

SETTLEMENT AGREEMENT

This Settlement Agreement (hereinafter, "Agreement") is made and entered into this 22 day of May, 2014, by and between Defendants JPMorgan Chase & Co. ("JPMorgan"), sued herein as JPMorgan Chase & Co. f/k/a Chase Financial, f/k/a Morgan Guaranty Trust Company of New York, f/k/a JPMorgan Chase, and J.P. Morgan Securities LLC, f/k/a Bear, Stearns & Co., Inc. ("Bear Stearns"), sued herein as JPMorgan Securities Inc., f/k/a Bear, Stearns & Co., Inc. (collectively, the "Defendants") and Plaintiff State of West Virginia, including its public and non-profit entities (collectively, the "Plaintiffs"). This Agreement is intended by the Plaintiffs and the Defendants (the "Settling Parties") to fully, finally and forever resolve, discharge and settle the Released Claims and to dismiss with prejudice all claims that were or could have been asserted against the Defendants and/or their Affiliates in the West Virginia Action (as defined below), upon and subject to the terms and conditions hereof.

RECITALS

WHEREAS, on September 3, 2009, Plaintiff State of West Virginia ("West Virginia") filed suit against Defendants and others in the Circuit Court of Mason County, West Virginia, which action was removed to the United States District Court for the Southern District of West Virginia, Huntington Division, on October 14, 2009 (the "West Virginia Action");

WHEREAS, Plaintiffs have alleged in the West Virginia Action, among other things, that (1) Defendants violated Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1, and the West Virginia Antitrust Act, W.Va. Code § 47-18-1, *et seq.*, by illegally rigging bids, limiting competition, and fixing prices in the alleged market for Municipal Derivatives Transactions in the United States and its territories; and (2) these acts caused Plaintiffs to incur significant monetary damages;

WHEREAS, the West Virginia Action was transferred to the United States District Court for the Southern District of New York and consolidated for pretrial proceedings with *In re Municipal Derivatives Antitrust Litigation*, MDL Docket No. 1950 (S.D.N.Y.) (VM) ("Consolidated Class Actions"), and all actions filed in or transferred to the U.S. District Court

for the Southern District of New York for coordination or consolidation with MDL No. 150, by order of the United States Judicial Panel on Multidistrict Litigation on February 2, 2010;

WHEREAS, Plaintiffs filed a First Amended Complaint on June 21, 2010 and a Second Amended Complaint in the West Virginia Action on August 8, 2013;

WHEREAS, in the Consolidated Class Actions Defendants previously entered a nationwide class action settlement with public and non-profit entities, including public and non-profit entities in West Virginia, resolving, among other things, the claims asserted in those actions that Defendants violated Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1, by illegally rigging bids, limiting competition, and fixing prices in the alleged market for Municipal Derivatives Transactions in the United States and its territories (the “JPMorgan Class Settlement”);

WHEREAS, the only West Virginia public and non-profit entities to opt-out of the JPMorgan Class Settlement were (1) the West Virginia Hospital Finance Authority, (2) the West Virginia Housing Development Fund, (3) the West Virginia Department of Highways, (4) the West Virginia Water Development Fund, and (5) the City of Charleston Sanitary Board;

WHEREAS, Defendants have denied and continue to deny: (1) each and all of the claims and allegations of wrongdoing made by Plaintiffs and maintain furthermore that they have meritorious defenses to the West Virginia Action; (2) 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 West Virginia Action, and Defendants vigorously contend that the factual allegations made in the West Virginia Action relating to them are materially inaccurate; and (3) the allegations that Plaintiffs were harmed by any conduct by Defendants alleged in the West Virginia Action or otherwise;

WHEREAS, Plaintiffs and Defendants agree that neither this Agreement nor any statement made in the negotiation thereof shall be deemed or construed to be an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by Defendants or of the truth of any of the claims or allegations alleged in the West Virginia Action;

WHEREAS, arm's length settlement negotiations have taken place between Defendants' and Plaintiffs' Counsel (as defined below), and this Agreement, which embodies all of the terms and conditions of the Settlement between Defendants and Plaintiffs, is intended to supersede any prior agreements between the Settling Parties;

WHEREAS, Plaintiffs have concluded, after due investigation and after carefully considering the relevant circumstances, including, without limitation, the claims asserted in the West Virginia Action in the Second Amended Complaint filed by West Virginia in MDL Docket No. 1950, the legal and factual defenses thereto, and the applicable law, that it would be in Plaintiffs' best interests to enter into this Agreement in order to avoid the uncertainties of litigation; and

WHEREAS, Defendants, despite believing that they are not liable for the claims Plaintiffs assert against them and that they have good and meritorious defenses thereto, have nevertheless agreed to enter into this Agreement to avoid further expense, inconvenience, and the distraction of burdensome and protracted litigation, and thereby to put to rest this controversy with respect to Plaintiffs and avoid the risks inherent in complex litigation.

AGREEMENT

NOW, THEREFORE, IT IS HEREBY AGREED by and between Plaintiffs and Defendants, by and through their counsel and attorneys of record, that the Released Claims and the West Virginia Action as against Defendants and/or their Affiliates shall be finally and fully settled, compromised and dismissed on the merits and with prejudice upon and subject to the terms and conditions of this Agreement, as follows.

A. Definitions

1. In addition to any definitions contained elsewhere in this Agreement, the following terms have the meanings specified below.

- (a) "Affiliates" means entities controlling, controlled by or under common control with the Defendants.
- (b) "Effective Date" means the date of the payment of the Settlement Amount.

- (c) “Execution Date” means the date on which this Agreement is executed by the last party to do so.
- (d) “Municipal Derivative Transactions” means any transactions that government, quasi-government, non-profit, private and other entities eligible to issue tax-exempt debt now use or have used at any time since January 1, 1992 to (i) invest the proceeds of tax-exempt debt offerings or (ii) hedge or manage the interest rate risk associated with such debt offerings. These investment vehicles include, but are not limited to, the following types of transactions: (a) guaranteed investment contracts, or “GICs”, both collateralized and uncollateralized; (b) forward purchase, forward supply and forward delivery agreements; (c) repurchase agreements; (d) certificates of deposit, or “CDs,” both collateralized and uncollateralized; (e) escrow agreements; (f) swaps; (g) options; (h) “swaptions”; (i) floors; (j) caps; (k) collars; and (l) any financial product encompassed by the description in Paragraphs 84-109 of the West Virginia Second Amended Complaint.
- (e) “Person(s)” means an individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government entity or any political subdivision or agency thereof, and any business or legal entity and any spouses, heirs, predecessors, successors, representatives or assignees of any of the foregoing.
- (f) As noted above, “Plaintiffs” means the State of West Virginia, including its public and non-profit entities, and all other entities on whose behalf the West Virginia Action was filed. For avoidance of doubt, those entities include but are not limited to the following: the West Virginia Hospital Finance Authority, the West Virginia Housing Development Fund, the West Virginia Department of Highways, the West Virginia Water Development Fund, and the City of Charleston Sanitary Board.

- (g) “Released Claims” means any and all manner of claims, demands, rights, actions, suits, counterclaims, cross-claims, set-offs, causes of action, fees, costs, penalties, fines, debts, expenses, attorneys’ fees, damages whenever incurred, and liabilities of any nature whatsoever (including joint and several), known or unknown (including, but not limited to “Unknown Claims”), suspected or unsuspected, asserted or unasserted, whether common law, equitable or statutory, which Releasers or any of them, whether directly, representatively, derivatively, or in any other capacity, ever had, now have or hereafter can, shall or may have, relating in any way to any conduct prior to the date of this Agreement and arising out of or related in any way to (1) the purchase of Municipal Derivative Transactions in the United States or its territories or for delivery in the United States or its territories during the period from January 1, 1992 to the present, or (ii) any conduct alleged in the West Virginia Action or that could have been alleged in the West Virginia Action against the Releasees by West Virginia and/or by any of the Plaintiffs or Releasers. The Released Claims include without limitation all claims based on any purported conspiracy, agreement, or combination between Defendants and/or their Affiliates and any other Person(s) (including, but not limited to, all claims under the Sherman Antitrust Act, West Virginia Antitrust Act, and any other federal or state statute or common law, or the law of any foreign jurisdiction).
- (h) “Releasees” means Defendants and their direct and indirect parents, subsidiaries, and Affiliates, and their respective present and former officers, directors, employees, managers, members, partners, agents, shareholders (in their capacity as shareholders), attorneys, and legal representatives, and the predecessors, successors, heirs, executors, administrators and assigns of each of the foregoing.
- (h) “Releasers” means the State of West Virginia, including its public and non-profit entities, and all other entities on whose behalf the West Virginia Action was filed on their own behalf and on behalf of their respective direct and indirect parents,

subsidiaries, divisions, groups, conduits for entering transactions, and affiliates, their present and former officers, directors, employees, agents, and legal representatives, and the predecessors, successors, heirs, executors, administrators and assigns of each of the foregoing. As used in this paragraph, “affiliates” means entities controlling, controlled by or under common control with a Releasor.

- (i) “Settlement” means the settlement of the Released Claims set forth herein.
- (j) “Settlement Amount” means an amount of 400,000 U.S. dollars (\$400,000) to be paid by Defendants for the settlement of the Released Claims.
- (k) “Unknown Claims” means any Released Claim that any Releasor does not know or suspect to exist in his, her or its favor at the time of the release of the Releasees that if known by him, her or it, might have affected his, her or its settlement with and release of the Releasees, or might have affected his, her or its decision not to object to this Settlement. Releasors may hereafter discover facts in addition to or different from those that any of them now know or believe to be true with respect to the subject matter of the Released Claims, but each Plaintiff shall expressly have, and upon the Effective Date, 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, that 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 that is negligent, reckless, 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. Plaintiffs acknowledge, and by operation of the Judgment shall have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

B. Settlement Terms

2. Payments made by Defendants. JPMorgan shall pay the Settlement Amount by wire transfer to the Berthold Law Firm, PLLC Trust account, as attorneys for West Virginia, within ten (10) business days after the Execution Date. Berthold Law Firm, PLLC shall hold the Settlement Payment in escrow until the Stipulation of Dismissal has been entered by the Court, at which time it may release the Settlement Amount to West Virginia. The Trust account is as follows:

Bank: SunTrust Bank, 300 Capitol Street, Charleston, WV

ABA Routing #061000104

Account Name: Berthold Law Firm, PLLC, Client Trust Account

Account #1000107352469

The Settlement Amount constitutes the total payment that Defendants are required to make in connection with this Settlement Agreement, and Defendants shall have no responsibility or liability for the disposition of the Settlement Amount once they have paid it as set forth above. Each party shall bear its own fees and costs.

3. Release and Covenant Not to Sue. Upon the Effective Date, the Releasors, and any other Person claiming (now or in the future) through or on behalf of them, fully, finally, and forever release, relinquish, and discharge all Released Claims against the Releasees and covenant not to sue any Releasee with respect to any such Released Claims.

4. Stipulation of Dismissal. Within three (3) business days of the receipt of the Settlement Amount by wire transfer as stated in Paragraph B.2 above, Plaintiffs shall file a stipulation of dismissal with prejudice, signed by the Settling Parties.

5. No Admission of Liability. The Settling Parties intend the Settlement as described herein to be a final and complete resolution of all disputes between them with respect to the West Virginia Action and to compromise claims that are contested, and it shall not be

deemed an admission by any Settling Party as to the merits of any claim or defense or any allegation made in the West Virginia Action.

Neither this Agreement nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, of any allegation made in the West Virginia Action, or of any wrongdoing or liability of Releasees; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault or omission of the Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Neither this Agreement nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the Settlement shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Releasees may file this Agreement and/or the Judgment in any action for any purpose, including, but not limited to, 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 other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

6. Voluntary Settlement. The Settling Parties agree that the Settlement Amount and the other terms of the Settlement as described herein were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.

7. Consent to Jurisdiction. The Settling Parties hereby irrevocably submit to the exclusive jurisdiction of the federal district court hearing this matter in the Southern District of New York only for the specific purpose of any suit, action, proceeding or dispute arising out of or relating to this Agreement or the applicability of this Agreement.

8. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

9. Authorization to Enter Settlement Agreement. The undersigned representatives of each of the Settling Parties represent that they are fully authorized to enter into and to execute this Agreement on behalf of Defendants and Plaintiffs.

10. Additional Documents. All parties agree to take such other and further actions as may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

11. No Conflict Intended. The headings used in this Agreement are intended for the convenience of the reader only and shall not affect the meaning or interpretation of this Agreement.

12. No Party Deemed to Be the Drafter. None of the parties hereto shall be deemed to be the drafter of this Agreement or any provision hereof for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof.

13. Choice of Law. This Agreement shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of New York, and the rights and obligations of the parties to this Agreement shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to that State's choice of law principles.

14. Amendment/Waiver. This Agreement shall not be modified in any respect except by a writing executed by all the parties hereto, and the waiver of any rights conferred hereunder shall be effective only if made by written instrument of the waiving party. The waiver by any party of any breach of this Agreement shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent or contemporaneous, of this Agreement.

15. Execution in Counterparts. This 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. Counsel for the parties to this Agreement shall exchange among themselves original signed counterparts.

16. **Integrated Agreement.** This Agreement constitutes the entire agreement between the Settling Parties and no representations, warranties or inducements have been made to any party concerning this Agreement other than the representations, warranties and covenants contained and memorialized herein.

17. **Confidentiality.** This Agreement will be a public document and will be submitted to the legislature and the Governor's office as required by West Virginia law. With respect to settlement negotiations, discussions, statements and other communications by the parties that preceded the formation of this Agreement, such communications shall be treated as confidential and shall not be disclosed to the public or to any non-party to this Agreement (other than to a regulator of Defendants), except as may be required by law or regulation. The Settling Parties agree that except for the disclosure required by West Virginia law, potential issuance of a press release by West Virginia, which will be provided to the Defendants prior to issuance, and any response thereto by Defendants, the parties will not otherwise publicize or comment on the allegations related to this matter. Nothing in this paragraph shall prohibit or prevent any party from disclosing this Agreement to tax or legal advisors or their employees or agents for purposes such as legal advice, accounting, and other internal matters, or to any persons as required by law or regulation.

IN WITNESS WHEREOF, the parties hereto, through their fully authorized representatives, have executed this Agreement as of the date first herein above written.

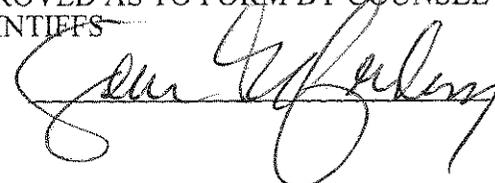
Dated: 5/6/14

PLAINTIFF State of West Virginia, including its public and non-profit entities

By: 
Dan Greear, Chief Counsel Attorney General

Dated: 5/6/14

APPROVED AS TO FORM BY COUNSEL FOR PLAINTIFFS

By: 

Settlement Agreement re: State of West Virginia municipal derivatives antitrust litigation

Dated: 5/22/2014

DEFENDANT JPMORGAN CHASE & CO.

By: Mage Schuyler

Dated: 5/22/2014

DEFENDANT J.P. MORGAN SECURITIES LLC,
F/K/A BEAR-STEARNES & CO., INC.

By: Paul N. Palmeri

Paul N. Palmeri
Managing Director

Dated: 5/22/2014

APPROVED AS TO FORM BY COUNSEL FOR
DEFENDANTS JPMORAN CHASE & CO. AND
J.P. MORGAN SECURITIES LLC, F/K/A BEAR
STEARNES & CO., INC.

By: Tom Rice