

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

In re BRIDGEPOINT EDUCATION, INC. SECURITIES LITIGATION	)	No. 3:12-cv-01737-JM-JLB
_____	)	
This Document Relates To:	)	<u>CLASS ACTION</u>
ALL ACTIONS.	)	
_____	)	

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION**

**TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF BRIDGEPOINT EDUCATION, INC. (“BRIDGEPOINT”) BETWEEN MAY 3, 2011 AND JULY 13, 2012, INCLUSIVE**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE APRIL 27, 2016.**

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

This Notice of Pendency and Proposed Settlement of Class Action (“Notice”) has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of California (the “Court”). The purpose of this Notice is to inform you of the pendency and proposed settlement of the case entitled *In re Bridgepoint Education, Inc. Securities Litigation*, No. 3:12-cv-01737-JM-JLB (the “Action”) and of the hearing (the “Settlement Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement as set forth in the Stipulation and Agreement of Settlement between Lead Plaintiffs and Defendants, dated October 30, 2015 (“Stipulation” or “Settlement”), on file with the Court. This Settlement resolves claims that the Defendants violated the federal securities laws. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation.

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action as to any of the Defendants or the merits of the claims or defenses asserted by or against Defendants. This Notice is solely to advise you of the pendency and proposed Settlement of the Action and of your rights in connection therewith.

**I. THE SETTLEMENT**

The proposed Settlement will result in the creation of a cash settlement fund in the principal amount of Fifteen Million Five Hundred Thousand Dollars (\$15,500,000.00) (the “Settlement Amount”), plus any interest that may accrue thereon (the “Settlement Fund”).

The Settlement Fund, subject to deduction for, among other things, costs of class notice and administration and certain taxes and tax related expenses and for attorneys’ fees and expenses as approved by the Court, will be available for distribution to Class Members. If 100% of the eligible common stock of Bridgepoint purchased by Class Members and entitled to a distribution under the Plan of Allocation described below participate in the Settlement, the estimated average distribution per share of Bridgepoint common stock will be approximately \$0.85 before deduction of Court-approved fees and expenses. Historically, actual claim rates are lower than 100%, resulting in higher per share distributions. Your actual recovery from this fund will depend on a number of variables, including the number of claimants, the number of shares of Bridgepoint common stock you and they purchased between May 3, 2011 and July 13, 2012, inclusive, the number of shares of Bridgepoint common stock you and they sold, the expense of administering the claims process, and the timing of your purchases and any sales, if any (see the Plan of Allocation below for a more detailed description of how the settlement proceeds will be allocated among Class Members).

## **II. STATEMENT OF POTENTIAL OUTCOME**

Lead Plaintiffs and Defendants do not agree on the average amount of damages per share, if any, that would have been recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. Defendants deny that they are liable in any respect or that Lead Plaintiffs or the Class suffered any injury, and deny that they have violated the federal securities laws or any laws. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Class under the federal securities laws, or any other laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the price of Bridgepoint common stock was allegedly artificially inflated (if at all) during the Class Period; (4) the amount by which the price of Bridgepoint common stock was allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces on the price of Bridgepoint common stock at various times during the Class Period; (6) the extent to which external factors influenced the price of Bridgepoint common stock at various times during the Class Period; (7) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the price of Bridgepoint common stock at various times during the Class Period; and (8) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the price of Bridgepoint common stock at various times during the Class Period.

## **III. REASONS FOR SETTLEMENT**

Lead Plaintiffs believe that the proposed Settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class would not have prevailed on any of its claims, in which case the Class would receive nothing. Also, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, Defendants would have asserted that any losses of Class Members were caused by non-actionable market, industry, or general economic factors. Defendants also would have asserted that throughout the Class Period the uncertainties and risks associated with the purchase of Bridgepoint common stock were fully and adequately disclosed. The proposed Settlement provides a certain benefit to Class Members, and will avoid the years of delay that would likely occur in the event of a contested trial and appeals.

