End Funds") invested; avoids the costs and risks of continuing the litigation, pays money to investors like you, and releases Defendants from liability.

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

- The Court will review the Settlement at the Settlement Hearing to be held on _____, 2013.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A PROOF OF CLAIM BY _____, 2013	The only way to get a payment.
EXCLUDE YOURSELF BY _____, 2013	Get no payment. This is the only option that allows you to ever bring or be part of any <u>other</u> lawsuit about the Released Claims (defined below) against Defendants and the other Released Defendant Parties (defined below).
OBJECT BY _____, 2013	Write to the Court about why you do not like the Settlement, the proposed Plan of Allocation and/or the request for attorneys' fees and expenses. You will still be a member of the Class (defined below).
GO TO A HEARING ON _____, 2013	Ask to speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment. Give up rights.

- 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 and whether to finally certify this as a class action. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

COVER PAGE

(as Required by the Private Securities Litigation Reform Act of 1995 ("PSLRA"))

(a) Statement of Plaintiffs' Recovery

Pursuant to this proposed Settlement, a Settlement Fund consisting of $62 million in cash, plus any accrued interest, has been established. Based on Lead Plaintiffs' estimate of the number of shares entitled to participate in the Settlement, and assuming that all such shares entitled to participate do so, Lead Plaintiffs estimate that the average recovery per damaged share would be approximately: (i) $0.62 per damaged share if you purchased shares of RMH; (ii) $0.58 per damaged share if you purchased shares of RSF; (iii) $0.63 per damaged share if you purchased shares of RMA; or (iv) $0.86 per damaged share if you purchased shares of RHY.[2] Each of these estimates is calculated before deduction of Court-approved expenses, such as attorneys' fees and expenses and administrative costs.

A Class Member's actual recovery will be a portion of the Net Settlement Fund, determined by comparing his, her, or its "Recognized Claim" to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. An individual Class Member's actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Class Member purchased or acquired shares; (3) the purchase price paid; (4) which Closed-End Fund was purchased or acquired; and (5) whether the shares were held at the end of the Class Period (defined below) or sold during the Class Period (and, if sold, when they were sold

[2] An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each share that allegedly incurred damages.

and the amount received). *See* the Plan of Allocation beginning on page [____] for information on your Recognized Claim.

(b) Statement of Potential Outcome if the Action Continued to Be Litigated

The Parties disagree on both liability and damages and do not agree on the average amount of damages, if any, that would be recoverable if Lead Plaintiffs were to prevail on each claim alleged. The issues on which the Parties disagree include, but are not limited to: (1) whether Defendants made any material misstatements or omissions; (2) whether Defendants acted with the required state of mind; (3) the amount by which shares of the Closed-End Funds were artificially inflated (if at all) during the Class Period; (4) the extent to which the various matters that Lead Plaintiffs alleged were false and misleading influenced (if at all) the trading price of shares of the Closed-End Funds at various times during the Class Period, (5) whether any purchasers/acquirers of shares of the Closed-End Funds have suffered damages as a result of the alleged misstatements and omissions in Defendants' public statements; (6) the extent of such damages, and whether any damages exist; (7) the appropriate economic model for measuring damages; and (8) the extent to which external factors, such as general market and industry conditions, influenced the trading price of shares of the Closed-End Funds at various times during the Class Period.

Defendants deny that they did anything wrong, deny any liability to Plaintiffs, and deny that Plaintiffs and the Class have suffered any losses attributable to Defendants' actions. While Lead Plaintiffs believe that they have meritorious claims, they recognize that there are significant obstacles in the way to recovery.

(c) Statement of Attorneys' Fees and Litigation Expenses Sought

Labaton Sucharow LLP ("Lead Counsel"), on behalf of certain other Plaintiffs' counsel, intends to make a motion asking the Court to award attorneys' fees not to exceed 30% of the Settlement Fund and approve payment of litigation expenses incurred in prosecuting this action in an amount not to exceed $550,000, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). If the

Court approves the Fee and Expense Application, the average cost per damaged share for such fees and expenses will be approximately $0.22 per damaged share. The average cost per damaged share will vary depending on the number of acceptable claims submitted. Lead Counsel have expended considerable time and effort in the prosecution of this litigation without receiving any payment, and have advanced the expenses of the litigation, such as the cost of experts, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

(d) Further Information

Further information regarding this Action and this Notice may be obtained by contacting the Claims Administrator: _____, ___-___-____, www.___ or Lead Counsel: Joel H. Bernstein, Esq., Labaton Sucharow LLP, 140 Broadway, New York, New York 10005, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

Do Not Call the Court with Questions About the Settlement

(e) Reasons for the Settlement

For Lead Plaintiffs, the principal reason for the Settlement is the immediate benefit to the Class. 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.

For Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

[END OF PSLRA COVER PAGE]

A. BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired shares of the Closed-End Funds, or you may be a trust or custodial account managed by Regions Bank d/b/a Regions Morgan Keegan Trust ("Regions Bank") that purchased or acquired such shares, during the period from June 24, 2003 through July 14, 2009, inclusive (the "Class Period").

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. The Court will review the Settlement at a Settlement Hearing on _____, 2013, at the United States District Court for the Western District of Tennessee, Western Division, in the Clifford Davis/Odell Horton Federal Building, 167 North Main Street, 11th Floor Courtroom #2, Memphis, Tennessee 38103, at __:___ ___.m. If the Court approves the Settlement, and after all objections and appeals are resolved, a claims administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, Class Members' 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 Western District of Tennessee, Western Division. The lawsuit is known as *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv (W.D. Tenn.) (the "Action") and is assigned to the Honorable Samuel H. Mays, Jr., United States District Judge. The people who sued are called plaintiffs, and the companies and the persons they sued are called defendants.

Lead Plaintiffs in the Action, representing the Class, are Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore. Plaintiffs include the Lead Plaintiffs as well as the TAL, in his capacity as Trustee *Ad Litem* for the McAbee Foundation Trust.

Defendants in the Action are Morgan Keegan & Company, Inc., Morgan Asset Management, Inc., and MK Holding, Inc. (the "Morgan Keegan Defendants"); Regions Financial Corporation ("RFC"); RHY, n/k/a Helios Multi-Sector High Income Fund, Inc., RMA, n/k/a Helios Advantage Income Fund, Inc., RMH, n/k/a Helios High Income Fund, Inc., and RSF, n/k/a Helios Strategic Income Fund, Inc.; James C. Kelsoe, Jr., Carter E. Anthony, Brian B. Sullivan, and Joseph Thompson Weller (the "Officer Defendants"); and Allen B. Morgan, Jr. and J. Kenneth Alderman (the "Director Defendants").

2. What is this lawsuit about and what has happened so far?

The main complaint in the Action is the Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint"), filed on February 22, 2011. The Complaint asserts five claims for relief, alleging that Defendants misrepresented the types of assets and the true value of the assets in which the Closed-End Funds invested. Count I asserts claims under Section 11 of the Securities Act of 1933 (the "Securities Act") against Defendants RHY, Morgan Keegan, and the Director Defendants in connection with allegedly materially false and misleading statements in the Registration Statement filed with the U.S. Securities and Exchange Commission (the "SEC") for the public offering of RHY shares. Count II asserts claims under Section 12(a)(2) of the Securities Act against RHY and Morgan Keegan in connection with allegedly materially false and misleading statements in the Prospectus filed publicly with the SEC for the RHY offering. Count III asserts claims under Section 15 of the Securities Act against the Director Defendants as controlling persons of RHY. Count IV asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder against the Closed-End Funds and the Officer Defendants

for allegedly material misstatements of fact in various reports of the Closed-End Funds filed publicly with the SEC. Count V asserts claims under Section 20(a) of the Exchange Act against the Morgan Keegan Defendants, the Officer Defendants, the Director Defendants, and RFC as alleged controlling persons of the Closed-End Funds. The Complaint further alleges that Lead Plaintiffs and other Class Members purchased or acquired shares in the Closed-End Funds during the Class Period at allegedly artificially inflated prices and were damaged thereby.

On April 13, 2011, Defendants filed five motions to dismiss, which Plaintiffs opposed. Thereafter, the Parties engaged Professor Eric D. Green, a respected and experienced mediator in securities class actions, to assist them in exploring a potential negotiated resolution of the claims asserted in the Action. On October 27 and 28, 2011, the Parties met with Professor Green for two days of intensive settlement negotiations. The mediation sessions were preceded by an exchange of comprehensive mediation statements and supporting evidence and expert reports. While these discussions narrowed the Parties' differences and clarified the merits and value of the Parties' claims and defenses, no agreement was reached.

In January 2012, the Parties agreed to reconvene before Professor Green for resumed mediation efforts to proceed on April 26, 2012. On March 30, 2012, the Court issued an Order Granting in Part and Denying in Part Defendants' Motions to Dismiss. The Court dismissed Count IV as against Officer Defendants Weller, Sullivan, and Anthony, and otherwise denied the motions to dismiss.

On April 25, 2012, the Morgan Keegan Defendants, RFC, and certain Individual Defendants moved the Court to amend its Order of March 30, 2012, to include a statement certifying the decision for interlocutory appeal to the United States Court of Appeals for the Sixth Circuit on three controlling questions of law.

On April 26, 2012, the Parties engaged in resumed settlement negotiations facilitated by Professor Green. The Parties ultimately reached an agreement-in-principle to settle the Action which resulted in the signing of the Settlement Agreement on October 12, 2012.

