

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (“Agreement”) is made and entered into as of this ___ day of August 2011 (the “Effective Date”), by and among (i) Financial Trust Company, Inc. (“FTC”), The C.O.U.Q. Foundation, Inc. (“COUQ”) and Jeffrey Epstein (together, “Claimants”) and (ii) The Bear Stearns Companies Inc. (n/k/a The Bear Stearns Companies LLC), Bear, Stearns & Co. Inc. (n/k/a J.P. Morgan Securities LLC) and Bear Stearns Asset Management Inc. (together, “Respondents”).

WHEREAS Claimants made certain investments, directly or indirectly, in (a) one or more of Bear Stearns High Grade Structured Credit Strategies, L.P., Bear Stearns High Grade Structured Credit Strategies (Overseas), Ltd., Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Fund, L.P., Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage (Overseas), Ltd., Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. and Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (together, the “HG Funds”), (b) one or more of Bear Stearns Asset Backed Securities Partners, L.P., Bear Stearns Asset Backed Securities Overseas, Ltd., Bear Stearns Asset Backed Securities Overseas II, Ltd. and Bear Stearns Asset Backed Securities Master Fund Limited (together, the “ABS Funds”) and/or (c) securities (including common stock) issued by The Bear Stearns Companies Inc. (“BSCI Securities”); and

WHEREAS there exist certain disputes between Claimants and Respondents arising from losses that Claimants allegedly suffered as a result of the investments described above (the “Disputes”); and

WHEREAS certain of the Disputes are the subject of (a) an arbitration that FTC and COUQ commenced before FINRA Dispute Resolution, Inc. (“FINRA”), entitled *Financial*

Trust Company, Inc., et al. v. The Bear Stearns Companies Inc., et al., FINRA-DR Case No. 09-00979 (the “Arbitration”), and (b) an action that FTC commenced before the United States District Court for the District of the Virgin Islands (St. Thomas Division), that was transferred, by order of the Judicial Panel on Multidistrict Litigation, to the United States District Court for the Southern District of New York (the “Court”), entitled *Financial Trust Company, Inc. v. The Bear Stearns Companies Inc.*, No. 10 Civ. 1226 (RWS) (S.D.N.Y.) (the “Action”), and, by order of the Court, subsequently consolidated under the caption *In re The Bear Stearns Cos., Inc. Securities Litigation*, No. 08 Civ. 2793 (RWS) (S.D.N.Y.) (the “Consolidated Action”); and

WHEREAS Claimants and Respondents have determined to fully and finally resolve all of the Disputes upon the terms and conditions set forth in this Agreement, without any admission of liability, and Respondents specifically deny any liability whatsoever,

NOW, THEREFORE, for and in consideration of the foregoing recitals and the mutual covenants contained herein, the adequacy and sufficiency of which are hereby acknowledged, Claimants and Respondents (each a “Party” and together, the “Parties”) agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 “Claim” means and includes any and all legal or equitable claims (including any complaints, suits, petitions or statements of claim in arbitration), demands, debts, obligations, allegations of wrongdoing or liability (based on any legal or equitable duties or obligations, any contracts, agreements or understandings, or any other facts and circumstances) and demands for legal, equitable or administrative remedies or relief (including claims for damages, punitive damages, rescission, reformation, restitution, disgorgement, accounting, attorneys’ fees or expenses, interest or costs), whether arising under federal, state, common or

foreign law (including claims under the Securities Exchange Act of 1934 and/or regulations promulgated thereunder), that may or could be asserted in or before any court, arbitration, tribunal or administrator, or in any legal or equitable proceeding, regardless of whether they are known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, or liquidated or unliquidated.

1.2 “Claimant Released Claims” means and includes all Claims of every nature, character and description, known and unknown, that Claimants, or any of them, now own or hold, have at any time heretofore owned or held, or may at any time own or hold, by reason of, in connection with, relating to or arising out of any act, omission or thing caused or suffered to be done, from the beginning of time through and including the Effective Date, against the Respondent Releasees, including Representative Claims and any Claims that any Claimant asserted or could have asserted in the Arbitration, the Action or the Consolidated Action, that in any way arise out of, are connected with or relate to: (a) any of the HG Funds or the ABS Funds (together, the “Funds”); (b) any BSCI Securities; (c) the Arbitration and/or the allegations contained in the Statement of Claim and the Amended Statement of Claim filed therein; (d) the Action and/or the allegations contained in the Verified Complaint filed therein; (e) the Consolidated Action and/or the allegations contained in the pleadings filed by any party thereto and in any other actions consolidated therewith; (f) the Investments; (g) any investment in, redemption of, request to redeem, transaction in, or ownership of any interest in any of the Funds; (h) the management and/or operation of any of the Funds; (i) any investment in, or purchase, sale, or contemplated sale of any BSCI Securities; (j) the ownership at any time of any BSCI Securities; and/or (k) any ~~disclosures, public filings, registration statements, proxy statements or other statements~~ [Statements](#) by any of the Respondent Releasees.

1.3 “Claimant Releases” means and includes Claimants and each of their past, current and future predecessors, successors, assigns, limited and general partners, agents, shareholders, members, directors, officers, employees, attorneys, accountants, affiliates, parents and subsidiaries.

1.4 “Investments” means and includes the net capital contributions that the Claimants made to the Funds, as set forth on the attached Schedule, and any interest that Claimants now hold or ever held, directly or indirectly, in the Funds.

1.5 “Representative Claims” means and includes all Claims asserted, or that may later be asserted, on behalf of any Claimant (directly or indirectly), any class of which any Claimant is a member, or any entity in which any Claimant now holds, or in the past held, a direct or indirect equity interest, including without limitation any such claims in *FIC, L.P. v. Bear Stearns Asset Management Inc., et al.*, No. 07 Civ. 11633 (AKH) (S.D.N.Y.); *Navigator Capital Partners, L.P. v. Bear Stearns Asset Management Inc., et al.*, No. 07 Civ. 7783 (AKH) (S.D.N.Y.); and the Consolidated Action.

1.6 “Respondent Released Claims” means and includes all Claims of every nature, character and description, known and unknown, that Respondents, or any of them, now own or hold, have at any time heretofore owned or held, or may at any time own or hold, by reason of, in connection with, relating to or arising out of any act, omission or thing caused or suffered to be done, from the beginning of time through and including the Effective Date, against the Claimant Releases that in any way arise out of, are connected with or relate to: (a) any of the Funds; (b) any BSCI Securities; (c) the Arbitration and/or the allegations contained in the Statement of Claim and the Amended Statement of Claim filed therein; (d) the Action and/or the allegations contained in the Verified Complaint filed therein; (e) the Consolidated Action and/or

the allegations contained in the pleadings filed by any party thereto and in any other actions consolidated therewith; (f) the Investments; (g) any investment in, redemption of, request to redeem, transaction in, or ownership of any interest in any of the Funds; (h) the management and/or operation of any of the Funds; (i) any investment in, or purchase, sale, or contemplated sale of any BSCI Securities; and/or (j) the ownership at any time of any BSCI Securities.

1.7 “Respondent Releasees” means and includes Respondents, J.P. Morgan Chase & Co., Deloitte & Touche LLP, and each of their past, current and future predecessors, successors, assigns, limited and general partners, agents, shareholders, members, directors, officers, employees (including Michael Alix, James Cayne, Ralph R. Cioffi, Jeffrey M. Farber, Alan Greenberg, Raymond McGarrigal, Samuel Molinaro, Alan Schwartz, Warren Spector and Matthew M. Tannin), attorneys, accountants, auditors, affiliates, parents and subsidiaries.

1.8 “Statements” means any disclosures, public filings, registration statements, proxy statements or other statements, to the extent such disclosures, public filings, registration statements, proxy statement or other statements actually, potentially or allegedly concerned or affected (a) the trading price of any BSCI Securities; (b) the operations, activities or net asset value of any of the Funds; (c) any actual, proposed or contemplated investment in any BSCI Securities or any ownership interest in any of the Funds; (d) any actual, proposed or contemplated, purchase, sale or redemption of any BSCI Securities or any ownership interest in any of the Funds; or (d) any decision by any of the Claimants to purchase, sell or redeem, or refrain from purchasing, selling or redeeming, any BSCI Securities or any ownership interest in any of the Funds.

2. Settlement Payment.

2.1 In consideration of the dismissal with prejudice of the Arbitration and the Action and the releases in favor of the Respondent Releasees by Claimants set forth in paragraph 3.1, and in full and final satisfaction of all Claimant Released Claims, Respondents shall pay the sum of \$9,200,000 (the "Settlement Payment") to Claimants. Respondents shall make such payment, for the benefit of Claimants, by wire transfer of immediately available funds to the attorney trust/client funds account established by Darren K. Indyke PLLC ("DKI"), within 20 business days after the last to occur of (a) the Effective Date, (b) the date on which Respondents receive an original Form W-9 from DKI, (c) the date on which all Parties have executed this Agreement, (d) the date on which Claimants and their counsel comply with their obligations under paragraph 5 and (e) the date on which Claimants' counsel delivers to Respondents' counsel an original letter setting forth sufficient wiring instructions for such transfer. The completion of such transfer shall be deemed full compliance with Respondents' payment obligation under this Agreement.

2.2 None of the Respondent Releasees has any knowledge as to the manner in which the Settlement Payment will be distributed and/or allocated between and among the Claimants and/or their counsel. Accordingly, Claimants acknowledge and agree that, upon payment by Respondents of the Settlement Payment in the manner set forth in paragraph 2.1, none of the Respondent Releasees shall have any responsibility for, or any liability to any of the Claimants with respect to, the distribution and/or allocation of the Settlement Payment between and among the Claimants and/or their counsel.

3. Releases and Waivers by the Parties and Spector.

3.1 In consideration of the Settlement Payment and the release by Respondents provided for in paragraph 3.2, Claimants hereby release and forever discharge the

Respondent Releasees of and from all Claimant Released Claims, except that nothing in this paragraph 3.1 shall release any of the Respondent Releasees from any obligation under this Agreement. This release by Claimants shall become effective when Respondents deliver the Settlement Payment in accordance with paragraph 2.1 and the release by Warren Spector (“Spector”) in favor of the Claimant Releasees in accordance with paragraph 3.4.

3.2 In consideration of, among other things, the dismissals provided for in paragraph 4 and the release by Claimants provided for in paragraph 3.1, Respondents hereby release and forever discharge the Claimant Releasees of and from all Respondent Released Claims, except that nothing in this paragraph 3.2 shall release any of the Claimant Releasees from any obligation under this Agreement. This release shall become effective when the release set forth in paragraph 3.1 becomes effective.

3.3 With respect to the releases provided in this Agreement, each Party waives and relinquishes all rights and benefits afforded by section 1542 of the California Civil Code and all other similar rules, statutes and regulations of any applicable jurisdiction. Section 1542 of the California Civil Code provides that:

“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.”

Each Party understands that the facts in respect of which he or it has granted releases pursuant to this Agreement may hereafter turn out to be other than or different from the facts in that connection now known or believed by each Party to be true; and each Party hereby accepts and assumes the risk of the facts turning out to be different and agrees that this Agreement shall be and remain in all respects effective and not subject to termination or rescission for any reason, including, but not limited to, any such difference in facts. The Parties acknowledge that the

provisions of this paragraph 3.3 were separately negotiated for, and constitute key elements of this Agreement.

3.4 Simultaneous with or prior to the delivery of the Settlement Payment pursuant to paragraph 2.1, Respondents shall obtain and deliver to Claimants a release by Spector in favor of the Claimant Releasees, in the form annexed hereto as Exhibit C.

4. Dismissal of the Arbitration and the Action. Simultaneous with the execution of this Agreement, Claimants shall cause their counsel to execute and deliver to counsel for Respondents stipulations of dismissal with prejudice, in the forms annexed hereto as Exhibits A and B. Immediately after Respondents receive bank confirmation that the Settlement Payment has been delivered in accordance with the instructions supplied by Claimants' counsel pursuant to paragraph 2.1, Respondents shall cause their counsel to execute such stipulations, obtain the signature of Spector's counsel on the stipulation pertaining to the Arbitration, file the stipulations with FINRA and with the Court, as appropriate, and deliver fully-executed (and, if reasonably available, file-stamped) copies of such stipulations to counsel for Claimants.

5. Return of Discovery Materials.

5.1 Within five business days after the Effective Date, Claimants shall cause their counsel to (a) either return to counsel for Respondents or destroy all documents and other materials in their possession or control (if any) that Respondents produced in discovery in the Arbitration, the Action and/or the Consolidated Action and (b) certify in writing to counsel for Respondents that they have done so or that they received no such documents or other materials.

5.2 Within five business days after the Effective Date, Respondents shall cause their counsel to (a) either return to counsel for Claimants or destroy all documents

and other materials in their possession or control (if any) that Claimants produced in discovery in the Arbitration, the Action and/or the Consolidated Action and (b) certify in writing to counsel for Claimants that they have done so or that they received no such documents or other materials.

6. Covenant Not To Sue or Participate in Partnership Actions/Meetings.

Claimants, on behalf of themselves and the other Claimant Releasees, agree that they will not (a) commence, maintain or participate in any lawsuit, claim, demand or proceeding in any jurisdiction that is based upon or related to (i) the Investments, (ii) Claimants' other investments prior to the Effective Date, if any, in the Funds or in BSCI Securities, (iii) any act, omission or representation by any of the Respondent Releasees regarding any of the Funds or (iv) any of the Claimant Released Claims; or (b) commence, maintain, attend or participate in any meeting of the partners or shareholders of any of the Funds organized pursuant to any applicable documents.

7. Assignment. Claimants each assign to BSAM and its successors in interest any Claim or other rights of recovery that any of them may have against the Respondent Releasees or any other Party, person or entity in any way arising out of, connected with or relating to: (a) any of the Funds; (b) the Arbitration and/or the allegations of the Statement of Claim or the Amended Statement of Claim filed therein; (c) the Investments; (d) any investment in, redemption of, request to redeem, transaction in or ownership of any interest in any of the Funds; or (e) the management and/or operation of any of the Funds. Claimants each further agree to remit to BSAM or its successor-in-interest, within 10 business days after receipt, any money or other consideration that any of them may receive from any bankruptcy court, settlement fund, litigation settlement or other source in connection with any of the Investments or any other interest in any of the HG Funds. Notwithstanding any other provision of this Agreement, Claimants do not assign to BSAM any interest they may have in, or any right they

may have to receive distributions from, the trust established in connection with the liquidation of the ABS Funds, and shall not be required to remit to BSAM or its successor-in-interest any distributions they may receive from such trust.

8. Fees and Costs. The Parties shall each bear their own fees and costs incurred as against one another in connection with the Arbitration, the Action, the Consolidated Action and the negotiation and execution of this Agreement.

9. No Prior Assignments.

9.1 Each of the Parties represents and warrants that it has not assigned to any person, partnership, corporation or other entity any of the Respondent Released Claims or the Claimant Released Claims (together, the “Released Claims”).

9.2 If any Party, contrary to the representations and warranties in paragraph 9.1, either assigned or purported to assign any of the Released Claims on or before the Effective Date, such Party shall (a) indemnify and hold harmless all Claimant Releasees and Respondent Releasees from any such Released Claims; (b) satisfy any such Released Claims; and (c) pay the expenses of investigation, attorneys fees and costs that any of the Claimant Releasees or Respondent Releasees actually and reasonably incur in connection with such Released Claims.

9.3 Claimants each represent and warrant that, except as indicated on the attached Schedule, they have not assigned, sold, transferred, pledged or encumbered, or purported to assign, sell, transfer, pledge or encumber, in writing or otherwise, any right, title or interest in the Investments to any person or entity. Claimants each further agree that they will not assign, sell, transfer, pledge or encumber, or purport to assign, sell, transfer, pledge or

encumber, in writing or otherwise, any right, title or interest in the Investments without the prior written consent of BSAM or its successor-in-interest.

10. Denial of Liability. Each Party acknowledges that this Agreement effects a settlement of claims that are denied and contested, and that nothing contained herein shall be construed as an admission of liability by or on behalf of any of the Respondent Releasees, by whom liability is expressly denied. The Parties have entered into this Agreement solely for the purpose of avoiding further costly and time-consuming proceedings. Neither this Agreement, nor any of the documents or negotiations pertaining to this Agreement, shall be admissible in any judicial, arbitral or other proceedings, except a proceeding to enforce the terms of this Agreement.

11. Representation by Counsel. Each of the Parties acknowledges that he or it (a) has been represented by independent legal counsel of his or its own choice throughout the negotiations that preceded the execution of this Agreement; (b) has executed this Agreement with the consent and on the advice of such independent legal counsel; (c) along with his or its counsel has had an adequate opportunity to make whatever investigation or inquiry they may deem necessary or desirable in connection with the subject matter of this Agreement prior to the execution hereof and the delivery and acceptance of the consideration specified herein; and (d) has executed this Agreement voluntarily, knowingly and without coercion. No Party has received any promises, representations, inducements or agreements not expressly set forth in this Agreement from any other Party hereto with respect to the subject matter of this Agreement, and each Party has executed and entered into this Agreement in reliance solely upon his or its own independent investigation and analysis, and investigation and analysis by his or its counsel.

12. Representations of Authority. Each of the Parties represents and warrants that, as of the date on which this Agreement is executed: (a) he or it has the legal power, right and actual authority to enter into, and perform all of his or its obligations under, this Agreement and any instruments to be executed in connection herewith; (b) all necessary action (corporate, trust, partnership or otherwise) has been taken, and all necessary approvals have been obtained, in connection with the execution of this Agreement and the instruments to be executed in connection herewith and the consummation of the transactions contemplated hereby; and (c) he or it has the legal power, right and actual authority to be bound by the terms and conditions of this Agreement and any instruments to be executed in connection herewith.

13. Authority of Representative Signatories. Each person or entity that executes this Agreement on behalf of or for the benefit of any other person or entity hereby represents and warrants that he/she/it has all necessary authority to do so.

14. Forbearance. The Parties agree they will forever refrain and forbear from commencing, instituting or prosecuting any lawsuit, action or other proceeding against any of the Claimant Releasees or Respondent Releasees based on, arising out of or in connection with any of the Released Claims.

15. Binding on Successors.

15.1 This Agreement shall be binding upon Claimants and Respondents, and each of their respective heirs, representatives and successors. All of the covenants and agreements herein contained in favor of the Respondent Releasees are for the express benefit of each and all of the Respondent Releasees. All of the covenants and agreements herein contained in favor of the Claimant Releasees or are for the express benefit of each and all of the Claimant Releasees.

15.2 The Parties shall not assign, or purport to assign, to any person, partnership, corporation or other entity, any Released Claims or any obligation relating to any Released Claims.

16. Other Provisions.

16.1 Waiver. The failure to enforce at any time, or to require at any time performance by another Party of, any provision of this Agreement shall not (a) be construed to be a waiver of any provision of this Agreement, (b) affect the validity of this Agreement or any part hereof or (c) affect the right of any Party thereafter to enforce each and every provision of this Agreement in accordance with its terms. Any waiver of any condition in, or breach of, this Agreement in a particular instance shall not operate as a waiver of other or subsequent conditions or breaches of the same or a different kind. The Parties' exercise or failure to exercise any rights under this Agreement in a particular instance shall not operate as a waiver of their right to exercise the same or different rights in subsequent instances.

16.2 Modifications. No modification or amendment of any of the provisions of this Agreement shall be effective unless set forth in a writing signed by all Parties. None of the provisions of this Agreement may be waived, except by an instrument in writing signed by a duly authorized representative of the Party against whom or which enforcement of such waiver is sought.

16.3 Other Instructions. Each Party agrees that it will, upon the request of any other Party, execute any instruments or documents, in addition to this Agreement and the Exhibits hereto, that are reasonably necessary to effectuate the terms, conditions, purposes and objectives of this Agreement.

16.4 Captions. The captions of the various paragraphs herein are for convenience only, and none of them is intended to be any part of the body or text of this Agreement, nor is intended to be referred to in construing any of the provisions hereof.

16.5 Interpretation. This Agreement is the product of arms-length negotiations between the Parties, and all Parties have contributed substantially and materially to its preparation. No Party shall be deemed to be the drafter of this Agreement, and no provision of this Agreement shall be construed against any Party by reason of such Party being, or being deemed to be, the drafter.

16.6 Confidentiality. The Parties agree to keep strictly confidential the terms of this Agreement, and all documents, discussions and negotiations relating thereto. The Parties shall not disclose the terms of this Agreement, or any documents or negotiations relating thereto, to any person or entity, except that each Party may disclose this Agreement (a) to any of his or its counsel, tax advisers, insurers, accountants or auditors who agree to be bound by this paragraph 16.6, (b) in response to the lawful process of any judicial or other regulatory or governmental authority, or as required by law, or (c) to enforce the provisions of this Agreement.

16.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. Signatures delivered by facsimile or other electronic means shall be effective as originals.

16.8 Jurisdiction, Venue and Service of Process. The Parties agree that any action seeking to enforce any provision in this Agreement shall be brought, if at all, only in a state or federal court situated in the Borough of Manhattan, New York, and the Parties irrevocably submit to the exclusive jurisdiction of those courts for the purpose of any such

action. Claimants agree that, in addition to any other means authorized by law, service of process may be made upon them in any such action by first-class mail or by overnight courier, at the addresses they provided in the subscription documents they submitted when they invested in the Funds.

16.9 Number and Gender. Whenever the singular number is used herein and when required by the context, the same shall include the plural, and the masculine, feminine and neuter genders shall each include the others, and the word “person” shall include corporation, firm, partnership, limited liability company, joint venture, trust or estate.

16.10 Governing Law. This Agreement and any claims or disputes arising hereunder shall be governed by and interpreted in accordance with the internal laws of the State of New York, without regard to principles of conflict of laws, except to the extent that federal law requires that federal law govern.

16.11 Evidentiary Rules. The Parties agree that the protections afforded compromises and offers to compromise by Rule 408 of the Federal Rules of Evidence and analogous principles of state law apply to this Agreement, all written and oral negotiations that preceded the execution of this Agreement and all written and oral communications concerning this Agreement and/or its implementation.

16.12 No Third Party Beneficiaries. Except as expressly provided in this Agreement, this Agreement does not create, and shall not be construed as creating, any rights enforceable by any person, partnership, corporation or other entity not a signatory this Agreement. Notwithstanding the preceding sentence, all of the Claimant Releasees and Respondent Releasees who are not Parties shall be deemed third-party beneficiaries of this Agreement to the extent it provides for release of any Claims against them.

17. Entire Agreement. This Agreement, including the Exhibits and Schedule hereto, set forth the entire agreement among the Parties with regard to the subject matter hereof. All agreements, covenants, representations and warranties, express or implied, oral or written, of the Parties with regard to the subject matter hereof are contained herein and in the Exhibits and Schedule hereto. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by any Party to any other Party with respect to the subject matter of this Agreement. All prior and contemporaneous conversations, negotiations, possible and alleged agreements and representations, covenants and warranties with respect to the subject matter hereof are waived, merged into this Agreement and the Exhibits and Schedule hereto, and superseded by those documents. This is an integrated agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

The Bear Stearns Companies Inc. (n/k/a The Bear Stearns Companies LLC)

Bear, Stearns & Co. Inc. (n/k/a J.P. Morgan Securities LLC)

By: _____
Name:
Title:

By: _____
Name:
Title:

Bear Stearns Asset Management Inc.

Financial Trust Company, Inc.

By: _____
Name:
Title:

By: _____
Name:
Title:

The C.O.U.Q. Foundation, Inc.

By: _____

Jeffrey Epstein

Name:
Title:

IT IS HEREBY STIPULATED AND AGREED, by the parties to this arbitration, through their undersigned counsel, that this arbitration be and it hereby is dismissed in its entirety with prejudice, with each party to bear its own attorneys' fees and costs, pursuant to Rule 12700 of the Code of Arbitration Procedure for Customer Disputes.

Dated: August __, 2011

Susman Godfrey LLP

Kramer Levin Naftalis & Frankel LLP

By: _____
Stephen D. Susman

By: _____
Stephen M. Sinaiko

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(212) 336-8330

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Counsel for Claimants

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(212) 277-4000

Co-Counsel for The Bear Stearns Companies
Inc., Bear, Stearns & Co. Inc. and Bear Stearns
Asset Management Inc.

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By: _____
David B. Anders

51 West 52nd Street
New York, New York 10019
(212) 403-1000

Counsel for Warren Spector

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE THE BEAR STEARNS COMPANIES, :
INC. SECURITIES, DERIVATIVE, AND ERISA : Master File No.:
LITIGATION : 08 M.D.L. No. 1963 (RWS)
: :
This Document Relates To: : ECF Case
: :
Financial Trust Co., Inc. v. The Bear :
Stearns Cos. Inc., No. 10 Civ. 01226 (RWS) : STIPULATION OF DISMISSAL
: WITH PREJUDICE
: :
-----X

PLEASE TAKE NOTICE that the undersigned counsel for all parties hereby stipulate and agree that this action, *Financial Trust Co., Inc. v. The Bear Stearns Cos. Inc.*, No. 10 Civ. 01226 (RWS), is hereby dismissed WITH PREJUDICE pursuant to Rule 41(a)(1)(A)(ii) of the Federal Rules of Civil Procedure.

Dated: New York, New York
August __, 2011

PAUL, WEISS, RIFKIND, WHARTON
& GARRISON LLP

By: _____
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*Attorneys for Defendant The Bear Stearns Companies
Inc.*

SUSMAN GODFREY L.L.P.

By: _____
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Fax: (212) 336-8340

Attorneys for Plaintiff Financial Trust Company, Inc.

Exhibit C

RELEASE

WHEREAS there exist certain disputes between Financial Trust Company, Inc., The C.O.U.Q. Foundation, Inc. and Jeffrey Epstein (together, "Claimants"), on one hand, and The Bear Stearns Companies Inc. (n/k/a The Bear Stearns Companies LLC), Bear, Stearns & Co. Inc. (n/k/a J.P. Morgan Securities LLC) and Bear Stearns Asset Management Inc. (the "Respondents"), on the other, arising from losses that Claimants allegedly suffered in connection with investments they made, directly or indirectly, in Bear Stearns High Grade Structured Credit Strategies, L.P., Bear Stearns High Grade Structured Credit Strategies (Overseas), Ltd., Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Fund, L.P., Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage (Overseas), Ltd., Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. and/or Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd., Bear Stearns Asset Backed Securities Partners, L.P., Bear Stearns Asset Backed Securities Overseas, Ltd. and securities (including common stock) issued by The Bear Stearns Companies Inc.; and

WHEREAS Claimants and Respondents have entered into a Settlement Agreement and Release, dated as of August __, 2011 (the "Agreement"); and

WHEREAS the Agreement provides that Claimants shall grant a release, the scope and terms of which are set forth in paragraphs 1.1, 1.2, 1.4, 1.5, 1.7 and 3.1 of the Agreement, in favor of Warren Spector (the "Releasor") and certain other parties,

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency are hereby acknowledged:

1. Unless otherwise defined herein, capitalized terms used in this Release shall have the meanings ascribed to them in the Agreement.

2. For purposes of this Release, the term "Spector Released Claims" means and includes all Claims of every nature, character and description, known and unknown, that Releasor now owns or holds, has at any time heretofore owned or held, or may at any time own or hold, by reason of, in connection with, relating to or arising out of any act, omission or thing caused or suffered to be done, from the beginning of time through and including the Effective Date, against the Claimant Releasees that in any way arise out of, are connected with or relate to: (a) any of the Funds; (b) any BSCI Securities; (c) the Arbitration and/or the allegations contained in the Statement of Claim and the Amended Statement of Claim filed therein; (d) the Action and/or the allegations contained in the Verified Complaint filed therein; (e) the Consolidated Action and/or the allegations contained in the pleadings filed by any party thereto and in any other actions consolidated therewith; (f) the Investments; (g) any investment in, redemption of, request to redeem, transaction in, or ownership of any interest in any of the Funds; (h) the management and/or operation of any of the Funds; (i) any investment in, or purchase, sale, or contemplated sale of any BSCI Securities; and/or (j) the ownership at any time of any BSCI Securities.

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3. Releasor hereby releases and forever discharges the Claimant Releasees of and from all Spector Released Claims.

4. This Release shall be governed by, and interpreted and enforced in accordance with, the internal laws of the State of New York, without regard to principles of conflict of laws.

5. This Release shall become effective when the release set forth in paragraph 3.1 of the Agreement becomes effective.

6. This Release may not be modified orally.

Dated: August __, 2011

Warren Spector

Schedule

<u>Party</u>	<u>Fund</u>	<u>Date</u>	<u>Contribution</u>
Financial Trust Company, Inc.	HG	January 2004	\$15,000,000
	ELR	August 2006	\$20,155,344
	ABS	November 2006	\$10,000,000
The C.O.U.Q. Foundation, Inc.	ABS	January 2004	\$10,000,000 ¹

“HG” refers to Bear Stearns High Grade Structured Credit Strategies, L.P.

“ELR” refers to investments made in Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Fund, L.P. by in-kind transfer from Bear Stearns High Grade Structured Credit Strategies, L.P.

“ABS” refers to one or more of Bear Stearns Asset Backed Securities Partners, L.P., Bear Stearns Asset Backed Securities Overseas, Ltd. and Bear Stearns Asset Backed Securities Overseas II, Ltd.

¹ Pursuant to an instrument dated January 1, 2008, COUQ assigned to YLK Charitable Trust 100 percent of the shares COUQ owned in Bear Stearns Asset Backed Securities Overseas, Ltd.

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