## **IV. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT**

Lead Counsel have not received any payment for their services in conducting this Action on behalf of the Lead Plaintiffs and the Class Members, nor have they been paid for their litigation expenses. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 25% of the Settlement Amount and expenses not to exceed \$600,000.00, plus interest thereon, to be paid from the Settlement Fund. If the amounts requested are approved by the Court, the average cost per share of Bridgepoint common stock will be \$0.24. In addition, the Lead Plaintiffs may each seek up to \$20,000.00 in expenses incurred in representing the Class.

## **V. IDENTITY OF ATTORNEYS YOU MAY CONTACT FOR MORE INFORMATION**

For further information regarding this Settlement, you may contact a representative of Lead Counsel: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 800/449-4900.

## **VI. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

The Settlement Hearing will be held on April 25, 2016, at 10:00 a.m., before the Honorable Jeffrey T. Miller, United States District Judge, at the United States District Court for the Southern District of California, 221 West Broadway, Courtroom 5D, San Diego, California 92101. The purpose of the Settlement Hearing will be to determine: (1) whether the proposed Settlement, as set forth in the Stipulation, consisting of Fifteen Million Five Hundred Thousand Dollars (\$15,500,000.00) in cash, should be approved as fair, reasonable, and adequate to the Class Members; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses and the expenses of Lead Plaintiffs should be approved; and (4)

whether the Judgment, in the form attached to the Stipulation, should be entered. The Court may adjourn the Settlement Hearing from time to time and without further notice to the Class.

## VII. DEFINITIONS USED IN THIS NOTICE

As used in this Notice, the following terms have the meanings specified below. Any capitalized terms not specifically defined in this Notice shall have the meanings set forth in the Stipulation. In the event of any inconsistency between any definition set forth below or elsewhere in this Notice and any definition set forth in the Stipulation, the definition set forth in the Stipulation shall control.

1. "Action" means the action captioned *In re Bridgepoint Education, Inc. Securities Litigation*, No. 3:12-cv-01737-JM-JLB.

2. "Authorized Claimant" means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

3. "Bridgepoint" means Bridgepoint Education, Inc.

4. "Claims Administrator" means the firm of Gilardi & Co. LLC.

5. "Class" means all Persons who purchased Bridgepoint common stock between May 3, 2011 and July 13, 2012, inclusive, excluding Defendants, directors and officers of Bridgepoint, and their families and affiliates. Also excluded are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.

6. "Class Member" means a Person who falls within the definition of the Class as set forth above.

7. "Class Notice and Administration Expenses" means the fees and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proofs of Claim, and paying escrow fees and costs, if any.

8. "Class Period" means the period from May 3, 2011 through and including July 13, 2012.

9. "Defendants" means Bridgepoint and the Individual Defendants.

10. "Effective Date," or the date upon which this Settlement becomes "effective," means the first date by which all of the events and conditions specified in paragraph 8.1 of the Stipulation have been met and have occurred.

11. "Final" means when the last of the following with respect to the Judgment approving the Settlement, in the form of Exhibit B to the Stipulation, shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the determination of that motion or appeal in such a manner as to permit the consummation of the Settlement, in accordance with the terms and conditions of the Stipulation. For purposes of this paragraph, an "appeal" shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this Settlement, but shall not include any appeal that concerns only the issue of attorneys' fees and expenses or any Plan of Allocation of the Settlement Fund.

12. "Individual Defendants" means Andrew S. Clark, Jane McAuliffe, and Daniel J. Devine.

13. "Judgment" means the judgment and order of dismissal with prejudice to be rendered by the Court upon approval of the Settlement, substantially in the form attached as Exhibit B to the Stipulation.

14. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP, Jonah H. Goldstein, 655 West Broadway, Suite 1900, San Diego, CA 92101.

15. "Lead Plaintiffs" means City of Atlanta General Employees Pension Fund and Teamsters Local 677 Health Services & Insurance Plan.

16. "Net Settlement Fund" means the Settlement Fund less: (i) Court-awarded attorneys' fees and expenses; (ii) Class Notice and Administration Expenses; (iii) Taxes and Tax Expenses; and (iv) any other fees or expenses approved by the Court.

17. "Person" means a natural person, individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.

