

RETENTION AGREEMENT

WHEREAS, the Attorney General has determined that claims should be made against certain persons and legal entities which are now or have previously sold, underwritten, issued, serviced, rated, structured, organized or analyzed any and all Mortgage Backed Securities (MBSs) or Collateralized Debt Obligations (CDOs) as well as the entities which are now or have previously given advice or counsel to the State of Mississippi, by and through the Mississippi Public Employees' Retirement System (MS PERS), to purchase said MBSs and CDOs in violation of any State or Federal Statute, including, but not limited to the Securities Act of 1933, the Securities Act of 1934, fraud and conspiracy to Defraud the State of Mississippi.

WHEREAS, the Attorney General has authority to bring this action on its own behalf and/or on behalf of its subdivisions. Further, action as a constitutional officer possessing all the power and authority inherited from the common law as well as that specially conferred upon it by statute, the Attorney General has the right to institute, conduct and maintain this suit in order to enforce the laws of the United States of America;

WHEREAS, the Attorney General has determined that the investigation, research, and litigation of the Claims will require the expenditure of large sums of money and require the work of numerous lawyers, paralegals, accountants, and secretaries who are familiar with the litigation, and related issues for an extended period of time; and

WHEREAS, the Attorney General has further determined that it is in the best interests of the State and its citizens that the State retain attorneys experienced in the areas of antitrust litigation and class actions to pursue the Claims; and,

WHEREAS, the below listed Law Firm is experienced in securities and class actions litigation and has consented to represent the State of Mississippi, in association with the Attorney General, respecting the Claims and pursuant to the terms and conditions hereof.

IT IS, ACCORDINGLY, AGREED on August 28, 2008 as follows:

1. The Office of the Attorney General hereby retains the Law Firm of POND GADOW & TYLER, P.A., ("Law Firm") and its principal members, MICHAEL G. POND, JOHN L. GADOW and BLAKE A. TYLER, are hereby designated as Special Assistant Attorneys General to investigate, research and file the Claims in any appropriate Court or Courts or before any appropriate governmental agency. Furthermore, said Law Firm shall have the right to associate with any other firm, subject to the approval of the Attorney General, to conduct investigations, pursue claims or initiate litigation.

2. The Attorney General does not relinquish his constitutional or statutory authority or responsibility through this Retention Agreement. The Attorney General has the sole authority to settle this litigation on behalf of the State of Mississippi and its subdivisions. The Law Firm shall consult with the Attorney General and obtain his approval on all material matters pertinent to these Claims and any litigation arising therefrom, and the Attorney General shall cooperate with the Law Firm and use his best efforts to secure the cooperation of other State agencies and subdivisions. Prior to initiating inquiries or demands to any persons or entities, the Attorney General and the Firm will agree upon entities to be contacted and/or claims to be pursued; the Firm will thereafter be entitled to its reasonable fees and expenses, as provided below, on any recovery from such agreed-upon entity or claims, discovered as a consequence of the Firm's inquiry/demand. The Attorney General is not required, however, to assign any members of his

staff to pursue the Claims, but may from time to time afford staff and other support services as the Attorney General deems appropriate. The Attorney General shall designate a member(s) of his staff to monitor these Claims, and the Law Firm shall keep the Attorney General and his designated staff member(s) fully informed on all matters pertaining to the Claims.

3. The Attorney General and the Law Firm both recognize that the claims present numerous factual and legal obstacles, and that no assurance of success on the Claims has or can be made.

4. The Attorney General shall maintain responsibility for the public distribution of information concerning this matter as it relates to the State of Mississippi. All press inquiries shall be referred to the Attorney General for comment and response.

5. Notwithstanding the potential difficulties, the Law Firm has agreed to represent the State, and the Attorney General hereby agrees that the Law Firm will be compensated for recoveries by the State of Mississippi on the following basis:

A. Fee Agreements:

Exhibit A - Retention Agreement - Matter Settled Prior to Initiation of Litigation

Exhibit B - Retention Agreement - Matter Resolved After Initiation of Litigation

B. All reasonable and necessary costs of litigation including, but not limited to, court costs, travel, witness fees, consultants, accounting, and expert fees and expenses, as shall be approved by the Attorney General, shall initially be borne entirely by the Law Firm, but shall be reimbursed from any gross recoveries from the pursuit of such claims on a case-by-case basis;

C. The Law Firm shall receive no compensation or reimbursement for recoveries by the State of Mississippi other than set out above. In the event that no recovery is realized, the Law Firm shall receive no compensation or reimbursement.

6. With the approval of the Attorney General, the Law Firm may associate other attorneys at its own expense and at no cost to the State of Mississippi. Notwithstanding such association of other attorneys, this Retention Agreement is non-assignable and non-transferable, nor are the Law Firm's commitments delegable without the express, written approval of the Attorney General.

**ATTORNEY GENERAL OF
THE STATE OF MISSISSIPPI**

By: 
JIM HOOD, ATTORNEY GENERAL *By JGM*

POND GADOW & TYLER, P.A.