Plaintiffs, through Lead Counsel and other Plaintiffs' counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action. This process included reviewing and analyzing: (i) nearly seven million pages of nonpublic emails, valuation-related materials and other pertinent documents produced by the Morgan Keegan Defendants; (ii) publicly available orders, reports and other information concerning the administrative and enforcement proceedings brought by the SEC, multiple State securities regulators, and the Financial Industry Regulatory Authority ("FINRA") against certain Defendants and concerning shares of the Closed-End Funds; (iii) documents filed publicly by the Closed-End Funds and certain Defendants with the SEC; (iv) other publicly available information and data concerning the Closed-End Funds and the claims asserted in the Complaint, including press releases, news articles, and other public statements issued by or concerning the Closed-End Funds and the Defendants; (v) research reports issued by financial analysts concerning the Closed-End Funds and securities held in the Closed-End Funds' portfolios; (vi) pleadings filed in other pending lawsuits naming certain of the Defendants herein as defendants or nominal defendants; and (vii) the applicable law governing the claims and potential defenses. Lead Counsel also identified and interviewed former employees of Morgan Keegan and other persons with relevant knowledge (some of whom have provided information as confidential witnesses), and consulted with a qualified expert on damages and causation issues.

The Action seeks money damages against Defendants for violations of the federal securities laws. Defendants deny all allegations of misconduct contained in the Action, and deny having engaged in any wrongdoing whatsoever. The Settlement should not be construed or seen as evidence of or an admission or concession on the part of any Defendant with respect to any claim

or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity or weakness in the defenses that Defendants have asserted.

3. Why is this a class action?

In a class action, one or more people called class representatives sue on behalf of people who have similar claims, who are known as class members. Here, the Court has preliminarily certified the Class for purposes of the Settlement only. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individually. One court resolves the issues for all class members, except for those who exclude themselves from the class. The Court will decide whether to finally certify the Class for settlement purposes at the Settlement Hearing.

4. Why is there a settlement?

The Court did not finally decide in favor of Plaintiffs or Defendants. Instead, both sides, with the assistance of Professor Green acting as a mediator, agreed to a settlement. That way, they avoid the risks and cost of a trial and the people affected will get compensation immediately, rather than the possibility of a recovery after the time it would take to have a trial and exhaust all appeals. Plaintiffs and Lead Counsel think the Settlement is in the best interest of the Class.

B. WHO IS IN THE SETTLEMENT

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

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

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Class Member, unless they are an excluded person or they take steps to exclude themselves (see below):

> All Persons who purchased or otherwise acquired the publicly traded shares of (i) RMH between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; (ii) RSF between March 18, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iii) RMA between November 8, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iv) RHY between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information (the "RHY Offering Materials") filed by RHY on or about January 19, 2006 with the SEC, and were damaged thereby; and (v) all members of the TAL Subclass (collectively, the "Class").

The TAL Subclass means all trusts and custodial accounts for which Regions Bank was on June 30, 2008, a trustee or a directed trustee, custodian, or agent, and which: (i) purchased or otherwise acquired shares of RMH, RMA, RSF or RHY between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; and (ii) did not elect out of the TAL's authority pursuant to the TAL Orders.[3]

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

Yes, there are exceptions to being included in the Class. Excluded from the Class, and from being Class Members, are: the Defendants; the members of the immediate families of the Defendants; the subsidiaries and affiliates of Defendants; any person who is an executive officer, director, partner or controlling person of the Closed-End Funds or any other Defendant (including any of its subsidiaries or affiliates, which include but are not limited to Morgan Asset Management, Inc., Regions Bank, Morgan Keegan, RFC, and MK Holding, Inc.); any entity in which any Defendant has a controlling interest; any Person who has filed a proceeding with

[3] "TAL Orders" refers to the orders entered by the Probate Court of Jefferson County, Alabama, on June 20, 2008, and June 30, 2008, for the appointment of C. Fred Daniels as a temporary special fiduciary, or Trustee *Ad Litem*, to take certain litigation actions in substitution for Regions Bank in Regions Bank's capacity as trustee, directed trustee, custodian, agent, or other fiduciary on behalf of certain Regions Bank trusts and custodial accounts that were open and existing on June 30, 2008, and which hold or held shares of the Closed-End Funds and the Open-End Funds. The TAL Orders authorize the Trustee *Ad Litem* only to take litigation actions that Regions Bank would otherwise have been authorized to take in its capacity as trustee, directed trustee, custodian, agent, or other fiduciary on behalf of the trusts and custodial accounts within the scope of the TAL Orders.

FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the person to participate as a Class Member; and the legal representatives, heirs, successors and assigns of any such excluded person or entity.

These exclusions do not extend to trusts or accounts as to which the control or legal ownership by any Defendant (or by any subsidiary or affiliate of any Defendant) is derived or arises from an appointment as trustee, custodian, agent, or other fiduciary ("Fiduciary Accounts") unless with respect to any such Fiduciary Account any Person has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the Person to participate as a Class Member (and such exclusion shall apply to the legal representatives, heirs, successors and assigns of any such excluded Person, entity or Fiduciary Account). With respect to Closed-End Fund shares for which the TAL Orders authorize the TAL to prosecute the claims or causes of action pleaded in the Complaint in the Action ("TAL Represented Closed-End Fund Shares"), "Class" and "Class Member" also excludes Persons who are, or were during the Class Period, trust and custodial account beneficiaries, principals, settlors, co-trustees, and others

owning beneficial or other interests in the TAL Represented Closed-End Fund Shares ('Such Persons"), but this exclusion applies only to any claims or causes of action of Such Persons that the Trustee *Ad Litem* is not authorized by the TAL Orders to prosecute. With respect to Closed-End Fund Shares that are not TAL Represented Closed-End Fund Shares and in which Such Persons have a beneficial or other interest, the foregoing partial exclusion of Such Persons does not apply. Also excluded from the Class are those Persons who submit valid and timely requests for exclusion from the Class in accordance with the requirements set forth in this Notice and explained in Question 13, below.

You are eligible to be a Class Member if you **individually** purchased or acquired publicly traded Closed-End Fund shares, or you are a trust or custodial account that purchased or acquired publicly traded shares of the Closed-End Funds during the Class Period. Check your investment records or contact your broker to see if you made eligible purchases. If you only sold shares of the Closed-End Funds during the Class Period, your sale alone does not make you a Class Member. You are eligible to be a Class Member only if you **purchased or acquired** these securities during the Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call **___-___-____** or visit **www.___** for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim"), described in Question 10, to see if you qualify.

C. THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Claims (defined below) against the Released Defendant Parties (defined below), Defendants have agreed to create a $62 million cash fund, which will earn interest, to be divided, after deduction of Court-awarded attorneys'

fees and expenses, settlement administration costs, any applicable taxes, and any other fees or expenses approved by the Court (the "Net Settlement Fund"), among all Class Members who send in valid and timely Proofs of Claim.

9. How much will my payment be?

Your share of the fund will depend on several things, including: (a) the total amount of Recognized Claims of other Class Members; (b) which Closed-End Fund shares you purchased or acquired; (c) how many shares you purchased or acquired; (d) how much you paid for them; (e) when you bought them; and (f) whether or when you sold your shares (and, if so, for how much).

Your Recognized Claim will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment you get will be a portion of the Net Settlement Fund based on your Recognized Claim divided by the total of everyone's Recognized Claims. *See* the Plan of Allocation in Question 25 for more information on your Recognized Claim.

D. HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must send in a completed Proof of Claim. A Proof of Claim is being circulated with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator or Lead Counsel: **www.____.com** or **www.labaton.com**. The Claims Administrator can also help you if you have questions about the form. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it **postmarked no later than _____, 2013.**

11. When would I get my payment?

The Court will hold a Settlement Hearing on **_____, 2013**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. All Proofs of Claim need to be submitted by**_____, 2013**.

Once all the Proofs of Claim are processed and claims are calculated, Lead Counsel, without further notice to the Class, will apply to the Court for an order distributing the Net Settlement Fund to the members of the Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with giving notice and administering the Settlement. Please be patient.

12. What am I giving up to get a payment and by staying in the Class?

Unless you exclude yourself, you will stay in the Class, which means that upon the "Effective Date" you will release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below).

"Released Claims" means any and all claims, rights, causes of action, demands, actions, debts, sums of money, obligations, judgments, suits, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether fixed or contingent, liquidated or un-liquidated, at law or in equity, known or unknown, suspected or unsuspected, disclosed or undisclosed, concealed or hidden, asserted or unasserted, whether class or individual in nature, that Plaintiffs or any other Class Member: (i) asserted in the Complaint filed in the Action; or (ii) that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the Complaint filed in the Action, but only as they relate to investments in the Closed-End Funds during the Class Period; provided, however, that

Released Claims do not include (i) claims to enforce the Settlement; (ii) any governmental or regulatory agency's claims in any criminal, or civil, or administrative action against any of the Released Defendant Parties, or any claims or rights to compensation from the SEC Fair Fund, the States' Fund, or other victim compensation funds resulting from any such governmental or regulatory agency action; (iii) claims or causes of action of the types asserted in *In re Helios Closed-End Funds Derivative Litigation*, No. 11-cv-02935 SHM dkv (W.D. Tenn.) (the "Closed-End Funds Derivative Action")[4]; *In re Regions Morgan Keegan ERISA Litigation*, No. 08-cv-2192 SHM dkv (W.D. Tenn.)**;** *Daniels v. Morgan Asset Management, Inc.*, No. 09-cv-02800 SHM (W.D. Tenn.) (the "Daniels State Law Action")[5]; *In re Regions Morgan Keegan Open-End Mutual Fund Litigation*, No. 07-cv-02784 SMH dkv (W.D. Tenn.); or *Landers v. Morgan Asset Management, Inc.*, No. 08-cv-2260 SHM dkv (W.D. Tenn.). Neither this definition, the Settlement Agreement, nor any Final Judgment or Final Alternative Judgment shall limit or restrict the authority or power of the Probate Court of Jefferson County, Alabama to construe or enforce Regions Bank's duties and obligations under the TAL Orders, and no duties or obligations of Regions Bank created and existing under or by virtue of the TAL Orders are affected by this Settlement Agreement or any Final Judgment or Final Alternative Judgment, except to the extent that the release under this Settlement Agreement of claims or causes of action removes those claims and causes of action from the scope of the Trustee *Ad Litem's* appointment and responsibilities.