18. "Plan of Allocation" means a plan or formula of allocation of the Net Settlement Fund whereby the Net Settlement Fund shall be distributed to Authorized Claimants. Any Plan of Allocation is not part of the Stipulation and the Released Persons shall have no responsibility or liability with respect to the Plan of Allocation. (The Plan of Allocation is described in more detail in this Notice, below.)

19. "Related Persons" means each of a Defendant's past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of an Individual Defendant's immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling interest (directly or indirectly).

20. "Released Claims" means any and all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liabilities whatsoever), whether based on federal, state, local, foreign, statutory or common law or any other law, rule, ordinance, administrative provision or regulation, including Unknown Claims as defined below, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that were asserted or could have been asserted by Lead Plaintiffs or any Class Member against the Released Persons based on, arising from or relating to both: (i) the purchase of Bridgepoint common stock during the Class Period; and (ii) the allegations, transactions, facts, matters, events, disclosures, registration statements, public filings, acts, occurrences, representations, statements, omissions or failures to act that occurred during the Class Period and that were or could have been alleged by Lead Plaintiffs in the Action against the Released Persons. Released Claims does not include claims to enforce the Settlement or any derivative actions.

21. "Released Persons" means each and all of the Defendants and each and all of their Related Persons.

22. "Settlement Amount" means Fifteen Million Five Hundred Thousand Dollars (\$15,500,000.00) in cash.

23. "Settlement Fund" means the Settlement Amount, together with all interest and income earned thereon after being transferred to the Escrow Account.

24. "Settling Parties" means, collectively, Lead Plaintiffs, on behalf of themselves and the Class Members, and Defendants.

25. "Unknown Claims" means collectively any Released Claims which Lead Plaintiffs or any Class Member do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement or seek exclusion from the Class. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs shall expressly waive and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:

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

Lead Plaintiffs shall expressly waive and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or any foreign country, or any principle of common law, which is similar, comparable or equivalent in substance to California Civil Code §1542. Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but upon the Effective Date, each Class Member, and Lead Plaintiffs expressly, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

#### **VIII. THE ACTION**

This case is currently pending before the Honorable Jeffrey T. Miller in the United States District Court for the Southern District of California. The initial complaint in this case, entitled *Franke v. Bridgepoint Education, Inc., et al.*, No. 12 CV 1737-JM-WMC, was filed in the Court on July 13, 2012. On October 22, 2012, the Court appointed City of Atlanta General Employees Pension Fund and Teamsters Local 677 Health Services & Insurance Plan as Lead Plaintiffs.

On December 21, 2012, Lead Plaintiffs filed the Consolidated Complaint for Violation of the Federal Securities Laws alleging violations of §§10(b), 20(a), and 20A of the Securities Exchange Act of 1934 (the "Complaint"). Lead Plaintiffs alleged that during the Class Period, Defendants made materially false and misleading statements regarding Ashford University's ("Ashford") prospects for achieving initial accreditation from Western Association of Schools and Colleges ("WASC"), Ashford's student persistence and initiatives, Ashford's hiring of additional full-time faculty, and the quality and academic rigor of Ashford's courses. Lead Plaintiffs also alleged that Defendants made false and misleading financial projections and that the Individual Defendants transacted in Bridgepoint common stock in violation of §20A of the Exchange Act. Lead Plaintiffs further alleged that Defendants' materially false and misleading statements artificially inflated the price of Bridgepoint common stock and that when the truth was eventually disclosed the Class suffered substantial damages.

On February 19, 2013, the Defendants moved to dismiss the Complaint. On September 13, 2013, the Court issued an order granting in part and denying in part Defendants' motion to dismiss. The Court denied Defendants' motion to dismiss with respect to Defendants' statements regarding Ashford's student persistence and retention, and initiatives to improve student persistence and retention. The Court dismissed Lead Plaintiffs' §20A claims. Thereafter, Defendants filed an answer denying all material allegations in the Complaint and asserting defenses thereto.

On August 6, 2014, Lead Plaintiffs filed a motion for class certification, which the Court granted on January 15, 2015, appointing Lead Plaintiffs as class representatives.

