

**An Agreement By and Between**

**the Attorneys General of the States and Commonwealths of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, Wisconsin, and UBS AG, dated December 21, 2018**

This Settlement Agreement is made and entered into as of the 21st day of December, 2018 (hereinafter, “Effective Date”), by and between the Attorneys General of the States and Commonwealths of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin (the “Attorneys General”), on the one hand, and UBS AG (“UBS”), on the other.

WHEREAS, the Attorneys General, as defined herein, are conducting an investigation into the manipulation of certain benchmark interest rates, including but not limited to the London Interbank Offered Rate (“LIBOR”), and instruments referencing those rates and potential violations of various state and federal antitrust laws, unfair and deceptive acts and practices laws, false claims statutes, securities laws, fraud statutes, and common law (the “Attorneys General’s Investigation”);

WHEREAS, the Attorneys General are prepared to make certain allegations against UBS set forth herein based upon the Attorneys General’s Investigation (“Allegations”);

WHEREAS, the Attorneys General allege below that UBS misrepresented the integrity of the LIBOR benchmark to state and local governmental, not-for-profit, and other counterparties by concealing, misrepresenting, and failing to disclose that UBS’s USD LIBOR (defined herein) submitters, on occasion, submitted rates that were influenced, at times, by management directives to “err on the low side” or to stay in the “middle of pack” to avoid reputational harm and UBS’s Yen LIBOR submitters, at times, submitted false Yen LIBOR rates to benefit UBS’s trading positions;

WHEREAS, UBS is entering into this Settlement Agreement relating to the Attorneys General’s Investigation and the Allegations of the Attorneys General as set forth below;

WHEREAS, pursuant to this Settlement Agreement, UBS agrees to make the payments described herein;

WHEREAS, this Settlement Agreement recognizes UBS’s cooperation; 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, UBS and the Attorneys General hereby enter into this Settlement Agreement.

## DEFINITIONS

- A. “Additional Attorneys General” shall mean any Attorney General of any state, commonwealth or territory who elects to join this Settlement Agreement within sixty (60) days of the Effective Date by completing the form, attached hereto as Exhibit 2, pursuant to Paragraph 70 below.
- B. UBS is a Swiss banking and financial services company headquartered in Zurich, Switzerland, with offices located, among other places, in New York, New York.
- C. “Benchmark Interest Rate Financial Instrument” shall mean any and all financial instruments or transactions in which the interest rate, settlement amount, or any other payment term references LIBOR, including, but not limited to, interest rate swaps, forward rate agreements, futures, options, structured products, auction rate securities, collateralized debt obligations, fixed income instruments, floating-rate notes, mortgage-backed securities, and variable-rate bonds.
- D. “Benchmark Interest Rate Financial Instrument Counterparty” shall mean any (i) not-for-profit entity; (ii) municipality, state, state agency, political subdivision or substate entity, including but not limited to state or local authority, office, bureau or agency; and (iii) pension fund and/or credit union affiliated with any of the foregoing that purchased, sold, held, or otherwise obtained, maintained or disposed of one or more Benchmark Interest Rate Financial Instruments.
- E. “CFTC Order” shall mean the settlement reached between UBS and the U.S. Commodity Futures Trading Commission (“CFTC”), which is memorialized in an order dated December 19, 2012.
- F. “DOJ Statement of Facts” shall mean the facts set forth in Appendix A to UBS’s Non-Prosecution Agreement with the U.S. Department of Justice (“DOJ”) dated December 18, 2012 and Exhibit 3 to UBS’s Plea Agreement with the DOJ dated May 20, 2015.
- G. “Election and Release” shall mean the form attached hereto as Exhibit 1.
- H. “Eligible Counterparties” shall mean Benchmark Interest Rate Financial Instrument Counterparties that engaged in a transaction involving one or more Benchmark Interest Rate Financial Instruments with UBS or any of its parents, subsidiaries, affiliates or agents, and that the Attorneys General have determined are eligible for restitution as a result of the Relevant Conduct (defined below). For avoidance of doubt, a Benchmark Interest Rate Financial Instrument Counterparty shall not be deemed ineligible for restitution as a result of the Relevant Conduct for the reason that it holds assets in a custodial or other account at UBS or any of its affiliates, subsidiaries, or parents, in which account UBS has no beneficial ownership interest.

- I. “IBOR” shall mean all benchmark interest rates for which UBS served as a contributor, including, but not limited to, the United States Dollar London Interbank Offered Rate (“USD LIBOR”), Japanese Yen London Interbank Offered Rate (“Yen LIBOR”), Euroyen Tokyo Interbank Offered Rate (“Euroyen TIBOR”), Pound Sterling London Interbank Offered Rate (“Sterling LIBOR”), Swiss Franc London Interbank Offered Rate (“Swiss Franc LIBOR”), Euro Interbank Offered Rate (“Euribor”), Singapore Interbank Offered Rate (“SIBOR”), the Singapore Swap Offer Rate (“SOR”), and/or the Australian Bank Bill Swap Reference Rate (“BBSW”).
- J. “Participating Attorneys General” shall mean the Attorneys General and any Additional Attorneys General.
- K. “Participating Counterparties” shall mean Eligible Counterparties that submit timely and complete claims pursuant to this Settlement Agreement.
- L. “Parties” shall mean UBS and the Attorneys General.
- M. “Relevant Conduct” shall mean (i) the conduct from January 1, 2006 through December 31, 2010, set forth in the Allegations below and (ii) any and all conduct alleged or set forth in the CFTC Order and the DOJ Statement of Facts.

## **BACKGROUND**

### **The LIBOR Setting Process and the Global Significance of LIBOR**

1. Since its inception in approximately 1986, LIBOR has been a benchmark interest rate used in financial markets around the world. Futures, options, swaps, and other derivative financial instruments traded in the over-the-counter market and on exchanges worldwide are frequently settled based on LIBOR. In addition, mortgages, credit cards, student loans, and other consumer lending products often use LIBOR as a reference rate.
2. According to the British Bankers’ Association (“BBA”), approximately \$350 trillion of notional swaps and \$10 trillion of loans were indexed to LIBOR as of 2012. LIBOR also is the basis for settlement of interest rate futures and options contracts on many of the world’s major futures and options exchanges, including the one-month and three-month Eurodollar futures contracts on the Chicago Mercantile Exchange.
3. During the relevant period, LIBOR was calculated daily in multiple currencies and tenors by Thomson Reuters on behalf of the BBA. USD LIBOR was based on the rates that sixteen major banks, including UBS, reported as their perceived costs of borrowing.
4. The BBA selected the banks for the LIBOR panels for each currency and oversaw the LIBOR submission process and publication of LIBOR. The BBA also entered into licensing agreements with third parties, including parties in the United States, to allow for the dissemination of the LIBOR data.

5. The BBA also published guidance governing the way that contributor banks should determine their submissions. Since approximately 2008, the BBA defined LIBOR as “[t]he rate at which an individual Contributor Panel Bank could borrow funds, were it to do so by asking for and then accepting inter-bank offers in reasonable market size, just prior to 11:00 [a.m.] London time.”
6. The BBA has periodically issued guidelines or clarifications to help banks interpret its LIBOR definition when making submissions. For example, in June 2008, the BBA clarified that “rates must be submitted by members of staff at a bank with primary responsibility for management of a bank’s cash, rather than a bank’s derivative book.” Further, the BBA explained that a Contributor Panel bank needed to determine its submissions based on rates formed in London and based on cash markets, rather than contributing rates derived from the pricing of derivative financial instruments or foreign-exchange swaps.
7. During the relevant period, daily LIBOR rates were issued on behalf of the BBA for ten currencies, including U.S. Dollar, Yen, Pound Sterling, Euro, and Swiss Franc, with tenors ranging from overnight to twelve months.
8. The published LIBOR for a given currency and tenor was the result of a calculation based upon submissions from a panel of banks (the “Contributor Panel”) selected by the BBA. Every business day shortly before 11:00 a.m. London time, the banks on each LIBOR panel were supposed to submit their rates based on the LIBOR definition to Thomson Reuters.
9. Each Contributor Panel bank submitted a LIBOR rate calculated to between two and five decimal places and the LIBOR fix was rounded, if necessary, to five decimal places. In the context of measuring interest rates, one “basis point” (or “bp”) is one-hundredth of one percent (0.01%).
10. Once each Contributor Panel bank submitted its rate, the contributed rates were ranked. The highest and lowest quartiles were excluded from calculation, and the middle two quartiles (i.e., 50% of the submissions) were averaged to derive the resulting LIBOR “fix” or “setting” for that particular currency and tenor, which became the official BBA daily LIBOR (the “LIBOR fixing”).
11. By approximately 11:30 a.m. London time, the BBA, through Thomson Reuters and other data vendors, made public the daily LIBOR fixing for each currency and tenor, as well as the daily submissions of each panel bank.
12. From at least 2007 through the present day, UBS was a Contributor Panel bank for USD LIBOR.
13. State and local governmental, not-for-profit, institutional and other private entities in the U.S. transact in a number of Benchmark Interest Rate Financial Instruments. These instruments include, but are not limited to:
  - a. swaps;

- b. collateralized debt obligations;
  - c. floating-rate notes;
  - d. forward rate agreements;
  - e. asset-backed securities;
  - f. options;
  - g. structured notes; and
  - h. variable-rate bonds.
14. LIBOR and other benchmark interest rates are widely used in financial markets and play a fundamental role in financial systems around the world.

### **ALLEGATIONS**

15. UBS admits the following Allegations solely to the extent UBS has admitted such Allegations in the DOJ Statement of Facts. UBS neither admits nor denies any Allegation herein that UBS has not already admitted in the DOJ Statement of Facts.

#### **I. UBS's LIBOR-Related Conduct**

##### **A. Directions from UBS Managers to Submit LIBOR Contributions to Avoid Reputational Harm**

16. In August 2007, UBS management<sup>1</sup> in Group Treasury and Asset and Liability Management (“ALM”) conveyed a direction to “err on the low side” in determining UBS’s USD LIBOR submissions. In April 2008, management conveyed a new directive that submitters should make submissions in “the middle of the pack” of the other Contributor Panel banks’ submissions. The directions influenced the formulation of UBS’s USD LIBOR submissions during some periods of time.
17. The directions were issued in significant part because of concerns that if UBS submitted higher LIBOR rates relative to other banks, UBS could attract negative attention in the media. During some period of time, UBS personnel believed that such attention would have been unjustified. UBS sought to avoid negative media attention and, relatedly, to avoid creating an impression that it was having difficulty obtaining funds.
18. The first directive, on August 9, 2007, instructed USD LIBOR submitters that “it is highly advisable to err on the low side with fixings for the time being to protect our franchise in these sensitive markets.” The directive was prompted by a Bloomberg reporter’s request for comment on an unusually large increase in UBS’s USD LIBOR

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<sup>1</sup> The terms “management,” “manager” or “senior manager,” as used herein, do not include members of the board of directors, executive board, or executive management.

submission in the overnight tenor the day before; the reporter's inquiry was forwarded to a senior manager in Group Treasury. The senior manager was concerned about these events and asked the head of ALM to look into the matter.

19. The head of ALM concluded that UBS's USD LIBOR submission in the overnight tenor had in fact been higher than it should have been. In addition, he was also concerned that the public and press could interpret this higher submission as an indication that the bank was having trouble funding itself. Accordingly, he determined that UBS should be submitting LIBOR rates "on the low side" relative to other panel banks' submissions. This decision was memorialized in an email to a senior manager in Group Treasury and the manager of the derivatives trading desk that made the majority of UBS's LIBOR submissions at that time.
20. The head of ALM's email stated: "it is highly advisable to err on the low side with fixings for the time being to protect our franchise in these sensitive markets. Fixing risk and [profit and loss] thereof is secondary priority for now."
21. In response to the head of ALM's email, a manager on UBS's Short-Term Interest Rate ("STIR") desk, the desk that was responsible for trading short-term interest rate instruments ("STIR Manager"), responded that UBS's USD LIBOR submitter "will be speaking to [a USD trader on the STIR desk]" ("Trader-1") "before our [LIBOR submission] numbers are input."
22. From that point forward, in accordance with instructions contained in the same email from the head of ALM, derivatives traders with experience trading in the short-term money markets coordinated with derivatives traders who were contributing UBS's USD LIBOR submissions.
23. Consistent with this new practice, the next day, August 10, 2007, Trader-1 advised the USD LIBOR submitter, with respect to UBS's LIBOR contribution that day, that the "aim should really be to be on the lower side of range." When the USD LIBOR submitter described his/her intended LIBOR contribution, Trader-1 responded, "this seem probably a tad low right now, but recon that's what we should try to be," and added, "we just don't want to give the market a wrong impression . . . we not struggling to get cash . . . so therefore don't want to be on the highs of libors." Later that day, before leaving for vacation, the USD LIBOR submitter sent a reminder to his/her replacement to "[p]lease remember to err on the low side."
24. On September 3, 2007, the USD LIBOR submitter said in an internal chat about anticipated submissions that they "should be on lower end," adding, "just want to avoid publicity if you know what I mean." Again, on March 31, 2008, Trader-1 suggested that the USD LIBOR submitter submit a LIBOR below the rate at which UBS was "dealing" because "don't really want [the] public attention" that would attach to a higher LIBOR submission.

25. On September 5, 2007, the USD LIBOR submitter wrote: “[W]e are fixing on the low side of all other banks in the libor panel in the 4 – 12 mo period by several bps . . . I can justify my fixings if asked . . . [As a] bank we are erring on the low side.”
26. In a chat on February 1, 2008, between the STIR Manager and Trader-1, the STIR Manager said, “you guys must think 1m LIBOR is fixing way too low.” Trader-1 responded: “that’s our ALM guys controlling it . . . we have no say in that one.”
27. On or about April 17, 2008, the instruction to “err on the low side” was initially replaced by a new effort to make LIBOR submissions “in the middle of the pack” of Contributor Panel banks. Thus, on April 17, 2007, another USD trader (“Trader-2”)—who was tasked with advising the USD LIBOR submitter each day—sent an email to the USD LIBOR submitter stating that “the guidance I got from my management with regards to libors is that we should aim to be in the middle of the pack . . . ([Group Treasury] got on their back again as well).”
28. UBS internal communications discussed the reason behind the “middle of the pack” directive. In a May 21, 2008 email in response to a press inquiry asking why in mid-April UBS had been “paying 12 basis points for [commercial paper] more than it was posting as a Libor quote,” the senior manager heading ALM wrote to Group Treasury: “[T]he answer would be ‘because the whole street was doing the same and because we did not want to be an outlier in the libor fixings, just like everybody else.’”
29. The same reason was stated in two chats between the USD LIBOR submitter and Trader-2 on May 13 and 14, 2008. In the May 13 chat, Trader-2 explained, “for now, we don’t want to be the highest.” In the May 14 chat, Trader-2 told the USD LIBOR submitter that she was pleased with the UBS submissions that day because they “didn’t [sic] overly stand out.” This reason was reiterated in a June 16, 2008 chat in which Trader-2 advised the USD LIBOR submitter that they had been instructed to lower their submissions over the next three days “to get in line with the competition” because, by contributing LIBOR submissions closer to issuance levels of certificates of deposit and commercial paper, UBS was becoming an outlier relative to other Contributor Panel banks.
30. In a December 11, 2008 email, a USD LIBOR submitter, who was going on vacation, sent an email instructing the back-up submitters as follows: “We want our fixings to be roughly in the middle of the pack.”
31. The directions that UBS managers issued, to the extent they were motivated by reputational concerns, were inconsistent with the definition of LIBOR.

## **B. UBS’s Manipulation of Its Yen LIBOR Submissions**

32. Beginning in September 2006 and continuing until September 2009, Yen derivatives traders regularly requested that UBS Yen LIBOR submitters contribute LIBOR submissions to benefit their trading books.

33. As an example, in a November 20, 2006, email, a Yen trader (“Yen Trader-1”) said to the LIBOR submitter: “[I] really need high 6m [6-month] fixes till Thursday,” and the submitter responded, “Yep, we on the case there . . . will def[initely] be on the high side.”
34. In early 2007, a new UBS Yen LIBOR submitter was instructed by his trainer that the “primary factor in determining UBS’s Yen LIBOR submissions each day was the UBS Yen derivatives traders’ requests, which were to be accommodated.”
35. As a further example of a trader request, on June 29, 2009, Yen Trader-1 asked a LIBOR submitter: “Can we [submit] 6m libor high pls[?]” The submitter agreed that he would.

## **II. UBS Did Not Disclose Its LIBOR-Related Conduct to U.S. Counterparties**

36. During the period of the Relevant Conduct, UBS entered into swap transactions with state and local government and nonprofit counterparties in the United States.
37. UBS did not disclose to these counterparties the Allegations set forth above.

### **SETTLEMENT PAYMENT**

38. UBS has agreed to pay a total of \$68,000,000.00 to the Attorneys General to resolve the matters covered by this Settlement Agreement. UBS shall pay this \$68,000,000 as set forth below:
  - a. UBS shall pay \$64,600,000.00 into an escrow fund (“Fund”) in accordance with the Attorneys General’s instructions by May 20, 2019. The Attorneys General shall provide UBS by May 6, 2019 with the information necessary to effectuate the transfer of funds, including wiring instructions to include the bank name and the ABA routing number, account name and number, and a signed W-9 reflecting a valid taxpayer identification number for the qualified settlement fund in which the Settlement Payment is to be deposited. The monies in the Fund and all interest earned thereon shall be used to make restitution 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. The payment to the Fund shall constitute a payment for restitution, and no portion of the Fund shall be considered a fine or a penalty. UBS and the Attorneys General agree that the payment to the Fund shall constitute restitution within the meaning of Section 162(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Attorneys General agree to make any returns or filings in respect of such payment as a may be required by Section 6050X of the Code and any regulations thereunder.
  - b. UBS shall pay \$3,200,000.00 as an additional payment (“Additional Payment”) by wire transfer, certified check or other guaranteed funds, into a separate account or accounts within ten (10) business days of receiving appropriate payment instructions from the Attorneys General or their designated representative(s), but

in no event earlier than May 20, 2019. No portion of the Additional Payment shall be considered a fine or a penalty.

- c. UBS shall pay \$200,000.00 as an administrative payment (“Administrative Payment”), into the same account as the Additional Payment within ten (10) business days of receiving appropriate payment instructions from the Attorneys General or their designated representative(s), but in no event earlier than May 20, 2019, and it shall be used to cover the costs of the escrow agent and the costs of administering the Fund (including the preparation of any tax returns) as set forth herein (“Administrative Costs”). Any portion of the Administrative Payment that is not used to cover Administrative Costs shall be treated as a portion of the Additional Payment and distributed accordingly. No portion of the Administrative Payment shall be considered a fine or a penalty.
39. UBS warrants that, as of the Effective Date of this Settlement Agreement, it is not insolvent, and payment(s) of any portion of the Settlement Payment will not render it insolvent within the meaning of and/or for purposes of the United States Bankruptcy Code. If a case is commenced against UBS 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 UBS or the trustee, receiver or conservator appointed by a court in any proceedings relating to UBS then this Settlement Agreement shall be terminated and cancelled.
40. An escrow agent shall be selected by the Attorneys General within twenty (20) days of the Effective Date of this Settlement Agreement; however, UBS and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by UBS to the proposed escrow agent or the contract terms. Notwithstanding the preceding, any decision by the Attorneys General to approve or disapprove a proposed escrow agent and/or the contract shall be final. 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, the Attorneys General make no representations or warranties about the escrow agent. The escrow agent shall bear all risks related to the investment of the Fund. Neither the Attorneys General nor UBS shall bear any risk or liability related to the investment of the Fund. The escrow agent shall provide copies of monthly statements to the Attorneys General or their designated representative. 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 paid out of the Administrative Payment.

41. The Fund shall be treated at all times as 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 for the purpose of § 468B of the Internal Revenue Code and the Treasury regulations thereunder, 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 paid out of the Administrative Payment. 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)).
42. A claims administrator shall be employed to provide notice and to distribute and/or administer the distribution of the Fund in accordance with the terms of this Settlement Agreement. The Attorneys General shall select the claims administrator; however, UBS and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by UBS to the claims administrator or the contract terms; notwithstanding the preceding, any decision by the Attorneys General to approve or disapprove a proposed claims administrator and/or the contract shall be final. The contract shall expressly provide that: (i) the claims administrator shall provide interim reports to UBS and the Attorneys General or their designated representative(s), no less than every thirty (30) days or as otherwise requested by the Attorneys General or UBS, which shall include an itemization of all payments made from the Fund; (ii) the claims administrator shall prepare draft notices to Eligible Counterparties, which shall include a notice letter, an election to participate, a release form and a “question and answer” pamphlet (“Notice Packet”); (iii) the Notice Packet shall be mailed to 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 UBS) and shall provide a method by which Eligible Counterparties may call with questions about the settlement; (v) the Notice Packet and any other written communication with Eligible or Participating Counterparties, 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(s) after consultation with UBS; (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(s); and (vii) any questions regarding distributions to the Participating Counterparties that cannot be answered by the claims administrator shall be directed to the Attorneys General or their designated representative(s). By selecting the claims administrator, the Attorneys General make 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 UBS bears 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 paid out of the Administrative Payment.

43. It is acknowledged by UBS and the Attorneys General that the identification of Eligible Counterparties and relevant transactions shall be determined by the Attorneys General based on the Attorneys General's Investigation and information provided by UBS. The Attorneys General shall have complete discretion to identify Eligible Counterparties and relevant transactions in accordance with this Settlement Agreement.
44. Payments of restitution from the Fund shall be made to Participating Counterparties, pursuant to a formula developed by the Attorneys General. UBS has no responsibility for, and no liability whatsoever with respect to, any formula, payment or distribution from the Fund, or any related award any court may make.
45. The Attorneys General shall retain complete discretion and shall make the final determination as to who is an Eligible Counterparty entitled to receive a payment of restitution under this Settlement Agreement and how much each Eligible Counterparty is entitled to receive under this Settlement Agreement.
46. To ensure that payments are made to the Participating Counterparties on a timely basis, UBS and the Attorneys General will work in good faith to complete their respective duties and tasks as set forth in Attachment A within the time specified therein.
47. To receive a payment from the Fund, Eligible Counterparties identified by the Attorneys General must submit a timely Election and Release, in accordance with the instructions set forth in the Notice Packet. The Attorneys General shall use reasonable best efforts to ensure that Elections and Releases are received by Eligible Counterparties in a timely manner.
48. In the event that any of the principal of the \$64,600,000.00 Settlement Payment remains in the Fund after all payments have been made to Participating Counterparties pursuant to Attachment A, the Attorneys General may instruct the claims administrator to make restitution payments to Eligible Counterparties who could not be timely identified, by disbursing such money from the Fund specifically for such use. However, notwithstanding anything in this Settlement Agreement to the contrary, no distributions of any kind from the Fund shall be made to any Eligible Counterparty unless and until that Eligible Counterparty has executed an Election and Release.
49. Notwithstanding anything in this Settlement Agreement to the contrary: (i) any amount remaining in the Fund as of one (1) year from the date of payment to the last Participating Counterparty shall be paid to a multi-state fund for additional disbursement as restitution to Participating Counterparties, for the training of deputy and assistant Attorneys General, for the funding of antitrust or consumer protection enforcement, education and training programs, or paid as otherwise determined by the

Attorneys General consistent with state laws; and (ii) under no circumstances shall any of the monies in the Fund, at any time, be returned to UBS. For the avoidance of doubt, this restriction excludes monies paid from the Fund to an Eligible Counterparty and deposited in an account or accounts held at UBS or any of its affiliates, subsidiaries, or parents on behalf of that Eligible Counterparty and in which UBS has no beneficial ownership interest.

50. The claims administrator and the escrow agent shall provide UBS and the Attorneys General or their designated representatives with a final report (and any interim reports reasonably requested by UBS and/or the Attorneys General) accounting for all amounts paid to Participating Counterparties from the Fund and to whom such payments were made, including any amount distributed pursuant to Paragraph 49 above. In addition, the claims administrator and escrow agent shall maintain and provide UBS and the Attorneys General or their designated representatives with reports accounting for payments made to all other Eligible Counterparties pursuant to Paragraphs 40 and 42 above. The reports described in this paragraph shall be provided monthly or as otherwise requested by UBS or the Attorneys General. Upon request, the claims administrator and escrow agent shall make available for inspection (and copying) by the Attorneys General and UBS or their designated representatives all records relating to such payments.
51. The claims administrator will provide to UBS each Election and Release received from any counterparty upon request.
52. In no event shall any of the monies in the Fund be used to pay 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**

53. The Additional Payment shall be apportioned and used for any one or more of the following purposes, as the Attorneys General see fit, subject to all applicable laws and regulations: (i) payment of attorneys' fees and expenses; (ii) antitrust, consumer protection, or other law enforcement; (iii) to cover additional expenses relating to the ongoing Attorneys General's Investigation and any related litigation; (iv) for deposit into a state antitrust or consumer protection or other law enforcement account (e.g., a revolving account or trust account), for use in accordance with the state laws governing that account; (v) for deposit into a fund exclusively dedicated to assisting state attorneys general to defray the costs of experts, economists and consultants in multi-state investigations and litigation; or (vi) for such other purpose as the Attorneys General deem appropriate, consistent with state laws. However, notwithstanding anything in this Settlement Agreement to the contrary, no distributions shall be made from the Additional Payment to any Eligible Counterparty unless and until that Eligible Counterparty has executed an Election and Release.

## **PROHIBITED CONDUCT**

54. UBS, its subsidiaries, affiliates, directors, officers, managers, agents and employees thereof, shall not, in conjunction with the submission of LIBOR, make misrepresentations of material facts or omit material facts.
55. UBS, its subsidiaries, affiliates, directors, officers, managers, agents and employees thereof, shall not, directly or indirectly, maintain, solicit, suggest, advocate, discuss or carry out any unlawful combination, conspiracy, agreement, arrangement, understanding, plan or program to make false LIBOR submissions, including but not limited to submissions intended to make a Benchmark Interest Rate Financial Instrument more profitable than it would be otherwise.

## **BUSINESS REFORMS**

56. UBS certifies that, as of the Effective Date, UBS has substantially complied with the undertakings set forth in the CFTC Order (“Undertakings”), and has established policies, procedures and controls intended to satisfy the Undertakings. UBS has no objection, and will not raise any objection in the future, to the CFTC providing any reports about UBS’s compliance to the Attorneys General.

## **COOPERATION WITH THE ATTORNEYS GENERAL’S INVESTIGATION**

57. Until the date when the Attorneys General’s Investigation is concluded, UBS agrees, subject to applicable law and regulations, to continue to provide full, complete and prompt cooperation with the Attorneys General’s Investigation, and related proceedings and actions, against any other person, corporation or entity. UBS agrees to use its best efforts to secure the full and truthful cooperation of current officers, directors, employees and agents with the ongoing Attorneys General’s Investigation and related proceedings and actions.
58. Cooperation shall include, but is not limited to: (a) voluntarily producing, 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; (b) providing to the Attorneys General, or their designated representative(s), an oral proffer describing all facts that are known or subsequently learned by UBS related to (i) the Relevant Conduct, and (ii) any efforts to affect LIBOR similar to the Relevant Conduct, by any other USD LIBOR Contributor Panel bank; (c) 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 (d) working, if requested by the Attorneys General, to ensure that UBS, current officers, directors, employees and agents attend, on reasonable notice, any proceedings (including but not limited to meetings, interviews, hearings, depositions, grand jury proceedings and trials) and 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. The cooperation set forth herein is subject to UBS's right to withhold documents and information on the grounds of the attorney-client privilege, attorney work-product doctrine, the common interest doctrine, the joint defense privilege and/or any other applicable privilege or protection, and UBS does not waive any privilege, work-product or other legal doctrine applicable to disclosure of information by cooperating with the Attorneys General's Investigation. The Attorneys General agree to coordinate all requests for information directed to UBS and to use their best efforts to avoid duplicative or unduly burdensome requests for information.

59. In the event UBS withholds any document on grounds of the attorney-client privilege, attorney work-product doctrine, the common interest doctrine, the joint defense privilege and/or any other applicable privilege or protection, a statement shall be submitted in writing by UBS indicating: (i) the type of document; (ii) the date of the document; (iii) the author and recipient of the document; (iv) the general subject matter of the document; (v) the reason for withholding the document; and (vi) the Bates number or range of the withheld document. However, UBS need not provide such a statement for any document created during the course of the Attorneys General's Investigation, UBS's internal investigation into the Relevant Conduct, or any civil litigation pertaining to the Relevant Conduct that is withheld on the grounds of privilege, work-product or other legal doctrine. The Attorneys General or their designated representative(s) may initiate a challenge to such claim in the state or federal courts in the state and county of New York, and may, without limitation, rely on all unprivileged documents or communications theretofore produced or the contents of which have been described by UBS, or its officers, directors, employees or agents.
60. It is agreed that any confidential information provided pursuant to the preceding paragraphs shall be covered under the revised Confidentiality Agreement, dated March 11, 2013, signed by Peter Sullivan, Esq. of Gibson, Dunn & Crutcher LLP and GERALYN J. TRUJILLO, Esq. of the Antitrust Bureau of the New York State Office of the Attorney General. In addition to the protections set forth in the foregoing Confidentiality Agreement, if any document protected by the attorney-client privilege, attorney work-product doctrine, the common interest doctrine, the joint defense privilege and/or any other applicable privilege or protection is accidentally or inadvertently produced to any Attorney General, upon notification by UBS, the document shall promptly be returned to UBS's counsel or destroyed, and its production shall in no way be construed to have waived any privilege or protection.
61. UBS 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 UBS by the Attorneys General or their designated representative(s) without the consent of the Attorneys General or their designated representative(s). Further, and except as set forth in this paragraph, UBS shall not discuss with, or disclose to, any third party any aspect of or information relating to any settlement discussions between the Attorneys General and UBS or the negotiation of this Settlement Agreement. UBS shall give notice to the Attorneys General of any

discovery request or other legal process requesting such information within ten (10) business days of receipt and prior to any disclosure. Nothing herein shall prevent UBS from providing such evidence or information concerning this Settlement Agreement to its affiliates, subsidiaries, parents, insurers, legal advisers, auditors, government regulators, self-regulatory organizations, law enforcement agencies, other attorneys general or their designated representatives, or as otherwise required by law or regulation.

62. UBS shall maintain custody of, or make arrangements to have maintained, all documents and records of UBS related to the Attorneys General's Investigation and covered by the subpoena issued in the Attorneys General's Investigation until the completion of the investigation and any related litigation, including appeals, or three years from the Effective Date of this Settlement Agreement, whichever is earlier.

### **ENFORCEMENT**

63. 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. UBS consents to the jurisdiction of the courts of the States and Commonwealths of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin and any other state, territory or commonwealth of any Additional Attorney General, 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 to enforce or interpret the terms of this Settlement Agreement. The parties recognize that the remedies at law for violations of this Settlement Agreement, except for Paragraph 38, are inadequate. The parties agree that, in any action to enforce the terms of this Settlement Agreement, except Paragraph 38, a court shall have the authority to award equitable relief, including but not limited to specific performance, and the Parties consent to the awarding of such equitable relief including but not limited to specific performance.
64. This Settlement Agreement may be modified by the mutual agreement of UBS and the Attorneys General. Any such modification shall be in writing and signed by all parties to this Settlement Agreement or their authorized representatives.
65. This Settlement Agreement is not a final order of any court or governmental authority, which in no way impairs the binding nature of this Agreement.

## **RELEASE BY THE PARTICIPATING ATTORNEYS GENERAL**

66. By his or her execution of this Settlement Agreement or by submission of an election by any Additional Attorney General (Exhibit 2 attached hereto), each Participating Attorney General releases UBS, as well as its parents, subsidiaries, affiliates, and their respective current or former officers, directors, employees and agents, 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), and claims for damages, restitution, disgorgement, or rescission, and liabilities of any nature, including but not limited to costs, fines, debts, expenses, penalties and attorneys' fees, known or unknown, arising out of the Relevant Conduct, or any alleged misconduct with respect to other IBORs, during the period of January 1, 2006 through December 31, 2010, that are, were or could have been asserted by or on behalf of any Participating Attorney General in his or her sovereign capacity or parens patriae capacity as chief law enforcement officer of his or her respective state or jurisdiction. Notwithstanding anything else in this Settlement Agreement, in the event that any Eligible Counterparty elects not to join or otherwise does not respond ("Non-Participating Counterparty"), this settlement and/or release shall have no effect on any claims or causes of action that such Non-Participating Counterparty may have against UBS for the Relevant Conduct or any alleged misconduct with respect to other IBORs, nor shall this Settlement Agreement and/or release have any effect upon claims or causes of action of any persons that are not Eligible Counterparties other than the Attorneys General.
67. The Attorneys General intend by this Settlement Agreement to settle with and release only UBS and its parents, subsidiaries, affiliates, and their respective current or former officers, directors, employees and agents for the claims and other matters arising out of the Relevant Conduct or any alleged misconduct with respect to other IBORs, as set forth above, 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, other than UBS and its parents, subsidiaries, and affiliates and their current or former officers, directors, employees and agents.
68. For the avoidance of doubt, a breach of Paragraphs 54 and 55 shall not affect the release set forth in Paragraph 66 above and/or any release provided by a party that signs an Election and Release.

## **RELEASE BY PARTICIPATING COUNTERPARTIES**

69. To recover from the Fund established pursuant to Paragraph 38 of this Settlement Agreement, each Participating Counterparty and Eligible Counterparty shall be required to execute an Election and Release.

## **ADDITIONAL ATTORNEYS GENERAL**

70. The Attorney General of any state, commonwealth or territory who elects to join this settlement may accept the terms of this Settlement Agreement by signing the election agreement appended hereto as Exhibit 2, within sixty (60) days of the Effective Date (the “Closing Date”). Any Attorney General submitting an election agreement will thereby become a party to this Settlement Agreement. The Attorneys General shall provide prompt notice to UBS of any Attorney General who elects to join this Settlement Agreement, and shall provide a full list of all Additional Attorneys General within five (5) days of the Closing Date.

## **NOTICES AND REPORTS**

71. All notices required to be provided shall be sent electronically and by first-class mail, postage pre-paid as follows:

- a. For UBS:

Mark A. Kirsch, Esq.  
Gibson, Dunn & Crutcher LLP  
200 Park Avenue  
New York, New York 10166  
mkirsch@gibsondunn.com

Robert J. Giuffra, Jr., Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004  
giuffrar@sullcrom.com

- b. For Attorneys General:

Elinor R. Hoffmann, Esq.  
Office of the New York State Attorney General  
28 Liberty Street  
New York, New York 10005  
elinor.hoffmann@ag.ny.gov

Brian McDonough, Esq.  
New Jersey Division of Law  
124 Halsey Street  
Newark, New Jersey 07101  
Brian.McDonough@law.njoag.gov

## **OTHER PROVISIONS**

72. This Settlement Agreement is entered into voluntarily and solely for the purpose of resolving the claims and causes of action against UBS. 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. This Settlement Agreement 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 UBS or any of its parents, subsidiaries, affiliates, or their respective current or former officers, directors, employees and agents, nor shall it bar UBS or its parents, affiliates or subsidiaries from asserting any defense in any litigation or administrative or other proceeding based upon or arising out of the Relevant Conduct. Notwithstanding the foregoing, this Settlement Agreement is not a confidential document.

73. Nothing in this Settlement Agreement shall relieve UBS of any obligations imposed by any applicable laws or regulations relating to the submission of LIBOR.
74. UBS shall not take any action or make any statement denying, directly or indirectly, the propriety of this Settlement Agreement or expressing the view that this Settlement Agreement is without factual basis. Nothing in this Settlement Agreement affects UBS's (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Attorneys General are not a party.
75. Nothing contained in this Settlement Agreement shall be construed as mandating or recommending that UBS (including its parents, subsidiaries, and affiliates) or any of its current or former employees be disqualified, suspended or debarred from engaging in any business in any jurisdiction not limited to the marketing, sale or placement of Benchmark Interest Rate Financial Instruments or any other investment vehicle in any jurisdiction. Moreover, the Attorneys General acknowledge herein that UBS has cooperated with the Attorneys General's Investigation.
76. This Settlement Agreement shall not confer any rights upon, and is not enforceable by, any persons or entities besides the Participating Attorneys General and UBS.
77. In the event that any one or more of the provisions contained in this Settlement Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Settlement Agreement.
78. This Settlement Agreement may be executed in counterparts.

WHEREFORE, IT IS SO AGREED AND the following signatures are affixed hereto.

FOR UBS AG



Name: Patrick Shillings

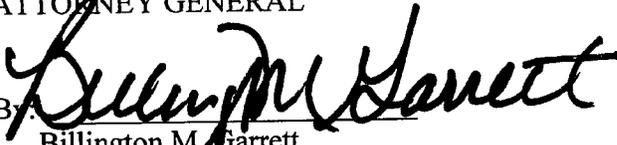
Title: Managing Director



Name: Karen Kowalski

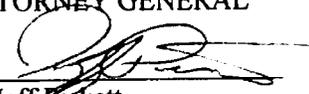
Title: Executive Director + Counsel

STATE OF ALABAMA  
STEVE MARSHALL  
ATTORNEY GENERAL

By:   
Billington M. Garrett  
Assistant Attorney General

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bgarrett@ago.state.al.us

STATE OF ALASKA  
KEVIN G. CLARKSON  
ATTORNEY GENERAL

By: 

Jeff Pickett

Assistant Attorney General, Special Litigation

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STATE OF ARIZONA  
MARK BRNOVICH  
ATTORNEY GENERAL

By: 

Dana R. Vogel  
Assistant Attorney General

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Civil Litigation Division, Antitrust Unit  
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Dana.Vogel@azag.gov

STATE OF ARKANSAS  
LESLIE RUTLEDGE  
ATTORNEY GENERAL

By: /s/ Johnathan R. Carter

Johnathan R. Carter, Assistant Attorney General

Office of the Arkansas Attorney General  
323 Center Street, Suite 200  
Little Rock, AR 72201  
Tel.: (501) 682-8063  
[Johnathan.carter@arkansasag.gov](mailto:Johnathan.carter@arkansasag.gov)

STATE OF CALIFORNIA  
XAVIER BECERRA  
ATTORNEY GENERAL

By: \_\_\_\_\_

Amy J. Winn

Supervising Deputy Attorney General

Jerry T. Yen  
Nathaniel Spencer-Mork  
Deputy Attorneys General

Office of the Attorney General  
Corporate Fraud Section  
1300 I Street  
Sacramento, CA 95814  
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[amy.winn@doj.ca.gov](mailto:amy.winn@doj.ca.gov)

STATE OF COLORADO  
CYNTHIA H. COFFMAN  
ATTORNEY GENERAL



By: \_\_\_\_\_

Jennifer H. Hunt  
First Assistant Attorney General

Devin Laiho  
Senior Assistant Attorney General

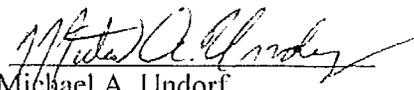
Office of the Attorney General  
Ralph L. Carr Judicial Center  
1300 Broadway, 7<sup>th</sup> Floor  
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[jennifer.hunt@coag.gov](mailto:jennifer.hunt@coag.gov)

**STATE OF CONNECTICUT:**  
GEORGE JEPSEN  
CONNECTICUT ATTORNEY GENERAL

By:   
\_\_\_\_\_  
MICHAEL E. COLE

Michael E. Cole  
Chief, Antitrust & Government Program Fraud Department  
55 Elm Street, P.O. Box 120  
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Tel: (860) 808-5040  
Fax: (860) 808-5391  
Michael.Cole@ct.gov

STATE OF DELAWARE  
MATTHEW P. DENN  
ATTORNEY GENERAL

By:   
Michael A. Undorf  
Deputy Attorney General

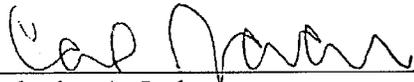
Edward K. Black  
Jillian Lazar  
Deputy Attorneys General

Delaware Department of Justice  
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DISTRICT OF COLUMBIA

KARL A. RACINE  
ATTORNEY GENERAL

ROBYN R. BENDER  
DEPUTY ATTORNEY GENERAL, PUBLIC ADVOCACY DIVISION

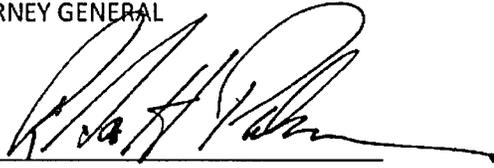
By: \_\_\_\_\_

Catherine A. Jackson  
Chief, Public Integrity Section

Elizabeth G. Arthur  
Nicholas L. Johnson  
Assistant Attorney General  
Office of the Attorney General  
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Washington, DC 20001  
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[elizabeth.arthur@dc.gov](mailto:elizabeth.arthur@dc.gov)

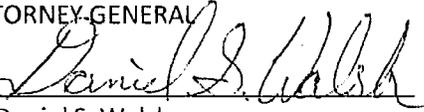
STATE OF FLORIDA  
PAMELA JO BONDI  
ATTORNEY GENERAL

By: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'R. Scott Palmer', written over a horizontal line.

R. Scott Palmer  
Special Counsel for Antitrust Enforcement  
Chief of Complex Enforcement  
Office of the Attorney General  
State of Florida  
PL-01 The Capitol  
Tallahassee, FL 32399  
Office: 850 414-3847  
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STATE OF GEORGIA  
CHRISTOPHER M. CARR  
ATTORNEY GENERAL

By: 

Daniel S. Walsh  
Senior Assistant Attorney General

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[dwalsh@law.ga.gov](mailto:dwalsh@law.ga.gov)

STATE OF IDAHO  
LAWRENCE G. WASDEN  
ATTORNEY GENERAL

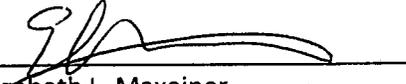
By:   
John K. Olson  
Deputy Attorney General, Consumer Protection Division

Brett T. DeLange, Deputy Chief, Consumer Protection Division

Office of the Attorney General  
954 W. Jefferson Street, 2<sup>nd</sup> Floor  
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John.olson@ag.idaho.gov

STATE OF ILLINOIS  
LISA MADIGAN  
ATTORNEY GENERAL

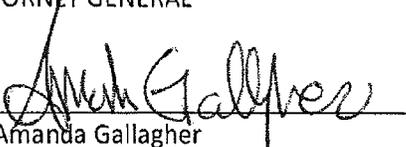
By: \_\_\_\_\_

  
Elizabeth L. Maxeiner  
Assistant Attorney General, Antitrust Bureau

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Chicago, IL 60601  
Tel.: (312) 814-5470  
[emaxeiner@atg.state.il.us](mailto:emaxeiner@atg.state.il.us)

STATE OF INDIANA  
CURTIS T. HILL, JR.  
ATTORNEY GENERAL

By:

  
Amanda Gallagher

Deputy Attorney General

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IGCS -5th Floor

Indianapolis, IN 46204

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STATE OF IOWA  
THOMAS J. MILLER  
ATTORNEY GENERAL

By:



---

Max M. Miller  
Assistant Attorney General

Office of the Iowa Attorney General  
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Tel: 515-281-5926  
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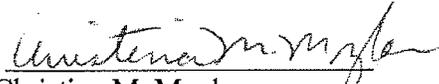
STATE OF LOUISIANA  
JEFF LANDRY  
ATTORNEY GENERAL

By: \_\_\_\_\_

L. Christopher Styron  
Section Chief, Consumer Protection

Office of the Attorney General  
1885 N. Third Street, 4<sup>th</sup> Floor  
Baton Rouge, LA 70802  
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styronl@ag.louisiana.gov

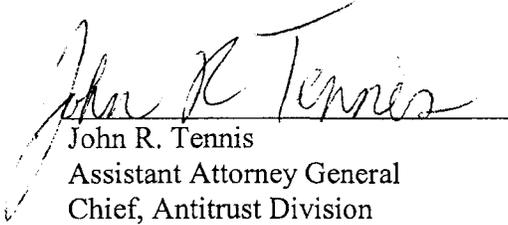
STATE OF MAINE  
JANET T. MILLS  
ATTORNEY GENERAL

By:   
Christina M. Moylan  
Assistant Attorney General  
Office of the Maine Attorney General  
6 State House Station  
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[christina.moylan@maine.gov](mailto:christina.moylan@maine.gov)

**STATE OF MARYLAND**

**BRIAN E. FROSH**

Attorney General

A handwritten signature in cursive script that reads "John R. Tennis". The signature is written in black ink and is positioned above a horizontal line.

John R. Tennis

Assistant Attorney General

Chief, Antitrust Division

200 St. Paul Place, 19<sup>th</sup> Floor

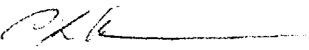
Baltimore, Maryland 21202

Phone: 410-576-6470

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[jtennis@oag.state.md.us](mailto:jtennis@oag.state.md.us)

COMMONWEALTH OF MASSACHUSETTS  
MAURA HEALEY  
ATTORNEY GENERAL

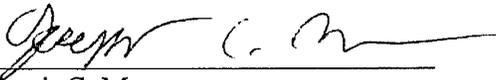
By:  \_\_\_\_\_

Glenn Kaplan, Chief  
Insurance & Financial Services Division

Madonna Cournoyer, Assistant Attorney General, Insurance & Financial Services Division

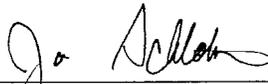
Office of the Attorney General  
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STATE OF MINNESOTA  
LORI SWANSON  
ATTORNEY GENERAL

By:   
Joseph C. Meyer  
Assistant Attorney General

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STATE OF MISSOURI  
JOSHUA D. HAWLEY  
ATTORNEY GENERAL

By:   
\_\_\_\_\_  
Joe Schlotzhauer  
Antitrust Counsel

Consumer Protection Section  
Missouri Attorney General's Office  
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St. Louis, MO 63188  
Phone (314) 340-6816  
[Joseph.Schlotzhauer@ago.mo.gov](mailto:Joseph.Schlotzhauer@ago.mo.gov)

STATE OF MONTANA  
TIMOTHY C. FOX  
ATTORNEY GENERAL

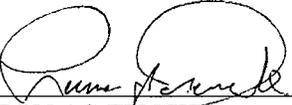
By: Chuck Munson  
Chuck Munson  
Assistant Attorney General

MONTANA DEPARTMENT OF JUSTICE  
OFFICE OF CONSUMER PROTECTION  
555 Fuller Avenue  
Helena, MT 59601  
Tel: (406) 444-4500  
[cmunson@mt.gov](mailto:cmunson@mt.gov)

STATE OF NEVADA

ADAM PAUL LAXALT  
Attorney General

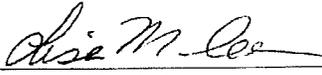
ERNEST FIGUEROA  
Chief Deputy Attorney General  
Consumer Advocate

By:   
LUCAS TUCKER  
Senior Deputy Attorney General

MICHELLE NEWMAN  
Deputy Attorney General

Office of the Nevada Attorney General  
Bureau of Consumer Protection  
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[ltucker@ag.nv.gov](mailto:ltucker@ag.nv.gov)  
[mnewman@ag.nv.gov](mailto:mnewman@ag.nv.gov)

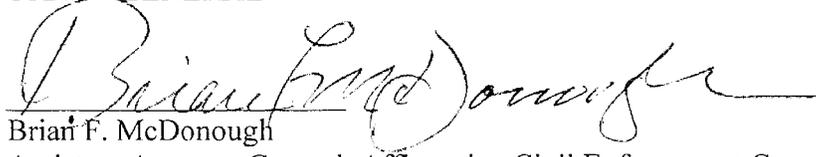
STATE OF NEW HAMPSHIRE  
GORDON J. MACDONALD  
ATTORNEY GENERAL

By:  \_\_\_\_\_

Lisa M. English  
Senior Assistant Attorney General  
Consumer Protection and Antitrust Bureau  
Office of the Attorney General  
33 Capitol Street  
Concord, New Hampshire 03301-6397  
Tel.: (603) 271-1248  
[lisa.english@doj.nh.gov](mailto:lisa.english@doj.nh.gov)

STATE OF NEW JERSEY  
GURBIR S. GREWAL  
ATTORNEY GENERAL

By:

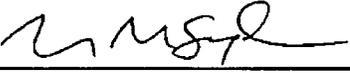
  
Brian F. McDonough

Assistant Attorney General, Affirmative Civil Enforcement Group

Nicholas Dolinsky  
Toral Joshi  
Elisabeth Juterbock  
Katherine Gregory  
Kenneth Levine  
Deputy Attorneys General

Office of the Attorney General  
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STATE OF NEW MEXICO  
HECTOR BALDERAS  
ATTORNEY GENERAL

By:   
\_\_\_\_\_

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STATE OF NEW YORK  
BARBARA D. UNDERWOOD  
ATTORNEY GENERAL

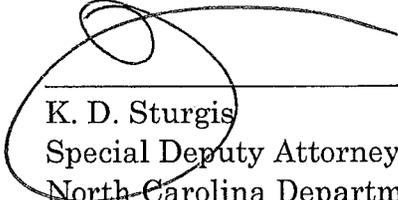
By: *Elinor R. Hoffmann (eg)*

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Deputy Chief, Antitrust Bureau

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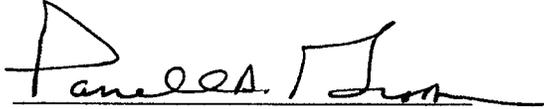
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UBS LIBOR -- Dec. 20, 2018

STATE OF NORTH DAKOTA  
Wayne Stenehjem  
Attorney General

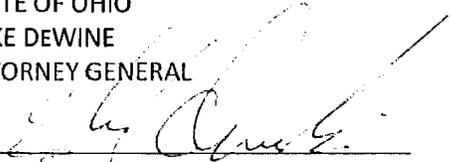
By:



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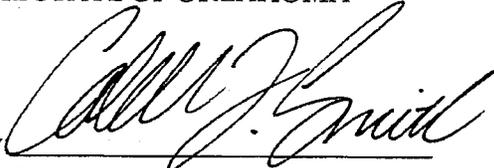
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A handwritten signature in black ink, appearing to read 'Tim Nord', written in a cursive style.

By:

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Tim Nord  
Special Counsel

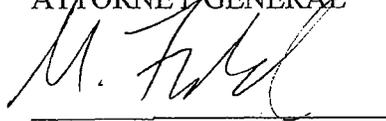
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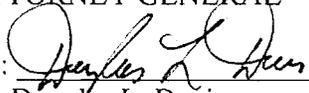
STATE OF WASHINGTON  
ROBERT W. FERGUSON  
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By: *Lumina Nodit*

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Assistant Attorney General  
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STATE OF WEST VIRGINIA  
PATRICK MORRISEY  
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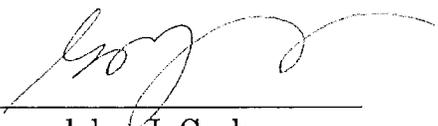
By:  12/17/2018

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December 13, 2018

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BRAD D. SCHIMEL  
ATTORNEY GENERAL

By: 

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## ATTACHMENT A

1. Within ten (10) business days of the Effective Date of this Agreement, the Attorneys General or their designated representative will select a claims administrator and submit a draft contract to UBS.
2. UBS shall have ten (10) business days after receipt of the draft contract to make any objections to the claims administrator and/or comments regarding the contract. The Attorneys General or their designated representative shall consider in good faith these objections. However, any decision to approve a claims administrator and/or the contract, with the exception of any cost provisions, shall be the final decision of the Attorneys General. The costs of the claims administrator shall be paid out of the Administrative Payment.
3. Within fourteen (14) business days of the Attorneys General's final approval of the claims administrator, the claims administrator shall provide to UBS and the Attorneys General or their designated representative drafts of the Notice Packet.
4. Within fourteen (14) business days of receipt of the draft Notice Packet, the Attorneys General or their designated representative shall identify all Eligible Counterparties and provide UBS and the claims administrator with: (a) the Eligible Counterparty's name and address if readily available; (b) the description of the Eligible Counterparty's relevant Benchmark Interest Rate Financial Instrument(s), including the notional amount; and (c) the amount of money the Eligible Counterparty is eligible to receive as restitution or the formula for determining such amount.
5. As soon as reasonably practicable after the receipt of the list described in Paragraph 4 of this Attachment, UBS will deliver to the Attorneys General or their designated representative and the claims administrator the most current available contact information of Eligible Counterparties unless prohibited by law or regulation. UBS will use its best efforts to identify the most current available contact information of Eligible Counterparties to the extent that information is reasonably accessible. For avoidance of doubt, nothing in this agreement requires UBS to search for contact information of Eligible Counterparties outside of UBS's own reasonably accessible records.
6. Within fourteen (14) business days of receipt of the draft Notice Packet from the claims administrator, the Attorneys General or their designated representative, in consultation with UBS, shall approve or amend its content and provide such amendments to the claims administrator.
7. Within thirty (30) days of receiving the information set forth in Paragraphs 4 and 5 above, whichever is later, the claims administrator shall send a Notice Packet to each Eligible Counterparty by first-class mail, postage pre-paid and by electronic delivery if addresses are available. Eligible Counterparties shall have sixty (60)

days from the date that notice of their eligibility was sent by first-class mail, postage pre-paid, to request a distribution (the “Election Period”). However, the Attorneys General or their designated representative have discretion to approve payments to Eligible Counterparties whose Election and Release was not received in a timely manner.

8. The claims administrator shall provide the Attorneys General or their designated representative with weekly reports during the Election Period. At the conclusion of the Election Period, the claims administrator shall provide UBS or its designated representative with a final report. These report(s) shall be broken down by state and include a list of the names of Eligible Counterparties that have submitted valid Elections and Releases, and the names of Eligible Counterparties that have not submitted valid Elections and Releases. The claims administrator shall also provide UBS a copy of any executed Election and Release upon request.
9. The Attorneys General or their designated representative shall provide the claims administrator with a template for the letters to accompany the payments made to Participating Counterparties prior to the end of the Election Period.
10. Within five (5) days after the end of the Election Period, the claims administrator shall issue a distribution report describing the Eligible Counterparties that opted to participate and the amount of money to be distributed to each of them. In advance of directing that initial payments be made, the claims administrator shall obtain approval of the report from the Attorneys General or their designated representative.
11. Within sixty (60) days after receipt of approval of the claims administrator’s distribution report, the claims administrator shall make arrangements to make payments, accompanied by letter(s) provided by the Attorneys General, to the Participating Counterparties that have submitted a proper request and fully-executed release, of their share of the Fund. These payments shall be sent in a manner to ensure that they reach the designated Participating Counterparties, either by wire transfer or by registered mail. The escrow agent, in conjunction with the claims administrator, shall make prompt payment in accordance with such instructions.
12. UBS and the Attorneys General may, by written agreement, alter any time period provided for herein to the extent necessary to carry out the purpose of affording all possible compensation to Eligible Counterparties.

## EXHIBIT 1

### ELECTION AND RELEASE BY PARTICIPATING COUNTERPARTY

This release executed this \_\_\_\_ day of \_\_\_\_, 20\_\_, by the Releasor (as defined below) in favor of the Releasee (as defined below).

### DEFINITIONS

1. “Releasor” shall mean \_\_\_\_\_ and any of its divisions, affiliates, subsidiaries, groups, associates, general or limited partners or partnerships, predecessors, successors or assigns, including, without limitation, any of their respective present officers, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of Releasor.
2. “Releasee” shall mean UBS AG and any and all of its parents, subsidiaries, divisions, groups, affiliates and partnerships, and any of their respective current or former officers, directors, employees and agents (collectively, “UBS”).
3. “Relevant Conduct” shall mean (i) the conduct set forth in the Allegations in the Settlement Agreement and (ii) any and all conduct alleged or set forth in the CFTC Order and the DOJ Statement of Facts.
4. “Benchmark Interest Rate Financial Instrument” shall mean any and all financial instruments or transactions in which the interest rate, settlement amount, or any other payment term references LIBOR, including but not limited to interest rate swaps, forward rate agreements, futures, options, structured products, auction rate securities, collateralized debt obligations, fixed income instruments, floating-rate notes, mortgage-backed securities, and variable-rate bonds.
5. “CFTC Order” shall mean the settlement reached between UBS and the U.S. Commodity Futures Trading Commission (“CFTC”), which is memorialized in an order dated December 19, 2012.
6. “DOJ Statement of Facts” shall mean the facts set forth in Appendix A to UBS’s Non-Prosecution Agreement with the U.S. Department of Justice dated December 18, 2012 and Exhibit 3 to UBS’s Plea Agreement with the U.S. Department of Justice dated May 20, 2015.
7. “IBOR” shall mean all benchmark interest rates for which UBS served as a contributor, including, but not limited to, the United States Dollar London Interbank Offered Rate (“U.S. Dollar LIBOR”), Japanese Yen London Interbank Offered Rate (“Yen LIBOR”), Euroyen Tokyo Interbank Offered Rate (“Euroyen TIBOR”), Pound Sterling London Interbank Offered Rate (“Sterling LIBOR”), Swiss Franc London Interbank Offered Rate (“Swiss Franc LIBOR”), Euro Interbank Offered Rate (“Euribor”), Singapore Interbank Offered Rate (“SIBOR”), the Singapore Swap Offer Rate (“SOR”), and/or the Australian Bank Bill Swap Reference Rate (“BBSW”).

8. “Settlement Agreement” shall mean the Settlement Agreement by and between UBS and the Attorneys General of the States and Commonwealths of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin and of all other states, territories and commonwealths who join the Settlement Agreement as provided for therein, dated December 21, 2018.
9. “Effective Date” shall mean the Effective Date of the Settlement Agreement.

### **RELEASE**

10. In consideration of the receipt by Releasor of a restitution payment of \$ \_\_\_\_\_ in connection with one or more Benchmark Interest Rate Financial Instruments, payment of which is made by UBS in accordance with the terms of the Settlement Agreement, Releasor hereby releases Releasee 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) and claims for damages, restitution, disgorgement, or rescission, and liabilities of any nature, including, but not limited to, costs, fines, debts, expenses, penalties and attorneys’ fees, known or unknown, that it has against the Releasee, arising out of the Relevant Conduct, or any alleged misconduct with respect to other IBORs during the period of January 1, 2006 through December 31, 2010, including, but not limited to, any and all claims that have been or could be asserted in (a) any action that has been transferred to the U.S. District Court for the Southern District of New York for coordination or consolidation in *In re LIBOR-Based Financial Instruments Antitrust Litigation* (No. 11-md-2262); *Laydon v. Mizuho Bank, Ltd. et al.* (No. 12-cv-3419); *Sonterra Capital Master Fund Ltd. et al. v. UBS AG et al.* (No. 15-cv-05844); *Sullivan et al. v. Barclays PLC et al.* (No. 13-cv-2811); *Sonterra Capital Master Fund, Ltd. v. Barclays Bank Plc, et al.*, No. 15-cv-3538 (S.D.N.Y.); *FrontPoint Asian Event Driven Fund, L.P., et al. v. Citibank, N.A., et al.*, No. 16-cv-05263 (S.D.N.Y.) *Sonterra Capital Master Fund, Ltd. v. Credit Suisse Group AG, et al.*, No. 15-cv-871 (S.D.N.Y.); *Dennis v. JPMorgan Chase & Co., et al.*, No. 16-cv-6496 (S.D.N.Y.); or *7 West 57th Street Realty Company, LLC v. Citigroup, Inc.*, No. 13-cv-981 (S.D.N.Y.); (b) any action that is subsequently transferred to the U.S. District Court for the Southern District of New York for coordination with or consolidation in any of the actions set forth in subsection (a) of this paragraph; or (c) any other action wherever filed that asserts claims based on the Relevant Conduct.
11. Notwithstanding that the release described in Paragraph 10 above operates to extinguish any and all claims arising out of the Relevant Conduct, or any alleged misconduct with respect to other IBORs during the period of January 1, 2006 through December 31, 2010, the Releasee hereby agrees that, if the Releasor is a member of any settlement class set forth in a class action settlement agreement between UBS (including any affiliate of

UBS) and plaintiffs in any of the actions enumerated in Paragraph 10 above that receives from the court with jurisdiction over the action either preliminary approval or final approval before the Effective Date (a “Class Settlement”), the release set forth in Paragraph 10 above shall not prohibit the Releasor from making a claim to participate in the settlement fund established by that Class Settlement. For the avoidance of doubt, this paragraph shall not apply to any Releasor that opts out of any Class Settlement; should any Releasor opt out of any Class Settlement, the release described in Paragraph 10 shall be given full effect, which will extinguish the Releasor’s claims relating to the Relevant Conduct, including those claims that were or could have been asserted in the action(s) to which the Class Settlement relates. Similarly, and also for avoidance of doubt, if a Class Settlement does not receive final approval from the court with jurisdiction over the action(s), the release described in Paragraph 10 shall be given full effect, which will extinguish all Releasors’ claims relating to the Relevant Conduct, including those claims that were or could have been asserted in the action(s) to which the Class Settlement relates. However, the release described in Paragraph 10 does preclude Releasor from bringing suit or serving as a named plaintiff in a class action concerning the Relevant Conduct, or any alleged misconduct with respect to other IBORs during the period of January 1, 2006 through December 31, 2010.

12. The Releasor intends by this Release to settle with and release only Releasee and does not intend this Release to extend to, to release or otherwise to affect in any way any rights that the Releasor has or may have against any other party or entity whatsoever, other than Releasee.
13. The Releasor hereby waives any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code Section 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.” This provision shall not be deemed to turn a specific release into a general release.
14. The Releasor represents and warrants that the released claims have not been sold, assigned or hypothecated, in whole or in part.
15. The Releasor and Releasee understand and agree that this agreement and any disputes arising out of this agreement shall be governed by the laws of the State of New York without regard to its conflict of laws principles.

## **EXHIBIT 2**

### **ELECTION BY ATTORNEY GENERAL TO JOIN SETTLEMENT AGREEMENT WITH UBS AG**

The Attorney General of \_\_\_\_\_ hereby elects to join the Settlement Agreement by and between the Attorneys General of the States and Commonwealths of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin and of all other states, territories and commonwealths who elect to join this Settlement Agreement as provided for herein, on the one hand, and UBS AG, on the other, dated December 21, 2018, as an Additional Attorney General.