

AGREEMENT

This Agreement ("Agreement") is made and entered into as of the 1st day of November 2013 ("Effective Date"), by and between the **STATE OF FLORIDA, OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LEGAL AFFAIRS** (the "DLA"); the **STATE BOARD OF ADMINISTRATION OF FLORIDA**, including on behalf of the **FLORIDA RETIREMENT SYSTEM TRUST FUND** (the "SBA"); and **THE BANK OF NEW YORK MELLON**, successor by operation of law to Mellon Bank, N.A., its subsidiaries and affiliates, predecessors, successors, and assigns, directors, officers, employees, and agents ("BNY Mellon"). The foregoing are each referred to individually as a "Party" and collectively as "Parties."

WHEREAS, SBA and BNY Mellon entered into a Custodian Contract dated as of July 1, 2005 and amended from time to time to provide for the safekeeping of certain governmental assets for which the SBA serves as Trustee;

WHEREAS, SBA and BNY Mellon entered into a Securities Lending Agreement dated as of July 1, 2005 and amended from time to time;

WHEREAS, BNY Mellon made investments on behalf of the SBA in cash collateral, including but not limited to medium-term notes issued by Sigma Finance, Inc., through BNY Mellon's securities lending program (the "Securities Lending Dispute");

WHEREAS, on August 11, 2011, DLA filed a Complaint in Intervention in *State of Florida ex rel. FX Analytics v. The Bank of New York Mellon Corporation*, No. 2009 CA 4140, Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, alleging violations of the Florida False Claims Act on behalf of the State of Florida and on November 2, 2011 filed a First Amended Complaint in Intervention (the "FX Dispute") (the term "Disputes" means the Securities Lending Dispute and/or the FX Dispute individually or collectively, whichever is more inclusive);

WHEREAS, on November 14, 2011, BNY Mellon filed a motion to dismiss the First Amended Complaint in Intervention but that motion was never heard;

WHEREAS, to avoid the cost, expense, and uncertainty inherent in litigation, the Parties now desire fully and finally to resolve and terminate any and all claims relating to or arising out of the Disputes, without any admission of liability or wrongdoing.

NOW THEREFORE, in consideration of the mutual promises contained herein and for other valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Wire Transfer.

- 1.1 Within fourteen (14) days after the Effective Date, BNY Mellon shall execute a wire transfer to the SBA in the amount of \$28,000,000.00.

2. Annual Credit.

2.1 BNY Mellon will provide the SBA a credit (“Annual Credit”), in the amount of \$500,000.00 per year beginning with the 2013-14 contract year (commencing on November 1, 2013) and ending no later than the 2022-23 contract year, to be applied against the fees that BNY Mellon bills the SBA under a custodian contract (including any extensions thereto). The Annual Credit shall appear on the first monthly invoice for each contract year and will be applied against the negotiated fee for the first month of the contract year. Upon termination or expiration of a custodian contract, the Annual Credits shall immediately cease, but the SBA will retain all Annual Credits as of such time. The Annual Credits are only credits and have no cash value.

3. Dismissal of Action.

3.1 Within twenty (20) days after the Effective Date, DLA shall voluntarily dismiss the FX Dispute, with prejudice.

4. Release.

4.1 Upon execution of this Agreement, DLA and SBA (collectively, the “Florida Parties”), do hereby remise, release, acquit, satisfy, covenant not to sue, and forever discharge BNY Mellon from any and all actions, causes of action, suits at law or in equity, complaints, proceedings, claims, counterclaims, cross-claims, obligations, demands, dues, debts, damages, liabilities, liens, costs, and expenses, which the Florida Parties ever had, now have or may have against BNY Mellon arising out of or in any way relating to the issues that were or could have been raised in the Disputes, or to the pricing, handling, routing, execution of or entering into any foreign exchange transaction with, for or on behalf of SBA prior to the Effective Date, under federal or state laws; provided, however, the release shall not extend to any obligations created by this Agreement.

4.2 Upon execution of this Agreement, BNY Mellon does hereby remise, release, acquit, satisfy, covenant not to sue, and forever discharge SBA from any and all actions, causes of action, suits at law or in equity, complaints, proceedings, claims, counterclaims, cross-claims, obligations, demands, dues, debts, damages, liabilities, liens, costs, and expenses, which BNY Mellon ever had, now have or may have against SBA arising out of or in any way relating to the issues that were or could have been raised in the Disputes, or to the pricing, handling, routing, execution of or entering into any foreign exchange transaction with, for or on behalf of SBA prior to the Effective Date, under federal or state laws; provided, however, the release shall not extend to any obligations created by this Agreement.

4.3 The Florida Parties agree not to join any complaint, charge, claim or proceeding against BNY Mellon before any local, state or federal agency, court or other body arising out of or relating to the Disputes, or to the pricing, handling, routing, execution of or entering into any foreign exchange transaction with, for or on behalf of SBA prior to the Effective Date (each, individually, a "Proceeding"). The Florida Parties waive any right they may have to benefit from any monetary relief obtained in any Proceeding. Likewise, BNY Mellon agrees not to implead or otherwise seek the joinder of the Florida Parties in any Proceeding.

5. Representations and Warranties.

5.1 Each Party represents, warrants, and agrees that it has the full right and authority to enter into this Agreement and that the person executing this Agreement on its behalf has the authority to fully bind such Party.

6. Non-Admission of Liability.

6.1 The Parties have entered into this Agreement in compromise of disputed claims and without an admission of any fault, liability or wrongdoing. Rather, the Parties have entered into this Agreement to avoid the cost, expense, and uncertainty inherent in litigation.

7. Governing Law and Choice of Forum.

7.1 This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Florida, without regard to the principles of the conflicts of laws thereof.

7.2 Any action or proceeding to enforce any provision of this Agreement shall be brought exclusively in the Second Circuit in and for Leon County, Florida. The Parties consent to the exclusive jurisdiction of this court in any such action or proceeding and waive any objection to venue there.

8. Miscellaneous Provisions.

8.1 Effect of Waiver. No waiver of any of the Agreement's provisions shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall such waiver constitute a continuing waiver.

8.2 Integration. This Agreement constitutes the complete and entire understanding and agreement between the Parties and supersedes any previous communications, representations or agreements, oral or written, related to the subject matter of this Agreement. There are no other promises, agreements, conditions, undertakings, covenants, warranties or representations, either written or oral, express or implied, between or among the Parties on the matters set forth in this Agreement.

- 8.3 Modifications. No modification of any of the provisions in the Agreement shall be binding unless made in writing and signed by the Parties.
- 8.4 Severability. The Parties agree and acknowledge that if any provision of this Agreement is determined by a final judgment of a court of competent jurisdiction to be illegal, void or unenforceable, such determination shall not affect the balance of this Agreement, which shall remain in full force and effect and such invalid provision shall be deemed severable.
- 8.5 All Terms Contractual. Each of the Parties hereto acknowledges and agrees that the Agreement's terms are contractual and not merely recitals and are the result of negotiations between parties of equal bargaining positions. All recitals are incorporated by reference into this Agreement.
- 8.6 Fees and Costs. Except as expressly provided herein, each party shall bear its own attorneys' fees, expenses, and costs incurred in connection with the Disputes and with the negotiation, drafting, and performance of this Agreement. BNY Mellon shall remit a check payable to DLA in the amount of \$100,000.00 for reimbursement of its reasonable attorneys' fees, expenses, and costs in connection with the Disputes. BNY Mellon has no liability to either the Relator in the FX Dispute or its counsel.
- 8.7 Headings. Section and paragraph headings are for convenience only and shall not be considered for any purpose in construing this Agreement.
- 8.8 Counterparts. This Agreement may be executed in counterparts and by facsimile or PDF signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

For Pamela Jo Bondi, Attorney General:

Signature: Russell S. Kent

Name: Russell S. Kent

Title: Special Counsel for Litigation

Date: October 31, 2013

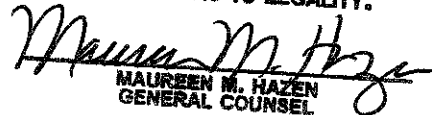
For The State Board of Administration of Florida:

Signature: 

Name: Ashbel C. Williams

Title: Executive Director and CIO

Date: 10/31/2013

APPROVED AS TO LEGALITY:

**MAUREEN M. HAZEN
GENERAL COUNSEL**

For The Bank of New York Mellon:

Signature: _____

Name: Kevin McCarthy, Esq.

Title: Executive Vice President and Senior Deputy General Counsel

Date: _____

For The State Board of Administration of Florida:

Signature: _____

Name: Ashbel C. Williams

Title: Executive Director and CIO

Date: _____

For The Bank of New York Mellon:

Signature: Kevin McCarthy

Name: Kevin McCarthy, Esq.

Title: Executive Vice President and Senior Deputy General Counsel

Date: 10|31|13