During the pendency of the Action, Lead Plaintiffs and Defendants engaged in extensive discovery, including the production of over two million pages of documents and the taking and defending of 21 party and non-party depositions. The parties also submitted four expert reports and took expert depositions.

On August 31, 2015, Defendants filed motions for summary judgment and a motion to exclude the testimony of Lead Plaintiffs' expert.

In the course of the Action, the parties engaged the services of the Honorable Layn R. Phillips (Ret.), a nationally recognized mediator. The parties engaged in face-to-face mediation sessions with Judge Phillips

on March 31, 2015 and September 4, 2015. These efforts culminated with the Settling Parties agreeing to settle the Action for \$15,500,000.00, subject to the negotiation of the terms of a Stipulation and Agreement of Settlement and approval by the Court.

#### **IX. LEAD PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

Lead Plaintiffs believe that the claims asserted in the Action have merit and that the evidence developed to date supports the claims. However, Lead Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and through appeals. Lead 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 Plaintiffs and Lead Counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Action. Lead Plaintiffs and Lead Counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Lead Plaintiffs and Lead Counsel have determined that the Settlement set forth in the Stipulation is in the best interests of Lead Plaintiffs and the Class.

#### **X. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims alleged by Lead Plaintiffs and the Class in the Action. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, among other allegations, the allegations that Lead Plaintiffs or the Class have suffered any damage, that the price of Bridgepoint common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that Lead Plaintiffs or the Class were harmed by the conduct alleged in the Action or that could have been alleged as part of the Action. Defendants believe that the evidence developed to date supports their position, that they acted properly at all times and that the Action is without merit. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

Nonetheless, Defendants have concluded that further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this Action. Defendants have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

#### **XI. TERMS OF THE PROPOSED SETTLEMENT**

A settlement has been reached in the Action between Lead Plaintiffs and Defendants, the terms and conditions of which are set forth in the Stipulation and the Exhibits thereto. The following description of the proposed Settlement is only a summary, and reference is made to the text of the Stipulation, on file with the Court or accessible at [www.bridgepointsecuritieslitigation.com](http://www.bridgepointsecuritieslitigation.com), for a full statement of its provisions.

The Settlement Fund consists of Fifteen Million Five Hundred Thousand Dollars (\$15,500,000.00) in cash, plus any interest earned thereon.

A portion of the settlement proceeds will be used to pay attorneys' fees and expenses to Plaintiffs' Counsel and Lead Plaintiffs' expenses, Class Notice and Administration Expenses, and Taxes and Tax Expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed, in accordance with the Plan of Allocation described below, to Class Members who submit valid and timely Proofs of Claim.

The effectiveness of the Settlement is subject to a number of conditions and reference to the Stipulation is made for further particulars regarding these conditions.

#### **XII. THE RIGHTS OF CLASS MEMBERS**

If you are a Class Member, you may receive the benefit of, and you will be bound by the terms of, the proposed Settlement described in this Notice, upon approval of the proposed Settlement by the Court.

If you are a Class Member, you have the following options:

1. You may submit a Proof of Claim as described below. If you choose this option, you will share in the proceeds of the proposed Settlement if your claim is timely, valid, and entitled to a distribution under the Plan of Allocation described below and if the proposed Settlement is finally approved by the Court; and you will be bound by the Judgment and release to be entered by the Court as described below.

2. If you timely and validly request exclusion from the Class pursuant to this Notice and you do nothing further: (a) you are excluded from the Class; (b) you are not entitled to share in the proceeds of the Settlement described herein; (c) you are not bound by any judgment entered in the Action; and (d) you are not precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Action.

3. If you do not make a valid and timely request in writing to be excluded from the Class, you will be bound by any and all determinations or judgments in the Action in connection with the Settlement entered into or approved by the Court, whether favorable or unfavorable to the Class, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons, whether or not you submit a valid Proof of Claim.

4. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons.

5. You may object to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and expenses in the manner described in Section XIX below.

6. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing and at your own expense, provided that such counsel must file an appearance on your behalf with the Court on or before February 17, 2016, and must serve copies of such appearance on the attorneys listed in Section XIX below. If you do not enter an appearance through counsel of your own choosing, you will be represented by Lead Counsel: Robbins Geller Rudman & Dowd LLP, Jonah H. Goldstein, 655 West Broadway, Suite 1900, San Diego, CA 92101.