[4] The Settlement of the claims or causes of action asserted in the Closed-End Funds Derivative Action shall be provided in a separate Stipulation and Agreement of Settlement.

[5] This Settlement includes claims, causes of action, losses, or damages of the type asserted in the Daniels State Law Action against Defendants only to the extent that they are based on or arise from the Closed-End Funds. To the extent that claims, causes of action, losses, damages of the type asserted in the Daniels State Law Action are not based on and do not arise from the Closed-End Funds, they are excluded from this Settlement and are not affected by this Settlement. This exclusion from the Settlement specifically applies to claims, causes of action, losses, or damages that are based on or arise from the Open-End Funds.

"Unknown Claims" means any and all Released Claims, which Plaintiffs or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims that Defendants do not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. Unknown Claims include those claims in which some or all of the facts comprising the claim may be unsuspected, or even undisclosed, concealed, or hidden. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and Defendants shall expressly, and each other Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, expressly waived and relinquished 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, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Plaintiffs, the other Class Members or Defendants 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 and the Released Defendants' Claims, but Plaintiffs and Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' 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,

heretofore have existed, or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law, rule or regulation, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

"Released Defendant Parties" means Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, auditors, assigns, affiliates, and insurers; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which any Individual Defendant is the settlor or which is for the benefit of any of their immediate family members; and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants and the legal representatives, heirs, successors in interest or assigns of Defendants.

The "Effective Date" will occur when an Order by the Court approving the Settlement becomes Final and is not subject to appeal as set out more fully in the Settlement Agreement on file with the Court and available at **www._____.com** or **www.labaton.com**.

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

E. 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 Defendants and the other Released Defendant Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself

from—or "opting out" of—the Class. Defendants may withdraw from and terminate the Settlement if putative Class Members who have in excess of a certain amount of shares of the Closed-End Funds exclude themselves from the Class.

13. How do I get out of 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 Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv." Your letter must state the date(s) of each purchase or acquisition of Closed-End Fund shares during the period from June 24, 2003 through July 14, 2009, inclusive, and the number of shares purchased or acquired in each transaction. In addition, you must include your name, address, telephone number, and your signature. You must mail your exclusion request so that it is **received no later than _____, 2013**, to:

In re Regions Morgan Keegan Closed-End Fund Litigation
Claims Administrator
c/o _____
_____
_____

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request 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 Action, and you may be able to sue (or continue to sue) Defendants and the other Released Defendant Parties in the future.

14. If I do not exclude myself, can I sue Defendants and the other Released Defendant Parties for the same thing later?

No. If you are a Class Member, unless you exclude yourself, you give up any rights to sue Defendants and the other Released Defendant Parties for any and all Released Claims. Remember, the exclusion deadline is **_____, 2013**.

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

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and the other Released Defendant Parties.

F. THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Labaton Sucharow LLP, of New York, New York, to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of 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.

17. How will the lawyers be paid?

Lead Counsel have not received any payment for their services in pursuing the claims against Defendants on behalf of the Class, nor have they been paid for their litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, on behalf of certain other Plaintiffs' counsel, from the Settlement Fund, attorneys' fees of no more than 30% of the Settlement Fund, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Fund, and litigation expenses (such as the cost of experts) that have been incurred in pursuing the Action. The request for litigation expenses will not exceed $550,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund. Lead Counsel's request for attorney's fees and litigation expenses will be made on behalf of Lead Counsel; Branstetter Stranch & Jennings, PLLC, of Nashville, Tennessee, which serves as Liaison Counsel for Lead Plaintiffs and the Class; and Pearson, Simon, Warshaw & Penny, LLP, of San Francisco, California, which serves as

Additional Counsel for Plaintiffs. Counsel for the TAL, Cabaniss, Johnston, Gardner, Dumas & O'Neal LLP, of Birmingham, Alabama, will not be seeking fees or expenses from the Settlement Fund.

G. OBJECTING TO THE SETTLEMENT

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

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

If you are a Class Member you can object to the Settlement or any of its terms, the certification of the Class, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline and according to the following procedures. To object, you must send a signed letter stating that you object to the proposed settlement in "*In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv." You must include your name, address, telephone number, and your signature. Your letter must state the date(s) of each purchase or acquisition of Closed-End Fund shares during the period from June 24, 2003 through July 14, 2009, inclusive, the number of shares purchased or acquired in each transaction, and state the reasons why you object to the Settlement. Your objection, and all supporting documents, must be filed with the Court and mailed or delivered to all the following so that it is **received on or before _____, 2013**:

COURT:

Clerk of the Court
United States District Court for the
Western District of Tennessee
Clifford Davis/Odell Horton Federal Building
167 N. Main Street, Room 242
Memphis, Tennessee 38103

LEAD COUNSEL:
Joel H. Bernstein, Esq.
LABATON SUCHAROW LLP
140 Broadway
New York, New York 10005

ATTORNEYS FOR THE TAL:
R. Carlton Smyly, Esq.
CABANISS, JOHNSTON, GARDNER, DUMAS & O'NEAL LLP
2001 Park Place North, Suite 700
Birmingham, Alabama 35203

ATTORNEYS FOR RFC:
Peter S. Fruin, Esq.
MAYNARD, COOPER & GALE, P.C.
1901 6th Avenue North, Suite 2400
Birmingham, Alabama 35203

ATTORNEYS FOR THE MORGAN KEEGAN DEFENDANTS:
Britt K. Latham, Esq.
BASS BERRY & SIMS PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

ATTORNEYS FOR ALLEN B. MORGAN, JR., J. KENNETH ALDERMAN, BRIAN B. SULLIVAN, JOSEPH T. WELLER, AND JAMES C. KELSOE, JR.:
S. Lawrence Polk, Esq.
SUTHERLAND ASBILL & BRENNAN, LLP
999 Peachtree Street, N.E.
Atlanta, Georgia 30309

ATTORNEYS FOR THE CLOSED-END FUNDS:
Kevin C. Logue, Esq.
PAUL HASTINGS LLP
75 East 55th Street
New York, New York 10022

ATTORNEYS FOR CARTER E. ANTHONY:
R. Hal Meeks, Esq.
PURSLEY LOWERY MEEKS LLP
260 Peachtree Street, N.W., Suite 2000
Atlanta, Georgia 30303

19. What is the difference between objecting and seeking exclusion?

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 Settlement no longer affects you.

H. THE COURT'S SETTLEMENT 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 do so.

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

The Court will hold a Settlement Hearing at **_____ __.m.** on **_____, 2013**, at the United States District Court for the Western District of Tennessee, Western Division, in the Clifford Davis/Odell Horton Federal Building, 167 North Main Street, 11th Floor Courtroom #2, Memphis, Tennessee 38103.

At this hearing, the Honorable Samuel H. Mays, Jr. will consider whether the Settlement is fair, reasonable, and adequate. The Court also will consider the proposed Plan of Allocation for the Net Settlement Fund and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in Question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. *See* Question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlement, and, if the Settlement is approved, how much attorneys' fees and expenses should be awarded. 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 Hearing without another notice being sent. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the Settlement Hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and sent your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I speak at the Settlement Hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 18 above) a statement stating that it is your "Notice of Intention to Appear in *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv." Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's Fee and Expense Application and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Class or if you have not provided written notice of your objection and intention to speak at the Settlement Hearing in accordance with the procedures described in Questions 18 and 22.

I. IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you are a Class Member and 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 Defendants and the other Released Defendant Parties about the Released Claims, ever again.

To share in the Net Settlement Fund you must submit a Proof of Claim (*see* Question 10). To start, continue or be a part of any **other** lawsuit against Defendants and the other Released Defendant Parties about the Released Claims in this case you **must** exclude yourself from this Class (*see* Question 13).

J. GETTING MORE INFORMATION

24. Are there more details about the proposed settlement?

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement, dated October 12, 2012. You may review the Settlement Agreement filed with the Court or documents filed in the case during business hours at the Office of the Clerk of the United States District Court for the Western District of Tennessee, Western Divisional Office, 167 N. Main Street, Room 242, Memphis, TN 38103.

You also can call the Claims Administrator toll free at ___-___-____; write to ***In re Regions Morgan Keegan Closed-End Fund Litigation,*** **c/o _____, Claims Administrator, _____, ____, __, _____**; or visit the websites of the Claims Administrator or Lead Counsel at **www.____.com** or **www.labaton.com**, where you can find answers to common questions about the Settlement, download copies of the Settlement Agreement or Proof of Claim, and locate other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

Please Do Not Call the Court with Questions About the Settlement

K. PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

25. How will my claim be calculated?

Your claim will be calculated using the Plan of Allocation (the "Plan") approved by the Court. The purpose of the Plan is to distribute settlement proceeds equitably to those Class Members

who suffered economic losses resulting from the alleged misrepresentations and omissions by Defendants during the Class Period.

The $62 million settlement amount and any interest it earns is called the Settlement Fund. The Settlement Fund, minus all taxes, costs, fees and expenses (the Net Settlement Fund), will be distributed according to the Plan described below to members of the Class who timely submit valid Proofs of Claim that show a Recognized Loss, who have an out-of-pocket net loss on all Class Period transactions in shares of the Closed-End Funds, and whose claims are allowed by the Court ("Authorized Claimants"). Class Members who do not timely submit valid Proofs of Claim will not share in the Settlement proceeds, but will otherwise be bound by the terms of the Settlement. The Court may approve the Plan or modify it without additional notice to the Class. Any order modifying the Plan will be posted on the settlement website at: www._____.com and at www.labaton.com.

Each Authorized Claimant's "Recognized Claim" shall be the total of his, her or its Recognized Loss Amounts as calculated herein by the Claims Administrator. Each Authorized Claimant shall be allocated his, her or its *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total of all Recognized Claims, then each Authorized Claimant shall be paid an amount determined by multiplying the amount in the Net Settlement Fund by a fraction, the numerator of which shall be his, her or its Recognized Claim and the denominator of which shall be the total Recognized Claims of all Authorized Claimants. If the prorated payment to an Authorized Claimant from the Net Settlement Fund calculates to less than $10.00, it will not be included in the final *pro rata* calculation and it will not be distributed to the Authorized Claimant, given the administrative expenses of processing and mailing such checks. The Court will be asked to approve the Claims

Administrator's determinations before the Net Settlement Fund is distributed to Authorized Claimants.

In developing the Plan, Lead Plaintiffs' consulting damages expert calculated the amount of economic loss that was caused by the alleged fraud. In calculating the economic loss, Lead Plaintiffs' consulting damages expert considered price changes of the Closed-End Funds, price changes of a benchmark index (the Lehman Brothers Ba U.S. High Yield Bond Index), the allegations in the Complaint, and other publicly available documents and data, as advised by Lead Counsel. Additionally, Lead Plaintiffs' consulting damages expert determined that November 15, 2006 was the first day on which there was a statistically significant underperformance in the Closed-End Funds' Net Asset Values per share ("NAVs") relative to this benchmark index for the RMH, RSF, and RMA Funds. For the RHY Fund, July 13, 2007 was the first day on which there was a statistically significant underperformance relative to the benchmark index. Also, Lead Plaintiffs, in consultation with their consulting damages expert, are of the view that in determining Recognized Loss Amounts under the Plan, shares purchased on or after August 14, 2007, the date the Closed-End Funds publicly disclosed that they would retain an independent valuation consultant in order to properly value their portfolio securities, would be subject to risks and uncertainties in connection with establishing, for those purchases, the reliance required for the theories of liability alleged for the Class in the Complaint.

The Plan measures the amount of loss that a Class Member can claim for purposes of making *pro rata* allocations of the Net Settlement Fund to Authorized Claimants. The Plan is not intended to estimate the amount that will be paid to Authorized Claimants or the amount a Class Member might have been able to recover after a trial. Further, Recognized Loss Amounts are not equivalent to the amount of legally recoverable damages a Class Member might be able to recover after a trial of this Action. Persons and entities that are Class Members because of having purchased shares of one or more of the Funds during the Class Period (and are not among the persons and entities specifically excluded from the Class definition), but have a Recognized

Loss Amount or a total Recognized Claim of zero under the Plan, remain Class Members as defined herein. Recognized Loss Amounts are based primarily, but not entirely, on the change in the level of alleged artificial inflation in the price of the Closed-End Funds at the time of purchase or acquisition and at the time of sale, and the strengths and weaknesses of certain claims. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts between June 24, 2003 through and including July 14, 2009, which had the effect of artificially inflating the prices of the Closed-End Funds. Defendants deny all such allegations.

Defendants, their respective counsel, and all other Released Defendant Parties will have no responsibility for or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. The Defendants had no involvement in the proposed Plan of Allocation. Lead Plaintiffs and Lead Counsel likewise will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

CALCULATION OF "RECOGNIZED LOSS AMOUNTS"

Based on the formulas set forth below, a "Recognized Loss Amount" shall be calculated for each purchase or acquisition of the Closed-End Funds during the Class Period (June 24, 2003 through and including July 14, 2009) that is listed in the Proof of Claim form and for which adequate documentation is provided. "Purchase Price" shall be the price of the security when it was purchased or acquired, excluding commissions, taxes, and fees. For purposes of this Plan, any shares received in lieu of a cash dividend shall be considered a purchase. The "Sale Price" shall be the price of the security when it was sold or otherwise disposed of, excluding commissions, taxes, and fees. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

The "Index" shall refer to the Lehman Brothers Ba U.S. High Yield Bond Index, the daily closing prices of which are shown on **Schedule 1** to this Notice.

Pursuant to the PSLRA, October 12, 2009, is the last day of the 90-day look-back period. Under the PSLRA 90-day look-back provision, the recoverable loss on securities purchased during the Class Period and held as of the end of the 90-day look-back period cannot exceed the difference between the purchase price paid and the average price during the PSLRA 90-day look-back period. Recoverable losses on securities purchased during the Class Period and sold during the PSLRA 90-day look-back period cannot exceed the difference between the purchase price paid during the Class Period and the rolling average of the closing stock prices during PSLRA 90-day look-back period as of the date of sale. The rolling 90-day look-back prices for Closed-End Fund shares are set forth in **Schedule 2** to this Notice.

RMK frequently paid dividends on the Closed-End Fund shares and in aggregate these dividends were substantial. To account for the impact of these dividend payments here, the value of dividends received will be included as part of the total value received (whether or not the dividend was taken in cash or immediately reinvested in the fund because such reinvestment is treated as a separate purchase). The methodology for computing Recognized Loss Amount under the Plan of Allocation compares a Class Member's total returns on his or her investment in the Funds, including dividend income, with the returns of the Index, which likewise include periodic income such as interest and dividends. By comparing total returns in this manner, the end result is that dividend income received from the Funds reduces a Recognized Loss Amount only to the extent that such dividend income exceeds the interest, dividend, or other income that would have been earned as a result of an investment in the Index at the same time and during the same period.

The term “Dividends Received” shall refer to the total cash dividends per share received (whether or not immediately reinvested) between the Purchase Date and either (1) the Sale Date if the share was sold prior to the end of the Class Period, or (2) July 14, 2009 (the end of the Class Period). Dividends Received equals the Cumulative Dividends Paid as of the earlier of the

Sale Date or July 14, 2009 as set forth in **Schedule 3** to this Notice *minus* the Cumulative Dividends Paid as of the Purchase Date as set forth in **Schedule 3** to this Notice.

RMH Fund. For the RMH Fund, the "Recognized Loss Amount" per share shall be calculated as follows:

For each share of RMH purchased or acquired between June 24, 2003 and August 13, 2007, inclusive, and:

1. Sold between June 24, 2003, and November 14, 2006, inclusive, the Recognized Loss Amount is zero ($0.00).[6]

2. Sold between November 15, 2006, and July 14, 2009, inclusive, the Recognized Loss Amount shall be the Purchase Price *minus* the Sale Price *minus* Dividends Received *plus* the Index Offset. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to the Sale Date. The Percentage Change in the Index shall be calculated as the value of the Index on the Sale Date, as set forth in **Schedule 1**, *divided by* the value of the Index on the Purchase Date, as set forth in **Schedule 1**, *minus* one.[7]

3. Sold between July 15, 2009, and October 12, 2009, inclusive, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $1.19 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* the average closing price between July 15, 2009, and the Sale Date as set forth in **Schedule 2**. The Index Offset shall be calculated as the Purchase Price *multiplied* by the Percentage Change in the

[6] November 15, 2006 was the first day on which there was a statistically significant underperformance in RMH's NAV per share relative to the Lehman Brothers Ba U.S. High Yield Bond Index.

[7] For example, if you bought one RMH share on January 3, 2007 and sold it on June 9, 2008, the Recognized Loss Amount calculation under (2) would be:

(Purchase Price – Sale Price – Dividends Received) + (Purchase Price x [(Index at Sale/Index at Purchase) – 1])

($15.70 – $2.98 - 2.08) + ($15.70 x [($915.77/$885.83) – 1]) = $10.64 + $0.53 = $11.17

Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date as set forth in **Schedule 1**, *minus* one.

4. Held as of the close of trading on October 12, 2009, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $1.19 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* $1.28 (the average closing price between July 15, 2009, and October 12, 2009, as set forth in **Schedule 2**). The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date as set forth in **Schedule 1**, *minus* one.

5. Shares purchased after August 13, 2007, shall have a Recognized Loss Amount of zero ($0.00).

6. For shares purchased or acquired directly in the initial public offering of RMH on June 24, 2003, as opposed to the aftermarket, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall be reduced by 90% in order to determine the Recognized Loss Amounts for these shares. This is because claims arising from these purchases or acquisitions are subject to the unique legal defense that the antifraud provisions of Section 10(b) of the Exchange Act are inapplicable because the shares did not trade in a well-developed or efficient market at the time of the offering and, accordingly, would likely be difficult to prove at trial.

7. For shares purchased or acquired by a member of the TAL Subclass, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall also be *multiplied* by 1.5. This multiplier reflects the fact that members of the TAL Subclass are releasing additional claims in the Settlement that are unique to them.

RSF Fund. For the RSF Fund, the "Recognized Loss Amount" per share shall be calculated as follows:

For each share of RSF purchased or acquired between March 18, 2004, and August 13, 2007, inclusive, and:

8. Sold between March 18, 2004, and November 14, 2006, inclusive, the Recognized Loss Amount is zero ($0.00).[8]

9. Sold between November 15, 2006, and July 14, 2009, inclusive, the Recognized Loss Amount shall be the Purchase Price *minus* Sale Price *minus* Dividends Received *plus* the Index Offset. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to the Sale Date. The Percentage Change in the Index shall be calculated as the value of the Index on the Sale Date, as set forth in **Schedule 1**, *divided by* the value of the Index on the Purchase Date, as set forth in **Schedule 1**, *minus* one.[9]

10. Sold between July 15, 2009, and October 12, 2009, inclusive, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $1.08 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* the average closing price between July 15, 2009, and the Sale Date as set forth in Schedule 2. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date as set forth in Schedule 1, *minus* one.

[8] November 15, 2006 was the first day on which there was a statistically significant underperformance in RSF's NAV per share relative to the Lehman Brothers Ba U.S. High Yield Bond Index.

[9] For example, if you bought one RSF share on January 3, 2007 and sold it on June 9, 2008, the Recognized Loss Amount calculation under (2) would be:

(Purchase Price –Sale Price – Dividends Received) + (Purchase Price x [(Index at Sale/Index at Purchase) – 1])

($15.49 – $2.78 - $2.09) + ($15.49x [($915.77/$885.83) – 1]) = $10.62 + $0.52 = $11.14

11. Held as of the close of trading on October 12, 2009, the Recognized Loss Amount shall be the ***lesser*** of: (a) Purchase Price *minus* $1.08 (the closing price on July 15, 2009) *minus* Dividends Paid *plus* the Index Offset; or (b) the Purchase Price *minus* $1.05 (the average closing price between July 15, 2009, and October 12, 2009, as set forth in Schedule 2). The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date as set forth in Schedule 1, *minus* one.

12. Shares purchased after August 13, 2007, shall have a Recognized Loss Amount of zero ($0.00).

13. For shares purchased or acquired directly in the initial public offering of RSF on March 18, 2004, as opposed to the aftermarket, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall be reduced by 90% in order to determine the Recognized Loss Amounts for these shares. This is because claims arising from these purchases or acquisitions are subject to the unique legal defense that the antifraud provisions of Section 10(b) of the Exchange Act are inapplicable because the shares did not trade in a well-developed or efficient market at the time of the offering and, accordingly, would likely be difficult to prove at trial.

14. For shares purchased or acquired by a member of the TAL Subclass, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall also be *multiplied* by 1.5. This multiplier reflects the fact that members of the TAL Subclass are releasing additional claims in the Settlement that are unique to them.

RMA Fund. For the RMA Fund, the "Recognized Loss Amount" per share shall be calculated as follows:

For each share of RMA purchased or acquired between November 8, 2004 and August 13, 2007, inclusive, and:

1. Sold between November 8, 2004, and November 14, 2006, inclusive, the Recognized Loss Amount is zero ($0.00).[10]

2. Sold between November 15, 2006 and July 14, 2009, inclusive, the Recognized Loss Amount shall be the Purchase Price *minus* the Sale Price *minus* Dividends Received *plus* the Index Offset. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to the Sale Date. The Percentage Change in the Index shall be calculated as the value of the Index on the Sale Date as set forth in Schedule 1, *divided by* the value of the Index on the Purchase Date as set forth in Schedule 1, *minus* one.[11]

3. Sold between July 15, 2009, and October 12, 2009, inclusive, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $1.18 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* the average closing price between July 15, 2009, and the Sale Date as set forth in Schedule 2. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date, as set forth in Schedule 1, *minus* one.

4. Held as of the close of trading on October 12, 2009, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $1.18 (the closing price on July 15, 2009) *minus* Dividends Received *plus* Index Offset; or (b) the Purchase Price *minus* $1.25 (the average closing price between July 15, 2009, and October 12, 2009, as set forth in Schedule 2). The

[10] November 15, 2006 was the first day on which there was a statistically significant underperformance in RMA's NAV per share relative to the Lehman Brothers Ba U.S. High Yield Bond Index.

[11] For example, if you bought one RMA share on January 3, 2007 and sold it on June 9, 2008, the Recognized Loss Amount calculation under (2) would be:

(Purchase Price –Sale Price- Dividends Received) + (Purchase Price x [(Index at Sale/Index at Purchase) – 1])

($15.69 – $2.70-$2.08) + ($15.69x [($915.77/$885.83) – 1]) = $10.91 + $0.53 = $11.44

Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index value on July 15, 2009) *divided by* the value of the Index as of the Purchase Date, as set forth in Schedule 1, *minus* one.

5. Shares purchased after August 13, 2007 shall have a Recognized Loss Amount of zero ($0.00).

6. For shares purchased or acquired directly in the initial public offering of RMA on November 8, 2004 as opposed to the aftermarket, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall be reduced by 90% in order to determine the Recognized Loss Amounts for these shares. This is because claims arising from these purchases or acquisitions are subject to the unique legal defense that the antifraud provisions of Section 10(b) of the Exchange Act are inapplicable because the shares did not trade in a well-developed or efficient market at the time of the offering and, accordingly, would likely be difficult to prove at trial.

7. For shares purchased or acquired by a member of the TAL Subclass, the Recognized Loss Amounts calculated in paragraphs 2-4 above shall also be *multiplied* by 1.5. This multiplier reflects the fact that members of the TAL Subclass are releasing additional claims in the Settlement that are unique to them.

RHY Fund. For the RHY Fund, the "Recognized Loss Amount" per share shall be calculated as follows:

For each share of RHY purchased or acquired between January 19, 2006, and August 13, 2007, inclusive, and:

1. Sold between January 19, 2006, and July 12, 2007, inclusive, the Recognized Loss Amount is zero ($0.00).[12]

[12] July 13, 2007 was the first day on which there was a statistically significant underperformance in RMY's NAV per share relative to the Lehman Brothers Ba U.S. High Yield Bond Index.

2. Sold between July 13, 2007, and July 14, 2009, inclusive, the Recognized Loss Amount shall be the Purchase Price *minus* the Sale Price *minus* Dividends Received *plus* the Index Offset. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to the Sale Date. The Percentage Change in the Index shall be calculated as the value of the Index on the Sale Date, as set forth in Schedule 1, *divided by* the value of the Index as of the Purchase Date, as set forth in Schedule 1, *minus* one.[13]

3. Sold between July 15, 2009, and October 12, 2009, inclusive, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $0.82 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* the average closing price between July 15, 2009, and the Sale Date as shown in Schedule 2. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index value on July 15, 2009) *divided by* the value of the Index as of the Purchase Date as set forth in Schedule 1, *minus* one.

4. Held as of the close of trading on October 12, 2009, the Recognized Loss Amount shall be the ***lesser*** of: (a) the Purchase Price *minus* $0.82 (the closing price on July 15, 2009) *minus* Dividends Received *plus* the Index Offset; or (b) the Purchase Price *minus* $0.88 (the average closing price between July 15, 2009, and October 12, 2009, as shown in Schedule 2. The Index Offset shall be calculated as the Purchase Price *multiplied by* the Percentage Change in the Index from the Purchase Date to July 15, 2009. The Percentage Change in the Index shall be calculated as $870.69 (the value of the Index on July 15, 2009) *divided by* the value of the Index as of the Purchase Date, as set forth in Schedule 1, *minus* one.

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[13] For example, if you bought one RHY share on January 3, 2007 and sold it on June 9, 2008, the Recognized Loss Amount calculation under (2) would be:

(Purchase Price –Sale Price – Dividends Received) + (Purchase Price x [(Index at Sale/Index at Purchase) – 1])

($16.50 – $2.71 - 2.47) + ($16.50 x [($915.77/$885.83) – 1])] = $11.32 + $0.56 = $11.88

5. Shares purchased after August 13, 2007, shall have a Recognized Loss Amount of zero ($0.00).

6. The Recognized Loss Amounts calculated in paragraphs 2-4 above shall also be *multiplied by* 1.25. This multiplier reflects the fact that investors in RHY also have claims under Section 11 of the Securities Act that, as opposed to Section 10(b) claims under the Exchange Act, do not require evidence of fraudulent or reckless intent and, accordingly, would likely be easier to prove at trial. Further, claims under Section 11 include shares purchased or acquired directly in the initial public offering of RHY as well as shares traceable thereto and purchased or acquired in the aftermarket. In addition, for shares purchased or acquired by a member of the TAL Subclass, the Recognized Loss Amounts calculated according to this paragraph shall also be *multiplied* by 1.5. This multiplier reflects the fact that members of the TAL Subclass are releasing additional claims in the Settlement that are unique to them.

Additional General Provisions

If a Class Member has more than one purchase/acquisition or sale of the Closed-End Funds during the Class Period, all such purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any such like Closed-End Fund shares held at the beginning of the Class Period, and then against purchases/acquisitions of the like security in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. Sales of pre-Class Period purchases shall have no Recognized Loss.

To the extent a Claimant had a market gain from his, her, or its overall transactions in the Closed-End Funds, the value of the Recognized Claim will be zero. Such Claimants will in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss on his, her, or its overall transactions in the Closed-End Funds, but that market loss was less than the Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited

to the amount of the actual market loss. For purposes of determining whether a Claimant had a market gain from his, her, or its overall transactions in the Closed-End Funds or suffered a market loss, the Claims Administrator shall determine the difference between (a) the Total Purchase Amount[14] and (b) the sum of the Total Sales Proceeds[15] and the Holding Value.[16] This difference will be deemed a Claimant's market gain or loss on his, her, or its overall transactions in the Closed-End Funds.

Purchases or acquisitions and sales of the Closed-End Funds shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. No Recognized Loss Amount will be calculated based on the date of receipt of Closed-End Fund shares by gift, grant, or inheritance.

The date of covering a "short sale" is deemed to be the date of purchase or other acquisition of the Closed-End Funds. The date of a "short sale" is deemed to be the date of sale of the Closed-End Funds. There is no Recognized Loss Amount attributable to short sales. In the event that there is an opening short position in the Closed-End Funds, the earliest Class Period purchases shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

[14] The "Total Purchase Amount" is the total amount that the Claimant paid (excluding commissions and other charges) for all of the Closed-End Funds shares purchased or acquired during the Class Period.

[15] The Claims Administrator shall match any sales of a Closed-End Fund during the period from June 24, 2003 through and including July 14, 2009 first against the Claimant's opening position in the Fund (the proceeds of those sales will not be considered for purposes of calculating market gains or losses); the total amount received (excluding commissions and other charges) for sales of the remaining Fund shares sold during the period from June 24, 2003 through and including July 14, 2009 (if the sale can be matched against a Class Period purchase) is the "Fund Sales Proceeds."

[16] The Claims Administrator shall ascribe a holding value ("Holding Value") of $1.28 per share for RMH, $1.05 per share for RSF, $1.25 per share for RMA, and $0.88 per share for RHY (the average closing price during the 90-day look-back period starting on July 14, 2009 and ending October 12, 2009) for the Fund shares purchased or acquired during the Class Period and still held as of the close of trading on July 14, 2009.

Distributions to Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After an initial distribution of the Net Settlement Fund, if there is any balance remaining in the Net Settlement Fund after at least twelve (12) months from the date of the initial distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if feasible and economical, reallocate in an equitable and economic fashion such balance among Authorized Claimants who have cashed their checks. Any balance that still remains in the Net Settlement Fund, after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to a non-sectarian not-for-profit charitable organization(s) serving the public interest, designated by Lead Plaintiffs and approved by the Court.

A Recognized Loss will be calculated as defined herein and payment in this manner will be deemed conclusive against all Authorized Claimants. Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Western District of Tennessee.

L. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or otherwise acquired the publicly traded shares of (i) RMH between June 24, 2003 and July 14, 2009, inclusive (CUSIP ____); (ii) RSF between March 18, 2004 and July 14, 2009; inclusive (CUSIP ____); (iii) RMA between November 8, 2004 and July 14, 2009, inclusive (CUSIP ____); and (iv) RHY between January 19, 2006 and July 14, 2009, inclusive, (CUSIP ____) or pursuant or traceable to the RHY Offering Materials filed by RHY on or about January 19, 2006 with the SEC, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased shares of the Closed-End Funds during such time period or; (b) request additional copies of this Notice and the Proof

of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of those shares of the Closed-End Funds.

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 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 Regions Morgan Keegan Closed-End Fund Litigation

Claims Administrator

c/o _____

_____

_____

Phone: ____-____-____; Fax: ____-____-_____

[e-mail]

www._____

Dated: _____, 2013

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TENNESSEE

Exhibit A-2

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE & ERISA LITIGATION This Document Relates to: *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv	No. 09-md-02009-SHM

PROOF OF CLAIM AND RELEASE

To be eligible to share in the Net Settlement Fund as a Member of the Class in this Action, you must complete and sign this Proof of Claim form on or before _____, 2013. If you fail to submit a timely and properly completed Proof of Claim, your claim is subject to rejection or your payment may be delayed.

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN _____, 2013 AND MUST BE MAILED TO:

In re Regions Morgan Keegan Closed-End Fund Litigation
Claims Administrator
c/o _____
_____
_____

DEFINITIONS

All capitalized terms not otherwise defined in this form shall have the same meaning as set forth in the Notice that accompanies this Proof of Claim and the Stipulation and Agreement of Settlement (the "Settlement Agreement"), dated as of October 12, 2012.

INSTRUCTIONS

Separate Proofs of Claim should be submitted for each separate legal entity (for example, a claim from joint owners should not include separate transactions of just one of the joint owners, an Individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Proof of Claim should be submitted on behalf of one legal entity including all transactions made by that entity no matter how many separate accounts that entity has (for example, a corporation with multiple brokerage accounts should include all transactions made in the Closed-End Funds during the Class Period on one Proof of Claim, no matter how many accounts the transactions were made in.)

You must submit documentation supporting the transactions listed below.

In re Regions Morgan Keegan Closed-End Fund Litigation,
No. 07-cv-02830 SHM dkv (W.D. Tenn.)
PROOF OF CLAIM
Must be Postmarked No Later Than:
_____, 2013

PART I: CLAIMANT IDENTIFICATION

_____
Beneficial Owner's Name (First, Middle, Last)

_____
Joint Beneficial Owner's Name (First, Middle, Last)

Member of TAL Subclass ☐ YES ☐ NO

_____
Street Address

_____ _____
City State Zip Code

_____ _____
Foreign Province Foreign Country

_____ OR _____

Social Security Number Taxpayer Identification Number

Check appropriate box:

☐ Individual or Sole Proprietor ☐ Pension Plan

☐ Corporation ☐ Partnership ☐ Trust

☐ IRA ☐ Other _____ (please specify)

_____ _____

Telephone Number (work) Telephone Number (home)

_____ _____

Email address Facsimile Number

Were your shares held in "street name" (i.e., in the name of a stock broker or other nominee)? If so, that broker or nominee is the Record Owner. Please fill in the following line.

_____

Record Owner's Name (if different from beneficial owner listed above); e.g. brokerage firm, bank, nominee, etc.

PART II: SCHEDULE OF TRANSACTIONS IN RMH

A. **BEGINNING HOLDINGS**: Number of shares of RMH held at the beginning of trading on June 24, 2003: _____

B. **PURCHASES**: Purchases or other acquisitions (between June 24, 2003 and July 14, 2009, inclusive) of RMH:

	Trade Date (Month/Day/Year)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type (Purchase/ Dividend Reinvestment)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					
7.					

C. **SALES**: Sales or other deliveries (between June 24, 2003 and July 14, 2009, inclusive) of RMH:

	Trade Date (Month/Day/Year)	Number of Shares Sold	Total Sales Price*	Transaction Type (Sold/ Delivered)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					
7.					

D. **UNSOLD HOLDINGS**: Number of shares of RMH held at close of trading on July 14, 2009: _____

***** Excluding taxes, fees and commissions. If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

PART III: <u>SCHEDULE OF TRANSACTIONS IN RSF</u>

A. **BEGINNING HOLDINGS**: Number of shares of RSF held at the beginning of trading on March 18, 2004: _____

B. **PURCHASES**: Purchases or other acquisitions (between March 18, 2004 and July 14, 2009, inclusive) of RSF:

	Trade Date (Month/Day/Year)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type (Purchase/ Dividend Reinvestment)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					

7. _____ _____ _____ _____ _____

C. **SALES**: Sales or other deliveries (between March 18, 2004 and July 14, 2009, inclusive) of RSF:

	Trade Date (Month/Day/Year)	Number of Shares Sold	Total Sales Price*	Transaction Type (Sold/ Delivered)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					
7.					

D. **UNSOLD HOLDINGS**: Number of shares of RSF held at close of trading on July 14, 2009: _____

***** Excluding taxes, fees and commissions. If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

PART IV: SCHEDULE OF TRANSACTIONS IN RMA

A. **BEGINNING HOLDINGS**: Number of shares of RMA held at the beginning of trading on November 8, 2004: _____

B. **PURCHASES**: Purchases or other acquisitions (between November 8, 2004 and July 14, 2009, inclusive) of RMA:

	Trade Date (Month/Day/Year)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type (Purchase/ Dividend Reinvestment)	Price per Share
1.					
2.					
3.					
4.					
5.					

6. _____ _____ _____ _____ _____

7. _____ _____ _____ _____ _____

C. **SALES**: Sales or other deliveries (between November 8, 2004 and July 14, 2009, inclusive) of RMA:

	Trade Date (Month/Day/Year)	Number of Shares Sold	Total Sales Price*	Transaction Type (Sold/ Delivered)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					
7.					

D. **UNSOLD HOLDINGS**: Number of shares of RMA held at close of trading on July 14, 2009: _____

***** Excluding taxes, fees and commissions. If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

PART V: <u>SCHEDULE OF TRANSACTIONS IN RHY</u>

A. **BEGINNING HOLDINGS**: Number of shares of RHY held at the beginning of trading on January 19, 2006: _____

B. **PURCHASES**: Purchases or other acquisitions (between January 19, 2006 and July 14, 2009, inclusive) of RHY:

	Trade Date (Month/Day/Year)	In Offering? (Y/N)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type (Purchase/ Dividend Reinvestment)	Price per Share
1.						
2.						
3.						

4. _____ _____ _____ _____ _____ _____
5. _____ _____ _____ _____ _____ _____
6. _____ _____ _____ _____ _____ _____
7. _____ _____ _____ _____ _____ _____

C. **SALES**: Sales or other deliveries (between January 19, 2006 and July 14, 2009, inclusive) of RHY:

	Trade Date (Month/Day/Year)	Number of Shares Sold	Total Sales Price*	Transaction Type (Sold/ Delivered)	Price per Share
1.					
2.					
3.					
4.					
5.					
6.					
7.					

D. **UNSOLD HOLDINGS**: Number of shares of RHY held at close of trading on July 14, 2009: _____

***** Excluding taxes, fees and commissions. If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU ARE NOT FINISHED YET. YOU MUST READ THE RELEASE AND SIGN ON PAGE ____. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.

PART VI: SUBMISSION TO THE JURISDICTION OF THE COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States

District Court for the Western District of Tennessee Western Division with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I (we) will be bound by and subject to the terms of the Final Judgment and Order of Dismissal with the Defendants that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim in this Settlement covering the same purchases, acquisitions and sales of shares in the Closed-End Funds during the relevant period and know of no other Person having done so on my (our) behalf.

PART VII: RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Defendant Parties as those terms and terms related thereto are defined in the accompanying Notice.

2. This release shall be of no force or effect unless and until the Court approves the Settlement Agreement and the Effective Date (as defined in the Settlement Agreement) has occurred.

3. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

4. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions, and sales of shares in the Closed-End Funds requested above and that occurred during the relevant time periods and the number of shares held by me (us) at the relevant time periods.

5. I (We) hereby warrant and represent that I (we) am (are) not excluded from the Class as defined herein, in the Notice, and in the Settlement Agreement.

6. The number(s) shown on this form is (are) the correct SSN/TIN; and

I (We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____, in _____,
(Month / Year) (City)

_____.
(State / Country)

_____
Signature of Claimant

_____ _____
Print Name of Claimant Date

_____
Signature of Joint Claimant, if any

_____ _____
Print Name of Joint Claimant Date

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and certification.

2. Remember to attach only copies of supporting documentation.

3. Do not send original stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.

4. Keep a copy of the completed Proof of Claim and documentation for your records.

5. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 60 days. **Your claim is not deemed by the Claims Administrator to be submitted unless you receive an acknowledgement postcard.** If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator. Also, you can submit your claim using a service that provides you with proof of mailing, such as: registered or certified mail, return receipt requested; express mail that does not waive signature; or courier service.

6. If you move, please send the Claims Administrator your new address.

7. If you have any questions or concerns regarding your Proof of Claim, please contact the Claims Administrator at the address on page ___ above or at ___-___-_____, or visit www.___.

Exhibit A-3

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE & ERISA LITIGATION This Document Relates to: *In re Regions Morgan Keegan Closed-End Fund Litigation*, No. 07-cv-02830 SHM dkv	No. 09-md-02009-SHM **SUMMARY NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

TO: All Persons who purchased or otherwise acquired the publicly traded shares of: (i) RMK High Income Fund, Inc. ("RMH") between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; (ii) RMK Strategic Income Fund, Inc. ("RSF") between March 18, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iii) RMK Advantage Income Fund, Inc. ("RMA") between November 8, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iv) RMK Multi-Sector High Income Fund, Inc. ("RHY") between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information filed by RHY on or about January 19, 2006 with the SEC; and (v) all members of the TAL Subclass (collectively, the "Class" or "Class Member" as further defined in the Settlement Agreement).[1]

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an order of the Court, that the Class in the above-captioned litigation ("Action") has been preliminarily certified for the purposes of settlement only and that a settlement between Lead Plaintiffs Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore ("Lead Plaintiffs") and C. Fred Daniels, in his capacity as Court-appointed Trustee *Ad Litem* ("TAL") for the Leroy McAbee, Sr. Family Foundation Trust (the "McAbee Foundation Trust") (the McAbee Foundation Trust together with the Lead Plaintiffs, "Plaintiffs"), on behalf of themselves and the

[1] All capitalized terms used herein are defined in the Stipulation and Agreement of Settlement (the "Settlement Agreement"), dated as of October 12, 2012, and the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses.

Class and the TAL Subclass, and Defendants Morgan Keegan & Company, Inc., Morgan Asset Management, Inc., MK Holding, Inc., Regions Financial Corporation, and RMH, RSF, RMA, and RHY (the "Closed-End Funds"), James C. Kelsoe, Jr., Carter E. Anthony, Brian B. Sullivan, Joseph Thompson Weller, Allen B. Morgan, Jr., and J. Kenneth Alderman (collectively, "Defendants"), in the amount of $62 million in cash, has been proposed by the Parties. A full description of the Class and the Settlement can by found in the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Notice").

A hearing will be held before the Honorable Samuel H. Mays, Jr. of the United States District Court for the Western District of Tennessee, Western Division, in the Clifford Davis/Odell Horton Federal Building, 167 North Main Street, 11th Floor Courtroom #2, Memphis, Tennessee 38103 at __:___ ___.m., on _____, 2013 to, among other things: determine whether the proposed Settlement should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed Plan of Allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys' fees and payment of litigation expenses. The Court may change the date of the hearing without providing another notice.

IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO RECEIVE MONEY FROM THE NET SETTLEMENT FUND. If you have not yet received the full printed Notice and a Proof of Claim and Release Form ("Proof of Claim"), you may obtain copies of these documents by contacting the Claims Administrator:

In re Regions Morgan Keegan Closed-End Fund Litigation
Claims Administrator
c/o _____

Phone: ____-____-____; Fax: ____-____-_____
[e-mail] www._____

Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel.

LABATON SUCHAROW LLP
Joel H. Bernstein, Esq.
David J. Goldsmith, Esq.
140 Broadway
New York, NY 10005
Tel: (888) 219-6877
www.labaton.com
settlementquestions@labaton.com

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim to the Claims Administrator ***postmarked or otherwise received no later than _____, 2013***. To exclude yourself from the Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice such that it is ***received no later than _____, 2013***. If you are a Class Member and do not exclude yourself from the Class, you will be bound by the Final Order and Judgment of the Court. Any objections to the proposed Settlement, Plan of Allocation, and/or application for attorneys' fees and payment of expenses must be filed with the Court and served on counsel for the Parties in accordance with the instructions set forth in the Notice, such that they ***are received no later than _____, 2013***.

If you are a Class Member and do not timely submit a valid Proof of Claim, you will not be eligible to share in the Net Settlement Fund, but you nevertheless will be bound by the Final Order and Judgment.

DATED: _____

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TENNESSEE

Exhibit B

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE REGIONS MORGAN KEEGAN SECURITIES, DERIVATIVE and ERISA LITIGATION	)	Case No. 2:09-md-02009-SHM
This Document Relates to:	)	
In re Regions Morgan Keegan Closed-End Fund Litigation, No. 2:07-cv-02830-SHM-dkv	)	

FINAL JUDGMENT AND ORDER OF DISMISSAL

This Court having considered: the Stipulation and Agreement of Settlement dated as of October 12, 2012, including all Exhibits thereto (the "Settlement Agreement"), between the Lion Fund L.P., Dr. Samir J. Sulieman, and Larry Lattimore (collectively, "Lead Plaintiffs"), and C. Fred Daniels in his capacity as Trustee *Ad Litem* for the Leroy S. McAbee, Sr. Family Foundation Trust (the "McAbee Foundation Trust") (the McAbee Foundation Trust together with the Lead Plaintiffs, "Plaintiffs"), on behalf of themselves and the Class and TAL Subclass, and Morgan Keegan & Co., Inc., MK Holding, Inc., Morgan Asset Management, Inc., Regions Financial Corporation, the Closed-End Funds, Allen B. Morgan, Jr., J. Kenneth Alderman, Brian B. Sullivan, Joseph Thompson Weller, James C. Kelsoe, Jr., and Carter Anthony (collectively, "Defendants"); and having held a hearing on _____; and having considered all of the submissions and arguments with respect thereto, and otherwise being fully informed, and good cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED, and DECREED that:

Introductory Findings

1. This Final Judgment and Order of Dismissal ("Judgment") incorporates herein and makes a part hereof, the Settlement Agreement, including the Exhibits thereto. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings as set forth in the Settlement Agreement.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Class Members who did not timely file a valid request for exclusion from the Class by the _____, 2013 deadline pursuant to the Court's Order Preliminarily Approving Settlement and Providing for Notice entered _____, 2012 (Docket No. __) (the "Preliminary Approval Order").

Affirmance of Class Certification

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure ("Federal Rule 23"), the Court certifies this Action as a class action for settlement purposes and confirms certification of the following settlement Class, as ordered by the Court in the Preliminary Approval Order:

> All Persons who purchased or otherwise acquired the publicly traded shares of (i) RMH between June 24, 2003 and July 14, 2009, inclusive, and were damaged thereby; (ii) RSF between March 18, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iii) RMA between November 8, 2004 and July 14, 2009, inclusive, and were damaged thereby; (iv) RHY between January 19, 2006 and July 14, 2009, inclusive, or pursuant or traceable to the Registration Statement, Prospectus, and Statement of Additional Information (the "RHY Offering Materials") filed by RHY on or about January 19, 2006 with the SEC, and were damaged thereby; and (v) all members of the TAL Subclass.

(a) Excluded from the Class and as Class Members are the Defendants; the members of the immediate families of the Defendants; the subsidiaries and affiliates of Defendants; any person who is an executive officer, director, partner or controlling person of the Closed-End Funds or any other Defendant (including any of its subsidiaries or affiliates, which include but are not limited to Morgan Asset Management, Inc., Regions Bank, Morgan Keegan, RFC, and MK Holding, Inc.); any entity in which any Defendant has a controlling interest; any Person who has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the person to participate as a Class Member; and the legal representatives, heirs, successors and assigns of any such excluded person or entity. These exclusions do not extend to trusts or accounts as to which the control or legal ownership by any Defendant (or by any subsidiary or affiliate of any Defendant) is derived or arises from an appointment as trustee, custodian, agent, or other fiduciary ("Fiduciary Accounts") unless with respect to any such Fiduciary Account any Person has filed a proceeding with FINRA against one or more Released Defendant Parties concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and such proceeding was not subsequently dismissed to allow the Person to specifically participate as a Class Member; any Person who has filed a state court action that has not been removed to federal court, against one or more of the

Defendants concerning the purchase of shares in one or more of the Closed-End Funds during the Class Period and whose claims in that action have been dismissed with prejudice, released, or fully adjudicated absent a specific agreement with such Defendant(s) to allow the Person to participate as a Class Member (and such exclusion shall apply to the legal representatives, heirs, successors and assigns of any such excluded Person, entity or Fiduciary Account). With respect to Closed-End Fund shares for which the TAL Orders authorize the Trustee *Ad Litem* to prosecute the claims or causes of action pleaded in the Complaint in the Action ("TAL Represented Closed-End Fund Shares"), "Class" and "Class Member" also excludes Persons who are, or were during the Class Period, trust and custodial account beneficiaries, principals, settlors, co-trustees, and others owning beneficial or other interests in the TAL Represented Closed-End Fund Shares ("Such Persons"), but this exclusion applies only to any claims or causes of action of Such Persons that the Trustee *Ad Litem* is not authorized by the TAL Orders to prosecute. With respect to Closed-End Fund Shares that are not TAL Represented Closed-End Fund Shares and in which Such Persons have a beneficial or other interest, the foregoing partial exclusion of Such Persons does not apply. Also excluded from the Class and as Class Members are those Persons who submit valid and timely requests for exclusion from the Class in accordance with the requirements set forth in the Notice.

4. The Court confirms and incorporates its finding in the Preliminary Approval Order that the prerequisites for class certification under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure have been satisfied in that:

a. The Class is of sufficient size and geographical dispersion that joinder of all Class Members is impracticable, thus satisfying Federal Rule 23(a)(l).

b. There are questions of law and fact common to the Class, thus satisfying Federal Rule 23(a)(2). Among the questions of law and fact common to the Class are: whether the Securities Act of 1933 and the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder were violated by Defendants' acts as alleged; whether statements made by Defendants to the investing public in the RHY Fund Registration Statements and Prospectuses misrepresented or omitted material facts; whether statements made by Defendants in the Closed-End Funds' public filings misrepresented or omitted material facts; and whether the Members of the Class have sustained damages and, if so, what is the proper measure thereof.

c. Lead Plaintiffs' claims for violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder are typical of the claims of the Class, thus satisfying Federal Rule 23(a)(3).

d. Lead Plaintiffs Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore, and C. Fred Daniels in his capacity as the Trustee *Ad Litem* for the Leroy McAbee, Sr. Family Foundation Trust, and their respective counsel, Labaton Sucharow LLP and Cabaniss Johnston Gardner Dumas & O'Neal LLP, will fairly and adequately protect the interests of the Class and the TAL Subclass, respectively, thus satisfying Federal Rule 23(a)(4). Accordingly, Lead Plaintiffs are appointed as Class Representatives for the Class, the McAbee Foundation Trust is appointed as Subclass Representative for the TAL Subclass; and Lead Counsel is appointed as Class Counsel for the Class.

e. The questions of law and fact common to the Class predominate over any questions affecting only individual members, thus satisfying Federal Rule 23(b)(3).

f. A class action is superior to other available methods for the fair and efficient adjudication of the controversy, thus satisfying Federal Rule 23(b)(3).

In making all of the foregoing findings, the Court has exercised its discretion in certifying the Class.

Class Notice Findings and Opt-Outs

5. The record shows that Notice has been given to the Class in the manner approved by the Court in its Preliminary Approval Order (Docket No. ___). The Court finds that such Notice: (i) constitutes reasonable and the best notice practicable under the circumstances; (ii) constitutes notice that was reasonably calculated, under the circumstances, to apprise all Class Members who could reasonably be identified of the pendency of the Action, the terms of the Settlement, and the Class Members' right to object to or exclude themselves from the Class and to appear at the settlement fairness hearing held on _____ (the "Settlement Hearing"); (iii) constitutes due, adequate, and sufficient notice to all persons or entities entitled to receive notice; and (iv) meets the requirements of due process, Federal Rule 23, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-l(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), and Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the PSLRA, and any other applicable law.

6. The appropriate official(s) has been served with the notice(s) set forth in 15 U.S.C. § 1715(b) and was served at least ninety (90) days prior to the entry of this Order.

7. No individuals or entities, other than those listed on Exhibit A hereto, have timely and validly excluded themselves from the Class. This Judgment shall have no force or effect on the persons or entities listed on Exhibit A hereto.

Approval of the Settlement

8. In light of the benefits to the Class, the complexity, expense and possible duration of further litigation against the Defendants, the risks of establishing liability and damages, and the costs of continued litigation, the Court hereby fully and finally approves the Settlement, pursuant to Federal Rule 23, as set forth in the Settlement Agreement in all respects, and finds that the Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of Plaintiffs, the Class, and each of the Class Members. This Court further finds the Settlement set forth in the Settlement Agreement is the result of arm's-length negotiations between experienced counsel representing the interests of the Class, the TAL Subclass, and Defendants. The Court has considered any submitted objections to the Settlement and hereby overrules them.

9. The Parties are hereby directed to implement and consummate the Settlement according to the terms and provisions of the Settlement Agreement. In addition, the Parties are authorized to agree to and adopt such amendments and modifications to the Settlement Agreement, or any Exhibits attached thereto, to effectuate the Settlement if they (i) are consistent in all material respects with this Judgment, and (ii) do not limit the rights of the Class in connection with the Settlement. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Agreement.

Dismissal of Claims and Release

10. Except as to any individual claim of those Persons who have been excluded from the Class (identified in Exhibit A attached hereto), the Action and all claims asserted therein is

dismissed with prejudice by the Plaintiffs and the other Members of the Class, and as against each and all of the Defendants. The Parties are to bear their own costs, except as otherwise provided in the Settlement Agreement.

11. The Court finds, after review of the record of this Action, including the Complaint and the dispositive motions, that during the course of the Action, the Parties and their respective counsel at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure, and particularly with Rule 11(b) of the Federal Rules of Civil Procedure.

12. Upon the Effective Date of the Settlement (as defined in Paragraph 38 of the Settlement Agreement), the Plaintiffs (as defined in Paragraph 1(cc) of the Settlement Agreement, other than those Persons or entities listed on Exhibit A who have timely and validly requested exclusion from the Class) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims (as defined in Paragraph 1(gg) of the Settlement Agreement) to the full extent set forth in the Settlement Agreement, including Unknown Claims (as defined in Paragraph 1(vv) of the Settlement Agreement), as against the Released Defendant Parties (as defined in Paragraph 1(hh) of the Settlement Agreement).

13. Upon the Effective Date of the Settlement (as defined in Paragraph 38 of the Settlement Agreement), Defendants, on behalf of themselves, and their heirs, executors, trustees, administrators, predecessors, successors, and assigns, shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Plaintiff Parties (as defined in Paragraph 1(kk) of the Settlement Agreement) from all claims related to the commencement, continuation or prosecution of Released Defendants'

Claims (as defined in Paragraph 1(ii) of the Settlement Agreement), as set forth in the Settlement Agreement.

14. Upon the Effective Date of the Settlement (as defined in Paragraph 38 of the Settlement Agreement), all Class Members, either directly, representatively, or in any other capacity (other than those Persons or entities listed on Exhibit A who have timely and validly requested exclusion from the Class), are hereby permanently enjoined from commencing, continuing, or prosecuting against any or all Released Defendant Parties (as defined in Paragraph 1(hh) of the Settlement Agreement) any action or proceeding in any court or tribunal asserting any of the Released Claims (as defined in Paragraph 1(gg) of the Settlement Agreement). Upon the Effective Date, and without any further action, the Lead Plaintiffs further shall not knowingly and voluntarily assist in any way any third party in commencing or prosecuting any suit against the Released Defendant Parties relating to any Released Claim, including any derivative suit not otherwise released.

15. Each Class Member, whether or not such Class Member executes and delivers a Proof of Claim form, is bound by this Judgment, including, without limitation, the release of claims as set forth in the Settlement Agreement and this Judgment.

16. Any plan for allocating the Net Settlement Fund to eligible Class Members submitted by Lead Counsel or any order regarding the Fee and Expense Application, or any appeal modification or change thereof, shall in no way disturb or affect this Judgment or any releases contained therein, and shall be considered separate from this Judgment.

17. This Judgment, the Settlement Agreement and its terms, the negotiations leading up to this Settlement Agreement, the fact of the Settlement, and the proceedings taken pursuant to the Settlement, shall not: (1) be construed as an admission of liability or an admission of any

claim or defense on the part of any party, in any respect; (2) form the basis for any claim of estoppel by any third party against any of the Released Defendant Parties; or (3) be admissible in any action, suit, proceeding, or investigation as evidence, or as an admission, of any wrongdoing or liability whatsoever by any of the Released Defendant Parties or as evidence of the truth of any of the claims or allegations contained in any complaint filed in the Action or deemed to be evidence of or an admission or concession that Plaintiffs or any Class Members have suffered any damages, harm, or loss. Neither this Judgment, the Preliminary Approval Order, the Settlement Agreement, nor any of their terms and provisions, nor any of the negotiations or proceedings connected with them, nor any action taken to carry out this Judgment, the Preliminary Approval Order, or the Settlement Agreement by any of the Parties shall be offered into evidence, or received in evidence in any pending or future civil, criminal or administrative action, arbitration, or proceeding, except: in a proceeding to enforce this Judgment, the Preliminary Approval Order, the Settlement Agreement, or to enforce any insurance rights; to defend against the assertion of Released Claims (including to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction); by Lead Counsel to demonstrate its adequacy to serve as class counsel pursuant to Federal Rule 23(g) (or its state law analogs); subject to the prohibited purposes identified in Paragraph 46 (a)-(e) of the Settlement Agreement and in Paragraph 17(1)-(3) above, by the Trustee *Ad Litem* or his counsel in any civil action or other legal proceedings in response to a challenge to the Trustee *Ad Litem's* compliance with his authority or responsibilities under the TAL Orders, or in a legal proceeding seeking a discharge of the Trustee *Ad Litem* under the TAL Orders; or as otherwise required by law.

Continuing Jurisdiction

18. Without affecting the finality of this Judgment, the Court retains continuing and exclusive jurisdiction over all matters relating to administration, consummation, enforcement and interpretation of the Settlement Agreement, the Settlement, and of this Judgment, to protect and effectuate this Judgment, and for any other necessary purpose. Defendants, Plaintiffs and each Class Member are hereby deemed to have irrevocably submitted to the exclusive jurisdiction of this Court, for the purpose of any suit, action, proceeding or dispute arising out of or relating to the Settlement or the Settlement Agreement, including the Exhibits thereto, and only for such purposes. Without limiting the generality of the foregoing, and without affecting the finality of this Judgment, the Court retains exclusive jurisdiction over any such suit, action or proceeding. Solely for purposes of such suit, action or proceeding, to the fullest extent they may effectively do so under applicable law, Defendants, Plaintiffs and each Class Member are hereby deemed to have irrevocably waived and agreed not to assert, by way of motion, as a defense or otherwise, any claim or objection that they are not subject to the jurisdiction of this Court, or that this Court is, in any way, an improper venue or an inconvenient forum.

19. With respect to any future hearing or determination of any investment or distribution of the Net Settlement Fund to Class Members, the Plan of Allocation, the determination, administration or calculation of claims by claimants and attorneys' fees of Plaintiffs' counsel, or the payment or withholding of Taxes of the Settlement Fund, Defendants have no responsibility for, interest in, or liability in connection with such matters and do not have to appear or participate in any hearing or determination for such separate matters.

20. In the event that the Settlement does not become effective in accordance with the terms of the Settlement Agreement or the Effective Date does not occur, or in the event that the

Settlement Fund, or any portion thereof, is returned to the Defendants, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Settlement Agreement and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Settlement Agreement.

21. There is no just reason for delay in the entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed.

DATED: _____

_____
HON. SAMUEL H. MAYS, JR.
UNITED STATES DISTRICT JUDGE

EXHIBIT A

List of Persons and Entitles Excluded from the Class in

In re Regions Morgan Keegan Closed-End Fund Litigation,
No. 2:07-cv-02830-SHM-dkv

The following persons and entities, and only the following persons and entities, have properly excluded themselves from the Class:
