

ENGAGEMENT AGREEMENT

This Engagement Agreement (“Agreement”) is made between Simpson Thacher & Bartlett LLP (“Law Firm”), 425 Lexington Avenue, New York, NY and the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY (the “Bank” or “Client”), in order to set out the terms and conditions under which the Law Firm will represent the Client.

SECTION 1

EFFECTIVE DATE

This Agreement shall take effect upon the last date that it is signed by one of the parties.

SECTION 2

SCOPE OF SERVICES

The Law Firm shall provide legal services to the Bank, rendering advice (and potentially defending the Bank in litigation) in connection with the acquisition by JPMorgan Chase & Company of The Bear Stearns Companies Inc. (the “Matters”).

The Client shall cooperate with the Law Firm, and upon request, provide to it any information in the Client’s possession or control that is relevant to the Matters.

SECTION 3

REPRESENTATIVES

A. CLIENT’S REPRESENTATIVE

The Client’s Representative is

B. LAW FIRM REPRESENTATIVE

is the partner for the Law Firm who is responsible for managing the work of attorneys and support staff handling the Matters. The rate at which the Law Firm charges for services is currently \$1,000 per hour.

SECTION 4

MANAGEMENT PRACTICES

The Client expects the Law Firm to observe the following management practices to maximize the efficiency of outside counsel and minimize costs to the Client.

- a) Every effort should be made to have the same lawyer or lawyers handle the matters from beginning to end.
- b) The attorney handling the Matters for the Law Firm (Richard Beattie) is responsible for managing the work of attorneys and support staff, and especially for monitoring the hours being charged to the Matters. Prompt recording and review of billable hours can prevent the client incurring charges that the Matters do not warrant.
- c) Generally, a legal task should be handled by the competent person having the lowest hourly rate, taking into account the importance of the Matters. In determining whether a task should be assigned to a junior member of the Law Firm, however, consideration should be given to overall cost-effectiveness. In some situations, the work can be done more efficiently and at a lower total cost by a more senior member of the Law Firm. The use of paralegals and law clerks is encouraged when appropriate.
- d) Limit the use of multiple lawyers at a government agency hearing or other conference to those situations where the need for or benefit from having several lawyers present outweighs the cost to do so.

SECTION 5

COMMUNICATION WITH CLIENT'S REPRESENTATIVE

The Law Firm shall promptly send to the Client's Representative a copy of any filing, significant correspondence or legal memorandum relating to the Matters. Further, the Law Firm shall promptly advise the Client's Representative of any significant development concerning the Matters. Copies of any of the foregoing that are provided to the Client's Representative shall also be provided to the person authorized to act for the Client in the absence of the Client's Representative.

SECTION 6

UP-THE-LADDER REPORTING

The Law Firm acknowledges receipt of the attached Bank Legal Department's "Up-the-Ladder" procedures (the "Up-the-Ladder Procedures") for reporting suspected material violations of any state or Federal law, or fiduciary duty. Law Firm agrees to direct any attorney responsible for handling any matter pursuant to this Agreement to report any such suspected violation in conformity with the Up-the-Ladder Procedures. The Client Representative shall serve as the "supervising attorney" for purposes of the Up-the-Ladder Procedures.

SECTION 7

COMPENSATION OF LAW FIRM/EXPENSES

A. FEES

The Client shall compensate the Law Firm for legal services rendered on a "time and charges" basis, with overhead included in any quoted hourly rate. The Client must be kept advised of the hourly rates charged by those who work on a matter. The Law Firm's hourly rates for partners for 2008 will range from \$740 to \$1,000, for associates from \$280 to \$720, for paralegals from \$165 to \$225, and law clerks are \$280.

B. EXPENSES

1. In addition, Client shall reimburse the Law Firm for reasonable costs and expenses incurred by it in performing services under this Agreement, such as photocopying, messenger and delivery service, computerized research, travel (including mileage, parking, airfare, lodging, meals, and transportation), long-distance telephone, telecopying, and filing fees.

2. Significant expense items may not be incurred without the prior approval of the Client's Representative. These include, but are not limited to, the use of investigative services and retention of a consultant or associate counsel.

3. Lexis/Nexis charges should be billed at the Law Firm's cost and accompanied by a copy of the invoice the Law Firm receives.

4. The Law Firm should not send documents by Federal Express or similar companies, and should not send facsimiles unless there is urgency to the communication. Messenger service should be used only when necessary.

5. Charges for copy work must reflect the number of copies per page, which is expected to be reasonable. Any charges in excess of fifteen cents per page for copy services is assumed to be unreasonable.

6. The Client often can obtain substantial discounts for certain travel expenses, so the Law Firm should initially consult with the Client's Representative about travel arrangements. First class airfare, luxury accommodations and lavish meals are considered unreasonable expenses and will not be paid unless otherwise agreed to in advance. Travel time outside customary business hours (8:00 a.m. – 5:30 p.m.) should be billed only when productive work actually is being performed for the Clients.

C. BILLING

1. Unless otherwise agreed, a bill for services rendered/expenses incurred should be submitted not less frequently than every 60 days following the effective date of this Agreement. Each bill must reflect the date services were rendered, the name or initials of the person performing the service, the hours charged (to the tenth of an hour), and a brief description

of the services performed. Description such as fee for “services rendered,” “research,” or “analysis” without explanation of the specific topic or subject matter involved is inadequate.

2. The amount charged per hour and the total charged by each person working on the Matter should be shown at the end of each bill. There should also be a detailed list of any expenses for which the Client is being charged. The bill should show total professional fees (and hours) plus total disbursements for expenses and a grand total.

3. Unless otherwise agreed in advance, the Client will not pay for the following:

- a. administrative or clerical services including secretarial, word processing, accounting or other clerical staff time, overtime or otherwise);
- b. time charges for the preparation of a bill; and
- c. any expense labeled “miscellaneous”.

SECTION 8

CONFIDENTIALITY/RETURN OF DOCUMENTS

A. The Law Firm shall hold in strictest confidence all information relating to this Agreement and any information that may be acquired in connection with or as a result of performing services under this Agreement. During the term of this Agreement and at any time thereafter, the Law Firm, its employees and agents shall not publish, communicate, divulge, disclose or use any information that has been designated by the Client as proprietary or confidential or that is not contained in the Client’s published literature or not generally known outside the Client without the Client’s prior written consent. If confidential information is disclosed, the parties shall take all reasonable measures, agreed to by the Client and the Law Firm, to recover the information and prevent further disclosure.

B. The Law Firm shall not refer to the Client in any publication or advertisement and shall not publicize in any way its role with respect to this Agreement without the Client’s prior written consent.

C. Upon termination or expiration of this Agreement, the Law Firm shall deliver to the Client’s representative any records, data, and documents obtained from the Client, including any copies of the foregoing except such copies as the Law Firm believes it must retain in order to accurately document the nature, scope and quality of the services rendered by it to the Client.

SECTION 9

TERMINATION

A. BY CLIENT

Client may at any time terminate the Law Firm's representation of the Client upon written notice to the Law Firm. Such termination shall not relieve the Client of the obligation to pay for services rendered and costs and expenses paid or incurred to the effective day of termination.

B. BY LAW FIRM

The Law Firm may withdraw from its representation of the Client if, among other things, the Client fails to cooperate or follow the Law Firm's advice on a material matter, or any fact or circumstance would, in the Law Firm's view, render its continuing representation unlawful or unethical. If the Law Firm elects to withdraw, the Client will take all steps necessary to free the Law Firm of any obligation to perform further, including the execution of any documents necessary to complete the Law Firm's withdrawal, and the Law Firm will be entitled to be paid for services rendered and costs and expenses paid or incurred on behalf of the Client to the date of withdrawal.

SECTION 10

CONFLICT OF INTERESTS

The Law Firm on occasion represents other clients in matters involving the Federal Reserve Board and the Reserve Banks, including contacting officials and employees of the Board and the Reserve Banks. The Law Firm's representation of the Client with respect to the Matter does not preclude such continuing representation of other clients by the Law Firm provided that Richard Beattie, and any other attorney assigned to work on the Client's Matter does not personally become involved in any representation which involves contact on behalf of other clients with any official or employee of the Board or the Reserve Banks during the time the Law Firm is representing the Client.

Occasionally, the Law Firm is involved, on behalf of other clients, in representations, that would be, or might be, viewed as adverse to the Federal Reserve System. This could include litigation in which the Board or a Reserve Bank was an adverse party or counseling representations where the position being pursued on behalf of the Law Firm's other client is adverse to a position of the Board or the Reserve Banks. The Law Firm's representation of the Client with respect to this Matter does not preclude the Law Firm from undertaking adverse representations against the Federal Reserve System provided that; (a) in no circumstance, would the Law Firm undertake any representation adverse to the Federal Reserve System that was substantially related to the subject matter of the representation being provided on the Matter; and (b) that Richard Beattie, and any other attorney assigned to the Matter, will not personally become involved in any representation adverse to the Board or the Reserve Banks,

whether substantially related to the Matter or not, during the period in which the Law Firm continues to represent the Client.

SECTION 11

MISCELLANEOUS PROVISIONS

A. NOTICES

Any notice or invoice required or permitted to be given under this Agreement shall be deemed to have been given either when served personally or three days after being sent by U.S. Mail, first-class postage pre-paid, addressed to the party at the applicable address set forth on page one (1) of this Agreement.

B. SUPERSEDING EFFECT

This Agreement supersedes all oral and written Agreements, if any, between the Law Firm and the Client to the extent such Agreements address the services to be provided under this Agreement. This agreement constitutes the entire agreement between parties with respect to the subject matter of this Agreement, and may not be modified except by a writing signed by the parties.

C. APPLICABLE LAW

This Agreement shall be deemed to be made under and shall be construed and interpreted in accordance with the law of the State of New York.

D. ASSIGNMENT

This Agreement is for the personal services of the Law Firm and this Agreement may not be transferred or assigned by the Law Firm without the prior written consent of the Client.

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

The Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

ST&B

TO: Tom

DATE: 3/25/08

The enclosed is
for your information

I filled in the blanks and had
Dick sign it.

Regards,

Pete

Philip T. (Pete) Ruegger III
Chairman, Executive Committee

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
212-455-3220 Fax: 212-455-2502
E-mail: pruegger@stblaw.com

PETE RUEGGER

LOS ANGELES

PALO ALTO

HONG KONG

LONDON

TOKYO