### **XIII. PLAN OF ALLOCATION**

The Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution from the Net Settlement Fund pursuant to any Plan of Allocation or any order of the Court and who submit a valid and timely Proof of Claim under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have an overall net loss on all of your transactions in Bridgepoint common stock during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have conferred with their damages consultants and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered by Class Members had Lead Plaintiffs prevailed at trial.

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

A claim will be calculated as follows:

The allocation below for common stock is based on market adjusted price declines as well as the statutory Private Securities Litigation Reform Act of 1995 ("PSLRA") 90-day look-back amount.

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants.

1. For shares of Bridgepoint common stock ***purchased on or between May 3, 2011 through July 8, 2012***, the claim per share shall be as follows:

(a) If sold on or between May 3, 2011 through July 8, 2012, the claim per share shall be zero.

(b) If sold on or between July 9, 2012 through July 12, 2012, the claim per share shall be the lesser of: (i) the purchase price times the percent of inflation in Table A on the purchase date less the sales price times the percent of inflation in Table A on the sale date; and (ii) the difference between the purchase price and the sales price.

(c) If retained at the end of July 12, 2012 and sold before October 10, 2012, the claim per share shall be the least of: (i) the purchase price times the percent of inflation in Table A on the purchase date; (ii) the difference between the purchase price and the sales price; and (iii) the difference between the purchase price and the average closing price up to the date of sale as set forth in Table B below.<sup>1</sup>

(d) If retained at the end of October 10, 2012, or sold thereafter, the claim per share shall be the lesser of: (i) the purchase price times the percent of inflation in Table A on the purchase date; and (ii) the difference between the purchase price and \$10.12 per share.

2. For shares of Bridgepoint common stock ***purchased on or between July 9, 2012 through July 12, 2012***, the claim per share shall be as follows:

(a) If sold on or between July 9, 2012 through July 12, 2012, the claim per share shall be zero.

(b) If retained at the end of July 12, 2012 and sold before October 10, 2012, the claim per share shall be the least of: (i) the purchase price times the percent of inflation in Table A on the purchase date; (ii) the difference between the purchase price and the sales price; and (iii) the difference between the purchase price and the average closing price up to the date of sale as set forth in Table B below.

(c) If retained at the end of October 10, 2012, or sold thereafter, the claim per share shall be the lesser of: (i) the purchase price times the percent of inflation in Table A on the purchase date; and (ii) the difference between the purchase price and \$10.12 per share.

3. For shares of Bridgepoint common stock ***purchased on July 13, 2012***, the claim per share shall be zero.<sup>2</sup>

**TABLE A**

<b>Period Start Date</b>	<b>Period End Date</b>	<b>Inflation as Percent of Price</b>
3-May-11	8-Jul-12	50.1%
9-Jul-12	12-Jul-12	25.3%
13-Jul-12	thereafter	0.0%

<sup>1</sup> Pursuant to Section 21D(e)(1) of the PSLRA, "in any private action arising under this chapter in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." \$10.12 was the mean (average) daily closing trading price of Bridgepoint common stock during the 90-day period beginning on July 13, 2012 and ending on October 10, 2012.

<sup>2</sup> Although the Class Period includes July 13, 2012, persons who purchased Bridgepoint common stock on July 13, 2012 are not recovering under the Plan of Allocation because the corrective information that affected the market price on this date was released prior to the market opening on July 13, 2012. In other words, the price of Bridgepoint common stock was no longer inflated on July 13, 2012 and persons who purchased on that date suffered no damages under the federal securities laws.



