

**An Agreement Among
the Attorneys General of the States and Commonwealths of Alabama,
Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas,
Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York,
North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin
and
GE Funding Capital Market Services, Inc.
dated December 23, 2011**

This Settlement Agreement is made and entered into this 23 day of December 2011 (hereinafter, "Effective Date"), by and between the Attorneys General of the States and Commonwealths of Alabama, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin (hereinafter, "Attorneys General") and GE Funding Capital Market Services, Inc. (hereinafter, referred to as "GEFCMS" as defined hereinafter).

WHEREAS, the Attorneys General have been conducting an investigation of violations of state and federal antitrust laws, state consumer protection laws and false claims statutes in the marketing, sale and placement of municipal bond derivatives (the "Attorneys General's Investigation");

WHEREAS, the Attorneys General are prepared to make the following allegations based upon the Attorneys General's Investigation ("Allegations"), which allegations GEFCMS neither admits nor denies:

ALLEGATIONS

The Market for Tax-Exempt Securities

1. The market for bonds issued by governmental, quasi-governmental and not-for-profit entities in the United States ("Municipal Bonds") is very large with approximately \$400 billion in new tax exempt bonds issued each year and a total market value of almost \$2.8 trillion in outstanding tax exempt bonds.
2. Municipal Bonds represent an important source of funds for many governmental, quasi-governmental and not-for-profit entities ("Issuers").
3. Municipal Bonds are used by state agencies, municipalities, towns and other qualified Issuers to finance a variety of projects such as mass transit, repair of streets and roads, and construction of buildings, low-income housing, schools and power plants as well as to satisfy ongoing cash flow and debt service requirements.
4. While the proceeds from the issuance of Municipal Bonds are usually earmarked for specific purposes, the monies often are not required to be spent immediately. For instance, if the bond was issued to fund the construction of a stadium, the Issuer may only have an immediate

need for a portion of the proceeds raised through the bond offering. The remainder is typically placed in an account that can be drawn upon as construction-related expenses are incurred. In such cases, the Issuer may seek a safe interest-bearing investment to earn interest on the funds until they are ready to use.

5. Investment agreements used to invest the proceeds from a Municipal Bond issue include forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured (“collateralized”) and unsecured guaranteed investment contracts (collectively, “Municipal Reinvestment Products”). GEFCMS marketed and sold only guaranteed investment contracts (“Guaranteed Investment Contracts”) to Issuers.

6. Issuers typically purchase Guaranteed Investment Contracts from “providers” that are most often large financial institutions such as commercial or investment banks, insurance companies or other financial service companies. GEFCMS was a provider.

The Safe Harbor Regulations

7. Tax arbitrage is an investment strategy that takes advantage of tax rate differences among assets. In the context of the Municipal Bond market, such a strategy may be accomplished by using low-cost tax-exempt bonds to finance the purchase of higher-yielding Guaranteed Investment Contracts and certain other instruments. In order to prevent tax arbitrage (the ability of the issuer to profit from the investment of tax-exempt proceeds), the United States Department of the Treasury has promulgated regulations that restrict the yield on certain types of investments. Should the Issuer’s return on the investments exceed the interest paid by the Issuer on the Municipal Bonds, the federal regulations in some cases may require the Issuer to rebate the earnings to the government.

8. To avoid running afoul of the federal regulations, the yield on an investment such as a guaranteed investment contract must be based on a purchase price that does not exceed the yield permitted by the regulations.

9. With respect to Guaranteed Investment Contracts, the transaction will fall within the safe harbor regulations and the price will be treated as fair market value if the bid specifications include, *inter alia*:

- a. All material terms of the bid, including all terms that may directly or indirectly affect the yield; and
- b. A statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other providers about the bid, that the bid was determined without regard to any agreement, and that the bid was not a “courtesy bid” (a bid submitted solely as a courtesy to the issuer, or any other person, for purposes of satisfying the regulations).

10. In addition, in order to fall within the safe harbor regulations, the bidding process for Guaranteed Investment Contracts must also satisfy the following conditions:

- a. “All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (i.e., a last look) before providing a bid;” Treas. Reg. 1.148-5(d)(6)(iii)(A)(6).
- b. At least three (3) “reasonably competitive providers” were solicited; and
- c. At least three (3) written bids from disinterested providers were obtained.

11. In order for an Issuer to meet the fair market value “safe harbor” requirements, Guaranteed Investment Contracts are typically handled through a competitive bidding process that is conducted by a broker retained by the Issuer or the Issuer’s agent.

12. In addition to its responsibilities for conducting the bidding on a Guaranteed Investment Contract, at the conclusion of the bidding and prior to the award of the Guaranteed Investment Contract, the broker must certify to the Issuer, in writing, that it has complied with a number of requirements, principal among them being:

- At least three (3) disinterested bidders with an established industry reputation as “reasonably competitive providers” of the types of investment agreements being purchased were solicited for bids;
- All potential bidders had “an equal opportunity to bid”; and
- At least one of the three bids was obtained from a “reasonably competitive provider.”

GEFCMS Platforms Trading Desk

13. The municipal reinvestment business of GEFCMS consisted of three platforms that provided Guaranteed Investment Contracts: GE Funding Capital Market Services, Inc. (f/k/a FGIC Capital Market Services, Inc.) and two affiliates - Trinity Funding Company, LLC and Trinity Plus Funding Company, LLC (together “GEFCMS Platforms” or individually “GEFCMS Platform”). The GEFCMS Platforms were created in the early-to-mid 1990s.

14. The GEFCMS Platforms personnel included, among others, traders who bid for Guaranteed Investment Contracts that were subsequently placed with a GEFCMS Platform.

GEFCMS’s Illegal Conduct

15. The Guaranteed Investment Contract industry is a relationship-driven business. Access to these transactions is largely controlled by brokers, who decide which providers to solicit for a particular competitively bid transaction. Simply put, not every provider gets an opportunity to “see” and bid on a transaction. Therefore, a trader has reasons to gain favor with the brokers who act as gatekeepers over the ultimate selection of a provider.