By: 
John L. Gadow

Exhibit "A"
(Counsel Retention Agreement)
(Matter Settled Prior to Initiation of Litigation)

For any "Matter Settled Prior to Initiation of Litigation," the following structured contingent fee schedule shall apply and govern compensation of the Attorneys:

For Recovery by the State of Mississippi Up to \$25,000,000.00:

15%

For Recovery by the State of Mississippi between \$25,000,000.00 and \$75,000,000.00:

13%

For Recovery by the State of Mississippi between \$75,000,000.00 to \$200,000,000.00:

7%

For Recovery by the State of Mississippi between \$200,000,000.00 to \$500,000,000.00:

4%

For Recovery by the State of Mississippi between \$500,000,000.00 to \$1,000,000,000.00

2%

For Recovery by the State of Mississippi greater than \$1,000,000,000.00:

1%

Explanatory Note & Illustration of Fee Computation

The structured contingent fee schedule set forth herein is intended to, and shall, operate cumulatively so that, in relation to each successive category or level of Recovery by the State of Mississippi (e.g., "For Recovery by the State of Mississippi Up to \$25,000,000.00," *etc.*), there shall be a specified percentage or percentages governing the amount or valuation of the aggregate contingent fee in each such category, so that the Attorneys shall be entitled to receive, and shall be paid, an aggregate sum or value equivalent computed by multiplying the percentage applicable to each such successive category or level of Recovery by the State of Mississippi by the incremental dollar amount falling within each such category and the separate products so derived by multiplying these factors in each

category shall be added together to compute the aggregate fee to be paid to the Attorneys. By way of illustration only, the cumulative contingent fee structure shown on this Exhibit "A" shall be computed, utilizing the following method:

Assume Recovery by the State of Mississippi of a monetary sum, benefit, or value equal to \$600,000,000.00.

The Attorneys' contingent fee will be computed by adding together the specified, applicable percentage of each category or level, as follows:

- 15% of the first \$25,000,000.00 (*i.e.*, 15% of any sums or values between 0 and \$25,000,000.00)

PLUS

- 13% of the next \$50,000,000.00 (*i.e.*, 13% of all sums or values between \$25,000,000.00 and \$75,000,000.00)

PLUS

- 7% of the next \$125,000,000.00 (*i.e.*, 7% of all sums or values between \$75,000,000.00 and \$200,000,000.00)

PLUS

- 4% of the next \$300,000,000.00 (*i.e.*, 4% of all sums or values between \$200,000,000.00 and \$500,000,000.00)

PLUS

- 2% of the next \$100,000,000.00 (*i.e.*, 2% of the difference between \$500,000,000.00 and the amount of the award greater than that sum or value, or in this example, \$600,000,000.00)
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Exhibit "B"
(Counsel Retention Agreement)
(Matter Resolved After Initiation of Litigation)

For any "Matter Resolved After Initiation of Litigation", the following structured contingent fee schedule shall apply and govern compensation of the Attorneys:

For Recovery by the State of Mississippi Up to \$25,000,000.00:

After filing complaint before discovery completed:	17%
After filing complaint after discovery complete awaiting trial:	20%
After commencement of trial:	25%

For Recovery by the State of Mississippi between \$25,000,000.00 and \$75,000,000.00:

After filing complaint before discovery completed:	15%
After filing complaint after discovery complete awaiting trial:	18%
After commencement of trial:	21%

For Recovery by the State of Mississippi between \$75,000,000.00 to \$200,000,000.00:

After filing complaint before discovery completed:	10%
After filing complaint after discovery complete awaiting trial:	14%
After commencement of trial:	18%

For Recovery by the State of Mississippi between \$200,000,000.00 to \$500,000,000.00:

After filing complaint before discovery completed:	6%
After filing complaint after discovery complete awaiting trial:	8%
After commencement of trial:	10%

For Recovery by the State of Mississippi between \$500,000,000.00 to \$1,000,000,000.00:

After filing complaint before discovery completed:	3%
After filing complaint after discovery complete awaiting trial:	4%
After commencement of trial:	5%

For Recovery by the State of Mississippi over \$1,000,000,000.00:

After filing complaint before discovery completed:	2%
After filing complaint after discovery complete awaiting trial:	3%
After commencement of trial:	4%

Explanatory Note & Illustration of Fee Computation

The structured contingent fee schedule set forth herein is intended to, and shall, operate cumulatively so that, in relation to each successive category or level of Recovery by the State of Mississippi (e.g., "For Recovery by the State of Mississippi Up to \$25,000,000.00," etc.), there shall be a specified percentage or percentages governing the amount or valuation of the aggregate contingent fee in each such category, so that the Attorneys shall be entitled to receive, and shall be paid, an aggregate sum or value equivalent computed by multiplying the percentage applicable to each such successive category or level of Recovery by the State of Mississippi by the incremental dollar amount falling within each such category and the separate products so derived by multiplying these factors in each category shall be added together to compute the aggregate fee to be paid to the Attorneys. By way of illustration only, the cumulative contingent fee structure shown on this Exhibit "B" shall be computed, utilizing the following method:

Assume Recovery by the State of Mississippi of a monetary sum, benefit, or value equal to \$600,000,000.00, and assume further that the sum or value was derived "[a]fter filing complaint after discovery complete awaiting trial."

The Attorneys' contingent fee will be computed by adding together the specified, applicable percentage of each category or level, as follows:

- 20% of the first \$25,000,000.00 (i.e., all sums or values between 0 and \$25,000,000.00)

PLUS

- 18% of the next \$50,000,000.00 (i.e., all sums or values between \$25,000,000.00 and \$75,000,000.00)

PLUS

- 14% of the next \$125,000,000.00 (i.e., all sums or values between \$75,000,000.00 and \$200,000,000.00)

PLUS

- 8% of the next \$300,000,000.00 (i.e., all sums or values between \$200,000,000.00 and \$500,000,000.00)

PLUS

- 4% of the next \$100,000,000.00 (i.e., 4% of the next sum or value greater than \$500,000,000.00 which, in this example, is \$600,000,000.00)