**TABLE B**

<b>Date</b>	<b>Closing Price</b>	<b>Average Closing Price</b>		<b>Date</b>	<b>Closing Price</b>	<b>Average Closing Price</b>
13-Jul-12	\$9.77	\$9.77		28-Aug-12	\$9.72	\$9.71
16-Jul-12	\$9.84	\$9.81		29-Aug-12	\$9.74	\$9.71
17-Jul-12	\$9.65	\$9.75		30-Aug-12	\$9.77	\$9.71
18-Jul-12	\$9.47	\$9.68		31-Aug-12	\$9.86	\$9.72
19-Jul-12	\$9.23	\$9.59		4-Sep-12	\$9.56	\$9.71
20-Jul-12	\$9.01	\$9.50		5-Sep-12	\$10.32	\$9.73
23-Jul-12	\$8.93	\$9.41		6-Sep-12	\$10.81	\$9.76
24-Jul-12	\$8.66	\$9.32		7-Sep-12	\$10.89	\$9.78
25-Jul-12	\$8.58	\$9.24		10-Sep-12	\$10.93	\$9.81
26-Jul-12	\$8.40	\$9.15		11-Sep-12	\$11.38	\$9.85
27-Jul-12	\$8.41	\$9.09		12-Sep-12	\$11.00	\$9.88
30-Jul-12	\$8.43	\$9.03		13-Sep-12	\$10.72	\$9.90
31-Jul-12	\$9.10	\$9.04		14-Sep-12	\$11.26	\$9.93
1-Aug-12	\$9.35	\$9.06		17-Sep-12	\$11.22	\$9.95
2-Aug-12	\$9.42	\$9.08		18-Sep-12	\$11.64	\$9.99
3-Aug-12	\$9.44	\$9.11		19-Sep-12	\$11.78	\$10.03
6-Aug-12	\$10.01	\$9.16		20-Sep-12	\$11.04	\$10.05
7-Aug-12	\$10.58	\$9.24		21-Sep-12	\$10.96	\$10.07
8-Aug-12	\$10.98	\$9.33		24-Sep-12	\$10.72	\$10.08
9-Aug-12	\$10.91	\$9.41		25-Sep-12	\$10.06	\$10.08
10-Aug-12	\$10.77	\$9.47		26-Sep-12	\$10.24	\$10.08
13-Aug-12	\$10.07	\$9.50		27-Sep-12	\$10.20	\$10.08
14-Aug-12	\$9.80	\$9.51		28-Sep-12	\$10.15	\$10.09
15-Aug-12	\$10.07	\$9.54		1-Oct-12	\$10.20	\$10.09
16-Aug-12	\$10.36	\$9.57		2-Oct-12	\$10.20	\$10.09
17-Aug-12	\$10.45	\$9.60		3-Oct-12	\$9.80	\$10.08
20-Aug-12	\$10.29	\$9.63		4-Oct-12	\$10.21	\$10.09
21-Aug-12	\$10.40	\$9.66		5-Oct-12	\$10.33	\$10.09
22-Aug-12	\$10.10	\$9.67		8-Oct-12	\$10.57	\$10.10
23-Aug-12	\$10.46	\$9.70		9-Oct-12	\$10.57	\$10.11
24-Aug-12	\$9.99	\$9.71		10-Oct-12	\$10.72	\$10.12
27-Aug-12	\$9.78	\$9.71				

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

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

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if that Class Member had a net overall loss, after all profits from transactions in all Bridgepoint common stock described above during the Class Period are subtracted from all losses. However, the proceeds from sales of common stock that have been matched against the common stock held at the beginning of the Class Period will not be used in the calculation of such net loss. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

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

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

#### **XIV. PARTICIPATION IN THE SETTLEMENT**

**TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM.** A Proof of Claim is enclosed with this Notice or it may be downloaded at [www.bridgepointsecuritieslitigation.com](http://www.bridgepointsecuritieslitigation.com). Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail or submit it online so that it is **postmarked or received no later than April 27, 2016**. The claim form may be submitted online at [www.bridgepointsecuritieslitigation.com](http://www.bridgepointsecuritieslitigation.com). Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

#### **XV. EXCLUSION FROM THE CLASS**

You may request to be excluded from the Class. To do so, you must mail a written request stating that you wish to be excluded from the Class to:

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

The request for exclusion must state: (1) your name and address; and (2) all purchases and sales of Bridgepoint common stock made between May 3, 2011 and July 13, 2012, inclusive, including the dates and prices of each purchase or sale, and the amount of shares purchased or sold. **YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE FEBRUARY 17, 2016**. If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation and Agreement of Settlement or the Judgment.