16. The broker/trader relationship can contribute to a smooth, efficient and ultimately competitive market for Guaranteed Investment Contracts, ensuring that the Issuer enters into an appropriate investment and obtains a competitive rate. But this relationship also enabled certain

providers, brokers and traders to put their interests ahead of those of the issuers of Municipal Bonds.

17. Certain traders affiliated with the GEFCMS Platforms (“Traders”) engaged in a variety of illegal activities on certain transactions during the period 1999 through 2005. The individuals who were engaged in those activities are no longer affiliated with GEFCMS or the GEFCMS Platforms, and the GEFCMS Platforms stopped bidding on Guaranteed Investment Contracts entirely in 2010. Sometimes the Traders’ activities involved a broker orchestrating bids for a Guaranteed Investment Contract, including courtesy or other purposely non-winning bids, to create the appearance of competition. On occasion, certain Traders communicated with traders of other providers and discussed certain terms of a particular transaction. In other instances, despite the broker’s and winning provider’s certification to the Issuer that no bidder had reviewed a competitor’s bid, submitted a courtesy bid, or received a “last look,” that was precisely what had occurred.

18. The GEFCMS Platforms became involved in these transactions through one or more of the Traders and, in certain transactions, reduced the amount of interest the GEFCMS Platforms otherwise would have paid to issuers, resulting in a financial gain to the GEFCMS Platforms. Certain of the Traders’ unlawful activities caused certain Issuers throughout the country to receive less favorable terms on Guaranteed Investment Contracts that were the subject of those activities than they would have received otherwise.

19. By and large the aforementioned conduct was directed by several powerful Guaranteed Investment Contract brokers and carried out with the assistance of a number of individuals employed by participating providers.

20. The conduct involving the Traders, which occurred on certain transactions, differed from transaction to transaction. For certain transactions, brokers might decide in advance the provider it determined should win the bid.

21. For other transactions that the Traders sought to win, the broker might inform the Trader of the other providers’ bids so that the Trader could adjust his own bid to ensure he was the successful bidder. Certain Traders understood that sometimes the broker would preordain that the Trader would be the winning bidder. All of this conduct, however, was obscured from the Issuer, who believed that its broker was obtaining competitive bids.

22. Sometimes, brokers provided Traders with confidential information on competitors’ bids. This “last look” opportunity enabled the Traders to be less aggressive with their bidding on a given transaction and hence, change their bids just enough to win rather than provide the Issuer with what it expected through a competitive bidding process — the best terms available on the market. In some cases, the “last look” enabled a GEFCMS Platform to win a deal it might otherwise have lost.

23. At times, these illegal activities to manipulate and steer business to the GEFCMS Platforms for Guaranteed Investment Contracts were further concealed from the Issuer by means of the false representations that both the broker and Traders (as well as the other participating

providers) made on the respective certifications mandated by the federal safe harbor regulations (respectively, the "Certificate of Bidding Agent" and the "Bid Form") and attested to by the broker and Traders. Moreover, the Certificate of Bidding Agent expressly stated that the Issuer could rely on the representations made in the certificate.

Traders Facilitated Undisclosed Payments to Brokers

24. In addition to the disclosed fees brokers received for their role in competitive Guaranteed Investment Contract transactions, on some occasions, the Traders facilitated undisclosed payments to certain brokers.

25. Beginning in February 2000 and lasting until mid-2004, in connection with a limited number of transactions, the Traders facilitated undisclosed payments to certain Guaranteed Investment Contract brokers that were identified as "swap fees" for inter-dealer or "back-to-back" swaps -- i.e. swaps with another swap counterparty that did not require the services of a broker.

WHEREAS, based on this information, the Attorneys General are prepared to allege that, with respect to certain Guaranteed Investment Contracts, Traders and brokers engaged in conduct that allowed the broker to pre-determine which provider would win a bid by providing "last looks" and arranging to have providers submit courtesy bids and purposely non-winning bids and engaged in other deceptive, unfair or fraudulent conduct, including misrepresenting or omitting material facts, that deprived Issuers of Municipal Bonds of the benefits of fair competition among the Providers of Guaranteed Investment Contracts;

WHEREAS, GEFCMS has reached a resolution with the Securities and Exchange Commission ("SEC Resolution"), whereby GEFCMS has agreed, without admitting or denying any wrongdoing, to pay certain Guaranteed Investment Contracts Counterparties identified by the SEC as being entitled to payment as a result of conduct by GEFCMS alleged in the SEC Resolution to have violated Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q;

WHEREAS, GEFCMS has entered into an agreement with the Internal Revenue Service ("IRS") pursuant to which GEFCMS shall make payments to the IRS that satisfy any outstanding liability to the IRS that Eligible Counterparties and Additional Eligible Counterparties may have as a result of any of GEFCMS's activities in connection with the Guaranteed Investment Contracts that are the subject of this Settlement Agreement;

WHEREAS, GEFCMS, without admitting or denying any of the allegations contained herein, is entering into this Settlement Agreement prior to any court making any findings of fact or conclusions of law relating to the Allegations of the Attorneys General;

WHEREAS, GEFCMS has cooperated fully with the Attorneys General's Investigation of Municipal Bond Derivatives, has given substantial assistance to the Attorneys General's Investigation and has agreed to provide appropriate relief for the harm caused;

WHEREAS, pursuant to this Settlement Agreement, without admitting or denying liability, GEFCMS agrees to offer to make payments to certain Eligible Counterparties and Additional

Eligible Counterparties and to pay the Civil Penalty and Additional Payment to resolve all claims and potential claims against it;

WHEREAS, GEFCMS has agreed to continue to cooperate fully with the ongoing Attorneys General's Investigation; and

WHEREAS, the Attorneys General find that the relief and other provisions contained in this Settlement Agreement are appropriate and in the public interest.

NOW THEREFORE, in exchange for the mutual obligations described below, GEFCMS and the Attorneys General hereby enter into this Settlement Agreement, and agree as follows:

DEFINITIONS

- A. "Attorneys General" shall mean the Attorneys General of Alabama, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin. Attorneys General as used in this Settlement Agreement shall include "Participating Attorneys General" as defined below.
- B. "Participating Attorneys General" shall mean any Attorney General who elects to participate in this Settlement Agreement by completing the form attached hereto as Exhibit 2 pursuant to Paragraph 37 below.
- C. "Municipal Bond Derivatives" shall mean: (i) contracts involving the reinvestment of the proceeds of tax-exempt bond issues and Qualified Zone Academy Bonds, or bonds issued by or on behalf of any governmental or quasi-governmental or non-profit entity in the United States, including but not limited to, states, cities, towns, counties, villages, parishes, school districts, clubs or various economic development, redevelopment, financing, lottery, parking, housing, educational, medical, religious, public safety, building, water, sewer, hospital, transportation, public works, waste management, environmental, port, park, airport, telecommunications and power authorities, corporation or boards, including but not limited to forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured and unsecured guaranteed investment contracts ("Guaranteed Investment Contracts"); and (ii) related transactions involving the management or transfer of the interest rate risk associated with the bonds or bond issues described above, including, but not limited to, swaps, options, swaptions, caps, collars and floors. Notwithstanding the foregoing, Municipal Bond Derivatives do not include: (i) contracts to underwrite the issuance of Municipal Bonds; (ii) credit default products, such as credit default swaps and credit default options; (iii) auction-rate securities; (iv) inter-dealer swaps; and (v) swaps, or other agreements between Providers to hedge, manage or otherwise share or transfer their risk on Municipal Bond Derivatives except to the extent used to facilitate any improper undisclosed payments to brokers or the rigging of bids for the reinvestment or management of bond proceeds.

- D. "Covered Derivatives" are Guaranteed Investment Contracts that meet the criteria set forth in Attachment A.
- E. "Municipal Bond Derivatives Counterparties" shall mean the entities that entered into one or more Municipal Bond Derivatives, but shall not include Providers, Brokers, other financial institutions or any for-profit entities.
- F. "Eligible Counterparties" shall mean Municipal Bond Derivatives Counterparties that entered into one or more Covered Derivatives with the GEFCMS Platforms.
- G. "Additional Eligible Counterparties" shall mean Eligible Counterparties identified within ninety (90) days after the date the notice is sent to Eligible Counterparties.
- H. "Participating Counterparties" shall mean Eligible Counterparties or Additional Eligible Counterparties that submit timely and complete claims pursuant to this Settlement Agreement.
- I. "Provider(s)" shall mean banks, insurance companies, other financial institutions and any other persons or entities that engage in or offer to engage in the business of buying, selling or entering into Municipal Bond Derivatives with Municipal Bond Derivatives Counterparties.
- J. "Broker(s)" shall mean persons, corporations, firms, partnerships and other entities that act on behalf of or assist the Municipal Bond Derivatives Counterparties in developing requests for bids or proposals, in soliciting bids or proposals and/or in evaluating bids or proposals for Municipal Bond Derivatives. For purposes of this Settlement Agreement, Broker(s) shall also include persons, corporations, firms, partnerships and other entities that advise Municipal Bond Derivatives Counterparties or prospective Municipal Bond Derivatives Counterparties.
- K. "Relevant Conduct" shall mean GEFCMS Parties engaging in any of the following conduct from January 1, 1998 through December 31, 2006, whether by itself or in concert with other Providers or Brokers: (i) rigging bids or fixing the prices or other terms and conditions of any Municipal Bond Derivatives; (ii) agreeing not to bid for any Municipal Bond Derivatives; (iii) engaging in any other anticompetitive conduct relating to the marketing, sale, placement, modification or termination of any Municipal Bond Derivatives; and (iv) engaging in any deceptive, unfair or fraudulent conduct relating to Municipal Bond Derivatives that is described in Paragraphs 1 - 28 of this Agreement (Allegations).
- L. "GEFCMS Parties" shall mean GE Funding Capital Market Services, Inc., Trinity Plus Funding Company, LLC and Trinity Funding Company, LLC and the parents, subsidiaries, divisions, groups, affiliates and partnerships of each of the foregoing. For purposes of this paragraph, "affiliates" shall mean entities that are currently or were formerly controlling, controlled by or under common control with GEFCMS.
- M. "GEFCMS Platforms" shall mean GE Funding Capital Market Services, Inc. (f/k/a FGIC Capital Services, Inc.) and two indirect subsidiaries - Trinity Funding Company, LLC

and Trinity Plus Funding Company, LLC (together “GEFCMS Platforms” or individually “GEFCMS Platform”).

PARTIES

1. GEFCMS shall mean GE Funding Capital Market Services, Inc., a corporation existing and organized under the laws of the State of Delaware, with its headquarters in Stamford, Connecticut, and, its predecessors, successors and assigns and its subsidiaries, divisions, groups, and partnerships.
2. The Attorneys General and the Participating Attorneys General are the chief law enforcement officers of their respective states and are responsible for enforcing certain laws relating to the Relevant Conduct.

SETTLEMENT PAYMENTS

3. GEFCMS shall pay a total of \$34,250,000 in consideration of its settlement with the Attorneys General. GEFCMS’s payment consists of the following:
 - a. \$30,000,000 as payment to Eligible Counterparties to be paid into an escrow fund in accordance with Paragraph 4 below; and
 - b. \$3,000,000 as an Additional Payment to be paid in accordance with Paragraphs 18 and 19 below; and
 - c. \$1,250,000 as a Civil Penalty to be paid in accordance with Paragraph 20 below.
4. GEFCMS shall pay \$30,000,000 into an escrow fund (“Fund”) in accordance with the Attorneys General’s instructions within thirty (30) business days of the effective date of this Settlement Agreement. The monies in the Fund and all interest earned thereon shall be used to make payments to Participating Counterparties. Any interest earned by this Fund shall remain in the Fund and be available for payments made from the Fund in accordance with this Settlement Agreement. No portion of the Fund shall be considered a fine or a penalty.
5. The remainder of the amount paid by GEFCMS pursuant to Paragraphs 3(b) and (c) shall comprise the Additional Payment described in Paragraphs 18 and 19 below and the Civil Penalty described in Paragraph 20 below and shall be paid into separate account(s) pursuant to the Attorneys General’s instructions.
6. It is acknowledged by GEFCMS and the Attorneys General that the identification of Eligible Counterparties who entered into Guaranteed Investment Contracts with the GEFCMS Platforms during the relevant time period, as defined in Attachment A, was determined by the Attorneys General based on the Attorneys General’s Investigation and information provided by GEFCMS. If, within 90 days of notice to Eligible Counterparties, it is determined by the Attorneys General, after consultation with the claims administrator, that there are additional Eligible Counterparties that could not be identified due to errors or omissions in the information provided by GEFCMS, then such additional entities shall also be eligible to receive payment from the Fund.

7. GEFCMS warrants that, as of the Effective Date of this Settlement Agreement, the GEFCMS Platforms are not insolvent, nor shall payment(s) into the Fund or payment of the Additional Payment or Civil Penalty render the GEFCMS Platforms insolvent within the meaning of and/or for purposes of the United States Bankruptcy Code. If a case is commenced against the GEFCMS Platforms under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law and, in the event of a final order by a court of competent jurisdiction determining that payments made pursuant to this Settlement Agreement, and/or any accrued interest or any portion thereof constitute a preference, voidable transfer, fraudulent transfer or other similar transaction, and if, pursuant to such order, payments are not made pursuant to this Settlement Agreement or such payments are returned to the GEFCMS Platforms, or the trustee, receiver or conservator appointed by a court in any proceedings relating to the GEFCMS Platforms, then this Settlement Agreement shall be terminated and cancelled.

8. An escrow agent, which shall not be GEFCMS or an alleged participant in the Relevant Conduct as identified by the Attorneys General, shall be selected by GEFCMS within thirty (30) days of the Effective Date of this Settlement Agreement; however, the Attorneys General or their designated representative shall approve, in advance of engagement, the selection of the escrow agent and the terms of the escrow agent's contract. Any amendment of the contract must also be approved by the Attorneys General or their designated representative. GEFCMS and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by the Attorneys General or their designated representative to the proposed escrow agent or the contract terms. Notwithstanding the foregoing, any decision by the Attorneys General to disapprove a proposed escrow agent and/or the contract shall be final. The contract should contain provisions substantially similar to those set forth below. The escrow agent shall invest the cash in the Fund in obligations of or obligations guaranteed by the United States of America or any of its departments or agencies, to obtain the highest available return on investment consistent with the preservation of principal, and shall reinvest the proceeds of these instruments as they mature into similar instruments at their then-current market rates. By selecting the escrow agent, GEFCMS makes no representations or warranties about the escrow agent, and neither the Attorneys General nor GEFCMS shall bear any risk or liability related to the investment of the Fund. The escrow agent shall be liable for any loss caused by its (or its agents) own willful misconduct, including theft or embezzlement, or gross negligence. The escrow agent shall not be liable for any loss resulting from its good faith reliance on instructions from the claims administrator described herein which have been countersigned by an authorized individual on behalf of GEFCMS and the Attorneys General. Notwithstanding the foregoing, the escrow agent shall use all reasonable efforts to correct any mistakes if the same should occur, including but not limited to a Federal Reserve wire recall process for funds wired to an incorrect beneficiary, a stop-payment on a check if the item is not presented for payment at that time and holding the account balance so that only known and acceptable transactions take place. Any instructions from GEFCMS relating to the administration of or disbursement from the Fund to Participating Counterparties must be countersigned by the Attorneys General or their designated representative. The escrow agent shall provide copies of monthly statements to the Attorneys General or their designated representative and GEFCMS. The escrow agent shall disburse the fund in a manner consistent with this Settlement Agreement and consistent with the instructions of the claims administrator. The costs of the escrow agent and the costs of administering the

Fund (including the preparation of any tax returns) shall be the sole responsibility of GEFCMS and shall not be paid from the proceeds of the Fund.

9. The Fund shall be treated as being at all times a qualified settlement fund within the meaning of Treas. Reg. 1.468B-1. The escrow agent and, as required, the parties shall timely make 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 elections shall be made in compliance with the procedures and requirements contained in such regulation. It shall be the responsibility of the escrow agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur. The escrow agent shall be the "administrator" (as defined in Treas. Reg. 1.468B-2(k)(3)) of the Fund, and shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Fund. The expenses of tax preparation and tax filing shall be borne by GEFCMS. Taxes shall be timely paid by the escrow agent out of the Fund. The escrow agent shall be obligated to withhold from distribution out of the Fund any amounts necessary to pay such tax liabilities (as well as any amounts that may be required to be withheld under Treas. Reg. 1.468B-2(1) (2)).

10. A claims administrator shall be employed to provide notice and distribute and/or administer the distribution of the Fund in accordance with the terms of this Settlement Agreement. GEFCMS shall select the claims administrator; however, the Attorneys General or their designated representative shall approve, in advance of engagement, the selection of the claims administrator and the terms of the administrator's contract. Any amendment of the contract must also be approved by the Attorneys General or their designated representative; however, GEFCMS and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by the Attorneys General or the designated representative to the claims administrator or the contract terms; notwithstanding the foregoing, any decision by the Attorneys General to disapprove a proposed claims administrator and/or the contract shall be final. The contract with the claims administrator shall expressly provide that: (i) the claims administrator shall provide interim reports to GEFCMS and the Attorneys General, no less than every thirty (30) days or as otherwise requested by the Attorneys General or GEFCMS, that shall include an itemization of all payments made from the Fund or the Residue (as defined in Paragraph 14 below); (ii) the claims administrator shall prepare draft notices to Eligible Counterparties and Additional Eligible Counterparties, which shall include a notice letter, an election to participate and release form and a "question and answer" pamphlet ("Notice Packet"); (iii) the Notice Packet shall be mailed to Eligible Counterparties and Additional Eligible Counterparties by first-class mail, postage pre-paid and by electronic delivery if addresses are available; (iv) the claims administrator shall maintain a settlement website (which shall not be identified with GEFCMS) and shall provide a method by which Eligible Counterparties and Additional Eligible Counterparties may call with questions about the settlement; (v) the Notice Packet and any other written communication with any Eligible Counterparty, Additional Eligible Counterparty or Participating Counterparty, including the letter that will accompany the mailing of payments to Participating Counterparties from the Fund, shall be approved in advance by the Attorneys General or their designated representative after consultation with GEFCMS; (vi) instructions to the claims administrator regarding notices and distribution of the Fund to Participating Counterparties shall be countersigned by the Attorneys General or their designated representative; and (vii) any questions regarding the distribution to the Participating

Counterparties that cannot be answered by the claims administrator shall be directed to the Attorneys General or their designated representative(s). The Attorneys General agree that the Notice Packet (and all components thereof) shall conform to the text of the Notice Packet issued in connection with the Attorneys General's settlement with Bank of America, dated December 7, 2010, insofar as the substantive provisions of the Bank of America settlement and this Settlement are similar. By selecting the claims administrator, GEFCMS makes no representations or warranties about the claims administrator. The claims administrator shall bear all risks related to the administration of and/or distribution of the Fund. Neither the Attorneys General nor GEFCMS bear any risk or liability related to the administration and/or distribution of the Fund, or the actions or inaction of the claims administrator. The costs of administering the distribution of the Fund (including all notices) shall be the sole responsibility of GEFCMS and shall not be paid from the Fund.

11. Payments from the Fund shall be made to Participating Counterparties, pursuant to a formula developed by the Attorneys General in consultation with GEFCMS. To the extent a Participating Counterparty has or will receive a payment through the SEC Resolutions with GEFCMS for the same transaction or transactions, such payment amount will be subtracted from any payments to be made from the Fund. Notwithstanding the foregoing, the Attorneys General shall have the right to adopt a formula they deem appropriate for payments from the Fund.

12. In order to ensure that payments are made to the Participating Counterparties on a timely basis, GEFCMS and the Attorneys General will work in good faith to complete their respective duties and tasks as set forth in Attachment B within the time specified therein.

13. To receive a payment from the Fund, Eligible Counterparties and Additional Eligible Counterparties must submit a timely election to participate, accompanied by a signed release in the form attached hereto as Exhibit 1, in accordance with the instructions set forth in the Notice Packet. In the event that any Eligible Counterparty or Additional Eligible Counterparty elects not to participate or otherwise does not respond ("Non-Participating Counterparty"), this settlement shall have no effect on any claims or causes of action for damages, disgorgement or restitution that such Non-Participating Counterparty may have against GEFCMS for the Relevant Conduct.

14. In the event that any of the principal of GEFCMS's \$30,000,000 payment (i.e. not including accrued interest) remains in the Fund after all payments have been made to Participating Counterparties pursuant to Attachment B ("the Residue"), GEFCMS, upon ten (10) days notice to the Attorneys General, may instruct the claims administrator to use any of the Residue to satisfy any pending or other claims asserted by Municipal Bond Derivatives Counterparties relating to the Relevant Conduct by disbursing such money from the Fund specifically for such use; *provided, however*, that the Residue shall be used solely for payment of other claims asserted by Municipal Bond Derivatives Counterparties related to the Relevant Conduct.

15. Notwithstanding anything in this Settlement Agreement to the contrary: (i) GEFCMS is specifically prohibited from using any of the Fund or Residue for payment of attorneys' fees; (ii) in no event shall any distribution to any non-Participating Counterparty from the Fund or the Residue exceed the amount the non-Participating Counterparty would have received if it

had elected to be a Participating Counterparty under this Settlement Agreement;¹ (iii) any of the Fund or Residue remaining in the Fund as of the date the last case that is or was part of MDL No. 1950, Master Docket No. 08-02516 (*In re Municipal Derivatives Antitrust Litigation*) is dismissed with prejudice as to GEFCMS and the time for appeal has expired shall be paid to a multi-state fund for additional disbursement to Participating Counterparties, for the antitrust training of deputy and assistant Attorneys General, or otherwise directed by the Attorneys General; and (iv) under no circumstances shall any of the monies in the Fund or Residue, at any time, be returned to GEFCMS.

16. The claims administrator and the escrow agent shall provide GEFCMS and the Attorneys General or their designated representatives with a final report accounting for all amounts paid to Participating Counterparties from the Fund and to whom such payments were made. In addition, the claims administrator and escrow agent shall maintain and provide GEFCMS and the Attorneys General or their designated representatives with reports accounting for payments made to all other Municipal Bond Derivative Counterparties (other than the Participating Counterparties) pursuant to Paragraphs 14 and 15 above. Such reports shall be provided monthly or as otherwise requested by GEFCMS or the Attorneys General. Upon request, the claims administrator and escrow agent shall make available for inspection by the Attorneys General or their designated representatives all records relating to such payments.

17. In no event shall any money in the Fund be used to pay attorney's fees, including attorneys' fees incurred in satisfying payment pursuant to pending or other claims asserted by Municipal Bond Derivatives Counterparties relating to the Relevant Conduct, or any costs or expenses associated with the establishment or administration of the Fund, including but not limited to the costs of identifying Eligible Counterparties, providing notices, calculating payments, issuing checks and preparing any accounting, return(s) or other reports.

ADDITIONAL PAYMENT

18. Within thirty (30) business days of the Effective Date of this Settlement Agreement, GEFCMS shall pay or cause to be paid, by wire transfer, certified check or other guaranteed funds, pursuant to the instructions of the Attorneys General, the sum of \$3,000,000 (the "Additional Payment").

19. The Additional Payment shall be apportioned and used for any one or more of the following purposes, as the Attorneys General, in their sole discretion, see fit: (a) payment of attorneys' fees and expenses; (b) antitrust or consumer protection law enforcement; (c) to cover additional expenses relating to the ongoing Attorneys General's Investigation and any related litigation; (d) for deposit into a state antitrust or consumer protection account (e.g., revolving account, trust account), for use in accordance with the state laws governing that account; (e) for deposit into a fund exclusively dedicated to assisting state attorneys general defray the costs of experts, economists and consultants in multistate antitrust investigations and litigation; or (f) for such other purpose as the Attorneys General deem appropriate, consistent with the various states' laws.

¹ For the avoidance of doubt, paragraph 15(ii) shall have no effect on any distribution to any Municipal Bond Derivatives Counterparty that did not enter into a Covered Derivative.

CIVIL PENALTY

20. Within thirty (30) business days of the Effective Date of this Settlement Agreement, GEFCMS shall pay or cause to be paid, by wire transfer, certified check or other guaranteed funds, pursuant to the instructions of the Attorneys General, the sum of \$1,250,000 as a civil penalty.

PROHIBITED CONDUCT

21. The GEFCMS Platforms, their directors, officers, managers, agents, and employees shall not, directly or indirectly, maintain, solicit, suggest, advocate, discuss or carry out any unlawful combination, conspiracy, agreement, understanding, plan or program with any actual or potential competitor, financial advisor, swap advisor, bidding agent or broker to: (a) submit courtesy, cover or otherwise non-competitive bids for Guaranteed Investment Contracts; (b) refrain from bidding on or negotiating for Guaranteed Investment Contracts; (c) coordinate the preparation, submission, content, price and other terms of Guaranteed Investment Contracts; or (d) engage in the Relevant Conduct as defined above.

22. The GEFCMS Platforms, their directors, officers, managers, agents, and employees shall not, in conjunction with the marketing, sale or placement of Guaranteed Investment Contracts make material misrepresentations or omit material facts to potential counterparties, their agents, brokers or advisors.

BUSINESS REFORMS

23. Within (90) days of the Effective Date of this Settlement Agreement, GEFCMS shall provide the Attorneys General with a copy of its current Spirit and Letter Compliance Policy.

COOPERATION WITH THE ATTORNEYS GENERAL'S INVESTIGATION

24. Until the date upon which the Attorneys General's Investigation is concluded, GEFCMS agrees to continue to provide full, complete and prompt cooperation with the ongoing Attorneys General's Investigation, and related proceedings and actions, against any other person, corporation or entity, including but not limited to GEFCMS's former employees. GEFCMS agrees to use its best efforts to secure the full and truthful cooperation of its current officers, directors, employees and agents with the ongoing Attorneys General's Investigation and related proceedings and actions.

25. Cooperation shall include, but not be limited to: (a) producing, voluntarily, without service of subpoena, to the extent permitted by law or regulation, all information, documents or other tangible evidence reasonably requested by the Attorneys General that relates to the Attorneys General's Investigation, subject to the right to withhold information on grounds of privilege, work product or other legal doctrine; (b) preparing, without service of subpoena, to the extent permitted by law or regulation, any compilations or summaries of information or data that the Attorneys General reasonably request that relate to the Attorneys General's Investigation; and (c) if requested by the Attorneys General, working to ensure that GEFCMS's current officers, directors, and agents attend, on reasonable notice, any proceedings (including but not limited to meetings, interviews, hearings, depositions, grand jury proceedings and trial) and,

subject to the right to withhold information on grounds of privilege, work product or other legal doctrine, to answer completely, candidly and truthfully any and all inquiries relating to the subject matter of the Attorneys General's Investigation that may be put to such persons by the Attorneys General (or any of them, their deputies, assistants or agents), without the necessity of a subpoena.

26. In the event any GEFCMS document or information in GEFCMS's possession is withheld or redacted on grounds of privilege, work-product or other legal doctrine, a statement shall be submitted in writing by GEFCMS indicating: (i) the type of document or information; (ii) the date of the document; (iii) the author and recipient of the document; (iv) the general subject matter of the document or information; (v) the reason for withholding the document; and (vi) the Bates number or range of the withheld document. The Attorneys General or their designated representative may initiate a challenge to such claim in any forum of their choice and may, without limitation, rely on all unprivileged documents or communications theretofore produced or the contents of which have been described by GEFCMS, its officers, directors, or agents, if any.

27. It is agreed that any confidential information provided pursuant to the foregoing Paragraphs shall be covered under the Confidentiality Agreement, dated July 16, 2008 signed by Craig A. Stewart of Arnold & Porter LLP and Michael E. Cole, Chief, Antitrust Department of the Connecticut Attorney General's Office, as well as the Supplemental Agreement dated August 24, 2011, signed by John A. Freedman of Arnold & Porter LLP and Michael E. Cole, Chief, Antitrust Department of the Connecticut Attorney General's Office.

28. GEFCMS agrees not to compromise the integrity or confidentiality of any aspect of the Attorneys General's Investigation or any proceeding or actions relating to the Attorneys General's Investigation, by sharing or disclosing evidence, documents or other information provided to GEFCMS by the Attorneys General or their designated representative without the consent of the Attorneys General or their designated representative. GEFCMS shall give notice to the Attorneys General of any discovery or other request for such information within ten (10) business days of receipt. Nothing herein shall prevent GEFCMS from providing such evidence to other government regulators, self-regulatory organizations, law enforcement agencies or as otherwise required by law or regulation.

29. GEFCMS shall maintain custody of, or make arrangements to have maintained, all documents and records of GEFCMS related to the Attorneys General's Investigation and covered by the subpoena(s) issued in the Attorneys General's Investigation until the completion of the investigation and any related litigation, including appeals. Upon completion of the investigation and conclusion of any related litigation, including appeals, the Attorneys General shall, to the extent permitted by law, take reasonable steps to either return to GEFCMS materials produced by the GEFCMS Platforms to the Attorneys General in connection with the Attorneys General's Investigation or to destroy such materials. Notwithstanding the above, the Attorneys General may maintain the materials produced if they believe it necessary to comply with applicable legal standards governing the retention and destruction of documents produced to them. Any Attorney General that does not intend to either return or destroy such materials shall (a) notify GEFCMS of its intention to maintain the materials, (b) direct GEFCMS to the legal authority that prevents the return or destruction of such materials, and (c) confirm in writing the Attorney General's

intention to maintain the continued confidentiality of such materials to the extent permitted by law and by applicable confidentiality agreements.

ENFORCEMENT

30. The Attorneys General, jointly or individually, may make such application as appropriate to enforce or interpret the provisions of this Settlement Agreement or, in the alternative, may maintain any action within their legal authority, either civil or criminal, for such other and further relief as any Attorney General may determine in his/her sole discretion is proper and necessary for the enforcement of this Settlement Agreement. GEFCMS consents to the jurisdiction of the courts of the States of Alabama, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin and the state or commonwealth over which any Participating Attorney General has jurisdiction and only for the purpose of an action brought by one or more of the Attorneys General to enforce the terms of this Settlement Agreement. New York law shall apply in any action brought by one or more of the Attorneys General to enforce the terms of this Settlement Agreement, except to the extent that the issue concerns the confidentiality agreements described in Paragraph 25 above, in which case the law of the relevant state shall apply. The parties recognize that remedies at law for violations of this Settlement Agreement, except for Paragraphs 3, 4, 18 and 20 are inadequate. The parties agree that, in any action to enforce the terms of this Settlement Agreement, except Paragraphs 3, 4, 18 and 20, a court shall have the authority to award equitable relief, including specific performance, and the parties consent to the awarding of such equitable relief including specific performance.

31. This Settlement Agreement may be modified by the mutual agreement of GEFCMS and the Attorneys General. Any such modification shall be in writing and signed by all parties to this Settlement Agreement.

32. In the event that impediments arise in the identification of Eligible Counterparties or Additional Eligible Counterparties, or in the allocation or distribution of monies to Participating Counterparties, GEFCMS and the Attorneys General agree to use their best efforts to eliminate or otherwise resolve these impediments in order to ensure that timely payment is made to Participating Counterparties according to the formula to be developed pursuant to Paragraph 11 above. Notwithstanding the foregoing, the Attorneys General shall make the final determination as to who is an Eligible Counterparty or Additional Eligible Counterparty entitled to receive a payment under this Settlement Agreement and how much each is entitled to receive under this Settlement Agreement.

RELEASE BY ATTORNEYS GENERAL AND PARTICIPATING ATTORNEYS GENERAL

33. By his or her execution of this Settlement Agreement or by submission of an Election by an Attorney General to Participate in Settlement with GEFCMS (Exhibit 2 attached hereto), each Attorney General and Participating Attorney General releases the GEFCMS Parties, as defined in Definition L, and their past and current officers, directors and employees, other than those individuals responsible for the conduct set forth in paragraphs 1-25 of the Allegations, from all

civil claims, counterclaims, cross claims, setoffs, civil causes of action of any type (whether common law, equitable, statutory, regulatory or administrative, class, individual or otherwise in nature, and whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured), demands, disputes, damages, restitution, whenever incurred and liabilities of any nature whatsoever, including, without limitation, costs, fines, debts, expenses, penalties and attorneys' fees, known or unknown, arising out of the Relevant Conduct that could have been asserted by each Attorney General in his or her sovereign capacity as chief law enforcement officer of his or her respective jurisdiction.

34. The Attorneys General and Participating Attorneys General intend by this Settlement Agreement to settle with and release only the GEFCMS Parties, as defined in Definition L, and all of the GEFCMS Parties' past and current officers, directors, and employees, other than those individuals responsible for the conduct set forth in paragraphs 1-25 of the Allegations, and do not intend this Settlement Agreement, or any part hereof or any other aspect of the settlement or the releases, to extend to, to release or otherwise to affect in any way any rights that the Attorneys General have or may have against any other person, party, or entity whatsoever. For the avoidance of doubt, this Settlement Agreement, or any part hereof or any other aspect of the settlement or the releases, shall specifically not extend to, release or otherwise affect in any way any rights that the Attorneys General have or may have against Tradition (North America) Inc. ("Tradition"), Capital Financial Partners, Inc., ("CFP"), and any of the parents, subsidiaries, divisions, groups, affiliates, and partnerships of either Tradition or CFP, including, without limitation, any of their respective past or current officers, directors, employees, or agents. The previous sentence is not intended to affect the applicability or non-applicability of Mass. G.L.c. 231B § 4.

35. Paragraphs 33 and 34 pertain only to claims that could have been asserted by the Attorneys General or Participating Attorneys General in their sovereign capacities and do not affect civil or administrative claims, causes of action, counterclaims, set-offs, demands, actions, suits, rights and liabilities for damages, restitution, disgorgement or taxes arising from the Relevant Conduct that an Attorney General or Participating Attorney General may assert on behalf of any Eligible Counterparty or Additional Eligible Counterparty. The parties understand, agree and acknowledge that Paragraphs 33 and 34 do not pertain to the mortgage lending, mortgage servicing or mortgage foreclosure activities, if any, of the GEFCMS Parties.

RELEASE BY PARTICIPATING COUNTERPARTIES

36. In order to recover from the Fund established pursuant to Paragraph 3 of this Settlement Agreement, each Participating Counterparty shall be required to execute a release in the form of Exhibit 1 attached hereto.

PARTICIPATION OF ADDITIONAL ATTORNEYS GENERAL

37. The attorney general of any state that wishes to join in this settlement may opt-in and accept the terms of this Settlement Agreement by signing the opt-in agreement appended hereto as Exhibit 2, within 60 days of the Effective Date. Any attorney general submitting a timely opt-in agreement will thereby become a party to this Settlement Agreement.

NOTICES AND REPORTS

38. All notices and reports required to be provided shall be sent electronically or via first-class mail, postage pre-paid as follows:

For GEFCMS:

GEFCMS
c/o Colin Burrell
Senior Counsel
201 High Ridge Road
Stamford, CT 06905
colin.burrell@ge.com

Craig A. Stewart, Esq.
Arnold & Porter LLP
399 Park Avenue
New York, NY 10222-4690
Craig.Stewart@aporter.com
Telephone (212) 715-1142

For Attorneys General:

Michael E. Cole
Chief, Antitrust Department
Office of the Connecticut Attorney General
55 Elm Street
Hartford, Connecticut 06141
Michael.cole@ct.gov

Elinor R. Hoffmann
Assistant Attorney General
Office of the New York State Attorney General
120 Broadway, Suite 26C44
New York, New York 10271
Elinor.hoffmann@ag.ny.gov

Upon request by GEFCMS, the Attorneys General will designate a representative or group of no more than three representatives to serve as their liaison on issues of cooperation and claims administration.

OTHER PROVISIONS

39. This Settlement Agreement is entered into voluntarily and solely for the purpose of resolving the claims and causes of action against the GEFCMS Parties. This Settlement Agreement and any and all negotiations, communications, documents (including drafts) and discussions associated with it shall not be used for any other purpose, except in proceedings or actions to enforce or interpret this Settlement Agreement. It shall not constitute or be construed as an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by the GEFCMS Parties or bar any of the GEFCMS Parties from asserting any

defense in any litigation or administrative or other proceeding based upon, arising out of or relating to, in whole or in part, the Relevant Conduct.

40. Nothing in this Settlement Agreement shall relieve GEFCMS of any obligations imposed by any applicable laws or regulations relating to the marketing, sale or placement of Guaranteed Investment Contracts.

41. GEFCMS represents that, pursuant to an agreement it has entered into with the Internal Revenue Service, the IRS has agreed that: (1) for purposes of compliance by an Issuer with the arbitrage requirements of Section 148 of the Internal Revenue Code for Covered Bond Issues, Covered Contracts are deemed to have been entered into on terms which represented the fair market value of such Covered Contracts; and (2) for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code, any settlement payments received from GEFCMS by affected issuers are not required to be included in proceeds or gross proceeds of the related bond issue. For the purposes of this Paragraph, "Covered Contracts" refers to the following contracts during the period 1999 through 2006 that the GEFCMS Parties entered into, bid on (or refrained from bidding on), provided pricing for or was asked to provide pricing for, or was otherwise involved: "Investment Contracts," which were guaranteed investment contracts, involving the investment or reinvestment of the proceeds of a State or Local bond within the meaning of Section 103 of the Code (a "State or Local Bond"). The State or Local bond issues to which the Covered Contracts relate are referred to collectively herein as the "Covered Bond Issues." GEFCMS agrees to indemnify and hold harmless the Attorneys General and all Eligible Counterparties and Additional Eligible Counterparties for any liability incurred as a result of any breach of the foregoing representation by GEFCMS. Upon request, GEFCMS will provide a copy of the IRS agreement to an Eligible Counterparty that requests it. The copy GEFCMS provides may be redacted to the extent necessary to protect confidential information or as otherwise required by law or regulation.

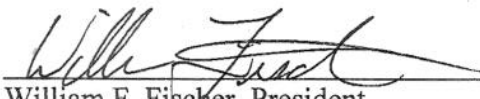
42. Nothing contained in this Settlement Agreement shall be construed as mandating or recommending that the GEFCMS Parties or any of their current employees be disqualified, suspended or debarred from engaging in any business in any jurisdiction, including but not limited to the marketing, sale or placement of Guaranteed Investment Contracts or any other investment vehicle in any jurisdiction. Moreover, the Attorneys General agree that in connection with any state suspension and/or debarment proceeding instituted against the GEFCMS Parties or any of their current directors, officers, agents, or employees (or any other proceeding in which a state or local entity is considering not doing business with the GEFCMS Parties), at the GEFCMS Parties request any Attorney General shall promptly make known to the suspending and/or debarring authority (or other relevant state or local entity) that the GEFCMS Parties have cooperated fully with the Attorneys General's Investigation of Municipal Bond Derivatives, have given substantial assistance to the Attorneys General's Investigation and have provided appropriate relief for the harm it caused. Notwithstanding the foregoing, this provision shall not require any Attorney General to disclose confidential information or to take any action that would compromise the Attorneys General's ongoing investigation.

43. This Settlement Agreement shall not confer any rights upon, and is not enforceable by, any persons or entities besides the Attorneys General and the GEFCMS Parties.

44. This Settlement Agreement may be executed in counterparts.

WHEREFORE, IT IS SO AGREED AND the following signatures are affixed hereto on this 23rd day of December 2011.

GE Funding Capital Market Services, Inc.

By: 
William F. Fischer, President

STATE OF CONNECTICUT
GEORGE JEPSEN
ATTORNEY GENERAL

BY:



GEORGE JEPSEN

Michael E. Cole
Chief, Antitrust Department
Christopher M. Haddad
Assistant Attorneys General
55 Elm Street, PO Box 120
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