#### **XVI. DISMISSAL AND RELEASES**

If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the "Judgment"). In addition, upon the Effective Date, Lead Plaintiffs and each of the Class Members, for themselves and for any other Person claiming (now or in the future) through or on behalf of them, and regardless of whether any such plaintiff or Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any distribution from the Settlement Fund, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Persons, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting any such Released Claim against the Released Persons except to enforce the releases and other terms and conditions contained in the Stipulation or the Judgment entered pursuant thereto.

#### **XVII. APPLICATION FOR FEES AND EXPENSES**

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys' fees of 25% of the Settlement Amount, plus expenses not to exceed \$600,000.00, plus interest thereon. In addition, the Lead Plaintiffs may each seek up to \$20,000.00 in expenses (including lost wages) they incurred in representing

the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

To date, Lead Counsel have not received any payment for their services in conducting this Action on behalf of the Lead Plaintiffs and the Class, nor have counsel been paid their expenses. The fee requested by Lead Counsel will compensate counsel for their efforts in achieving the Settlement for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. Lead Counsel believe that the fee requested is well within the range of fees awarded to plaintiffs' counsel under similar circumstances in other litigation of this type. The fee to be requested has been approved by the Lead Plaintiffs.

#### **XVIII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from the Judgment or to move to alter or amend the Judgment, or the determination of any such appeal or motion in a manner to permit the consummation of the Settlement substantially as provided for in the Stipulation. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of September 3, 2015. In that event, the Settlement will not proceed and no payments will be made to Class Members.

#### **XIX. THE RIGHT TO BE HEARD AT THE HEARING**

Any Class Member who objects to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys' fees and expenses, may appear and be heard at the Settlement Hearing. However, any such Person must submit a written notice of objection, such that it is **received** on or before **February 17, 2016**, by each of the following:

***To the Court:***

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
333 West Broadway, Suite 420  
San Diego, CA 92101

***To Lead Counsel:***

ROBBINS GELLER RUDMAN  
& DOWD LLP  
JONAH H. GOLDSTEIN  
655 West Broadway, Suite 1900  
San Diego, CA 92101

***To Counsel for Defendants:***

WILSON SONSINI GOODRICH  
& ROSATI  
Professional Corporation  
NINA F. LOCKER  
650 Page Mill Road  
Palo Alto, CA 94304

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of shares of Bridgepoint common stock purchased and sold during the Class Period and contain a statement of the reasons for objection. Only members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

**XX. SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

Nominees who purchased the common stock of Bridgepoint for the beneficial interest of other Persons during the Class Period shall, within ten (10) calendar days after receipt of this Notice: (1) provide the Claims Administrator with the names and addresses of such beneficial owners; or (2) forward a copy of this Notice and the Proof of Claim by First-Class Mail to each such beneficial owner and, provide Lead Counsel with written confirmation that the Notice and Proof of Claim have been so forwarded. Upon submission of appropriate documentation, Lead Counsel will reimburse your reasonable costs and expenses of complying with this provision. Additional copies of this Notice may be obtained from the Claims Administrator by writing to:

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

**XXI. EXAMINATION OF PAPERS**

This Notice contains only a summary of the terms of the proposed Settlement and does not describe all of the details of the Stipulation. For a more detailed statement of the matters involved in the Action, reference is made to the pleadings, to the Stipulation, and to other papers filed in the Action, which may be inspected at the office of the Clerk of the Court, United States District Court for the Southern District of California, 333 West Broadway, Suite 420, San Diego, CA 92101. In addition, certain settlement related documents, including the Stipulation of Settlement, may be viewed at [www.bridgepointsecuritieslitigation.com](http://www.bridgepointsecuritieslitigation.com).

If you have any questions about the settlement of the Action, you may contact Lead Counsel by writing to:

ROBBINS GELLER RUDMAN & DOWD LLP  
JONAH H. GOLDSTEIN  
655 West Broadway, Suite 1900  
San Diego, CA 92101

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

DATED: December 14, 2015

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA