

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045-0001

AREA CODE 212-720-5000

May 8, 2009

**Oliver Wyman, Inc.
99 Park Avenue, Fifth Floor
New York, NY 10016**

This letter sets forth the agreement between Oliver Wyman, Inc. (the "Vendor") and the Federal Reserve Bank of New York (the "Bank"), a corporation organized under the laws of the United States (the "Agreement"), pursuant to which the Vendor will provide skilled consultants to assist the Bank in building out its financial risk management function. Accordingly, the Bank and the Vendor agree as follows:

I. SELECTION OF THE CONSULTANT

- A. The Vendor agrees to provide the consultant named in Schedule A ("Consultant"), which schedule is attached hereto and made a part hereof, for the expected period of service specified in Schedule A. Schedule A shall also specify the starting date for the Consultant provided hereunder, which shall be mutually agreed upon by the Bank and the Vendor, and any additional terms and conditions that may apply to this Agreement. Additional consultants may be provided under this Agreement by the execution of additional Schedule A's by the Bank and the Vendor. The Bank shall be furnished with a resume of the Consultant, which resume the Vendor represents to be accurate and which shall be attached to and made a part of this Agreement. The Bank shall also have the right to interview and approve or disapprove each consultant prior to assignment to the Bank. If any consultant is unacceptable to the Bank, the Vendor will propose another similarly qualified individual acceptable to the Bank.

- B. The Vendor will use its best efforts to make each consultant available to the Bank on the starting date specified for the Consultant in Schedule A.

II. SCOPE OF THE PROJECT

- A. The Consultant will:

- Provide program management services, including:
 - Build-out planning and coordination, which shall include creation and on-going revision of the business plans for risk modeling and analytics, risk reporting and line risk management
 - Risk organizational design and development, which shall involve iterating the organizational model for the financial management function to develop more granular views of the division of responsibilities based on specific skillsets and priorities of Bank staff members
 - Risk policy development, which shall consist of understanding existing decision-making practices, assessing and correcting any weakness, and codifying the intended practices in cooperation with key stakeholders
 - Setting risk expectations for the Bank's credit facilities, which shall serve to provide an on-going framework for prioritizing and assessing the Bank's risk management efforts
 - Ad hoc support

- Provide analytics and reporting services, including:
 - A gap analysis of existing analytic capabilities (including relevant vendor capabilities), which shall frame the key issues and goals that matter to Bank decision-makers, outline the kinds of information and metrics that would be needed on an on-going basis to address these issues and compare the existing analytic capabilities to those that are needed to produce the required metrics
 - Design and implementation of a "risk dashboard" summarizing critical risk information for the Bank's senior executives, which shall consist of a bank-wide summary of major exposures as well as drill-downs into further detail for each major business or asset class

- Development of an analytics blueprint for the financial risk management function, which shall describe the specific models and tools the financial risk management function should build or buy, the data and information that will be required, and the reporting requirements for the Bank's outside vendors

B. The deliverables will include, but not be limited to, the following:

In connection with the program management services:

- Business plans for each of the major financial risk management teams
- Organizational model, including roles and responsibilities, for each of the major financial risk management teams
- Assistance in recruiting and hiring Bank staff for the financial risk function
- Drafts of key risk policies
- Risk expectations statement for each major Bank facility
- Ad hoc support for the leadership of the financial risk management function

In connection with the analytics and reporting:

- A near-term risk dashboard
- An overall operational framework for risk reporting
- An initial quantitative and qualitative assessment of the Bank's risk exposures
- An analytics blueprint to guide subsequent development of modeling capabilities

III. CONDITIONS OF THE PROJECT

A. The Consultant will perform all work at the Bank's facilities. The Consultant shall have access to the Bank's facilities during the Bank's normal business hours or at other times with the Bank's prior written permission. The Bank reserves the right to adjust the Consultant's working hours based upon the availability of computer time. The Consultant will observe the Bank's holidays unless otherwise authorized in writing by the Bank.

- B. Vendor, its agents and employees shall abide by any of the Bank's security arrangements made known to Vendor, where practicable. The Vendor hereby agrees that the Bank may at any time perform background checks on any employee or agent of the Vendor that has been granted physical access to the Bank or access to the Bank's computer systems (including, but not limited to, criminal background checks, drug testing, fingerprinting and prior-employer reference checks) and that the Consultant hereby consents to and will cooperate fully in such matters, provided that credit history checks will not be performed and the results of any such background checks performed by the Bank shall be maintained by the Bank subject to obligations of confidentiality substantially similar to those imposed on Vendor hereunder. Vendor also agrees that any security related question concerning any employee or agent of the Vendor may constitute grounds for removal from the Bank at any time. Vendor further agrees that any employees or agents of the Vendor will immediately terminate all electronic and/or physical means of accessing the Bank, and will return all property and data belonging to the Bank, upon termination of this Agreement. Notwithstanding the foregoing, Vendor may, in accordance with legal, disaster recovery and records retention requirements, retain copies of any information provided by the Bank hereunder that are stored in tape backups and may retain copies of work product developed in connection herewith, provided that all such retained information and work product shall remain subject to the confidentiality obligations contained herein, and Vendor will not access any information of the Bank retained in tape backups except pursuant to legal and/or disaster recovery requirements.
- C. Because of the sensitive and confidential information about the Bank's business affairs, operation and security procedures which the Vendor may be given or have access to during the term of this Agreement, the Bank will conduct background investigations of Vendor at the Bank's expense. In the Bank's sole discretion, the Bank may conduct more than one such background investigation during the term of this Agreement and such investigations may include, but not be limited to, researching the Vendor's ownership, business history and record of ethical conduct. If: (i) the Vendor fails to promptly cooperate with any such background investigations; or (ii) the Bank determines, in its sole discretion, that the results of any background investigation are not satisfactory to the Bank, the Bank may, at its sole option, terminate this Agreement immediately and without any liability on behalf of the Bank, other than to pay Vendor for any services that have been properly rendered under this Agreement as of the date of termination. In the event the Bank terminates this Agreement in connection with an unsatisfactory background check, the Bank shall have no obligation to inform the Vendor of the specific results of the background check or why the Bank deemed those results unsatisfactory.

- D. All original written material, including programs, tapes, listings, and other programming documentation originated and prepared by Vendor specifically for the Bank pursuant to this Agreement shall belong exclusively to the Bank.
- E. All inventions, discoveries or improvements originated by Vendor specifically for the Bank shall likewise be the sole property of the Bank.
- F. Notwithstanding anything to the contrary contained in this Agreement, it is understood and agreed that Vendor shall retain all of its rights in its own intellectual capital, including, without limitation, its methodologies and methods of analysis, ideas, concepts, expressions, know how, methods, models, tools, techniques, skills, generic industry information, knowledge and experience (and any graphic representations of any of these), whether now possessed or hereafter acquired by Vendor (the "Vendor IC"), and the same shall not be deemed works made for hire and Vendor shall not be restricted in any way with respect thereto. Vendor hereby grants to the Bank a non-exclusive, non-transferable, worldwide, fully paid-up license to use any Vendor IC contained or embedded in the materials delivered by Vendor to the Bank hereunder, for use by the Bank in its ordinary course of doing business including dissemination to its customers (i.e., the twelve (12) Federal Reserve Banks located in the United States, the Board of Governors of the Federal Reserve System, and the United States Treasury Department).
- G. Vendor or any consultant shall provide a written report concerning the services rendered under this Agreement, if so requested by the Bank.
- H. Vendor will perform all work in accordance with the mutually agreed requirements as set forth in Article II hereof. If the deliverables to be provided by Vendor contain any defect(s), to the extent the Bank notifies Vendor in writing of such defect(s) within thirty (30) days of delivery (such written notice to contain reasonably sufficient detail so as to permit a reasonable opportunity for a cure), Vendor shall promptly (and in any event, no later than thirty (30) days of receipt of such written notice from the Bank) correct and resubmit such deliverables. It is understood and agreed that, for purposes hereof, a "defect" shall mean any failure of the deliverables to meet the mutually agreed requirements. Subject to any other rights and remedies the Bank may have at law, in equity or otherwise pursuant to this Agreement, nothing contained in this paragraph H shall in any way affect the Bank's right to terminate this Agreement pursuant to Article IV below in the event Vendor delivers defective deliverables.

- I. During any Consultant's assignment under this Agreement and for a period of 180 days thereafter, the Consultant may not purchase or sell any stock or debt securities of 1) any bank, bank holding company, primary dealer, thrift or other depository institution, or their affiliates; or 2) certain recipients of funds pursuant to an economic stabilization program adopted by the United States Treasury or the Federal Reserve System. The Consultant may, however, own interests as part of a mutual fund and interests acquired prior to assignment under this Agreement. To ensure compliance with this provision, the Consultant may be required to submit financial statements and/or other information upon the request of the Bank's Ethics Office. For further information on prohibited interests, please contact the Bank's Ethics Office.

IV. TERM AND TERMINATION

- A. Unless terminated sooner pursuant to Sub-Section B below, the term of this Agreement shall be for three (3) months commencing on May 11, 2009 and ending on August 14, 2009.
- B. This Agreement may be terminated at any time in whole or in part at the option of the Bank for any reason or no reason. The right to termination provided in this Section is in addition to any other remedy available to Bank. If this Agreement is terminated by the Bank, Bank will pay Vendor only the pro rata portion of the fee accrued through the date of termination, and Vendor will refund a pro rata portion of any prepaid fee.

V. PAYMENT

- A. The Bank agrees to pay the Vendor for the services a fixed fee in an amount of Two Million and Twenty-Fifty Thousand Dollars US (\$2,025,000.00), which shall be payable in three (3) equal monthly installments of Six Hundred and Seventy-Five Thousand Dollars US (\$675,000.00). Vendor shall be entitled to invoice the Bank upon completion and delivery to the Bank of the deliverables set forth in Section II (B) above.
- B. The Bank may extend the expected period of service specified in Schedule A with the Vendor's written consent.
- C. Properly billed amounts shall be paid by the Bank within thirty (30) days of receipt of Vendor's invoice, it being understood and agreed that the Bank may dispute any invoice submitted by Vendor only in good faith. All payments properly due from the Bank to Vendor pursuant to this Agreement will be made by electronic funds transfer into a deposit account specified in writing by the

Vendor to the Bank. Vendor's written account notice to the Bank (the "Account Notice") shall include the Vendor Profile Form to be provided to the Vendor by the Bank, and shall include the name of the Vendor's bank, the ABA routing number for that bank, and Vendor's account number. The Bank shall not be required to make any payments pursuant to this Agreement until Vendor provides a proper Account Notice to the Bank. Vendor agrees that the Bank shall have no liability for payments which are misdirected as a result of inaccuracies in the Account Notice. Vendor also agrees to give the Bank immediate telephone notification whenever there is a change in the written account notice information contained in the Account Notice, followed by written notification within three (3) business days in the form of a new Account Notice. Upon receipt of the new Account Notice, the Bank will cause future payments to be made pursuant to the new Account Notice, effective no later than five (5) business days after receipt of such Account Notice.

- D. No overtime charges, per diem or living or travel expenses associated with work performed by the Vendor or any consultant will be charged to the Bank.
- E. Charges under this Agreement shall be exclusive of Federal, State, county or local sales, use, excise or other taxes, however designated, from which the Bank, as a Federal Reserve Bank, is exempt pursuant to the third paragraph of Section 7 of the Federal Reserve Act (12 U.S.C. § 531).

VI. REMOVAL OF THE CONSULTANT

A. By the Vendor

The Vendor agrees that it will not voluntarily remove any consultant provided hereunder without the Bank's prior written consent. If any consultant assigned to the Bank hereunder ceases to perform services for the Bank for reasons beyond the control of the Vendor, the Vendor will use its best efforts to replace promptly such individual with another similarly qualified person acceptable to the Bank.

B. By the Bank

1. Without Cause

- a. The Bank may terminate the services of any consultant provided under this Agreement by notifying the Vendor in writing five (5) days in advance of any such termination.

- b. In the event of such termination, the Bank will be liable to the Vendor only for such amounts properly charged for the services of such consultant through the date of such termination.

2. With Cause

- a. The Bank may require the Vendor to remove immediately any consultant assigned to perform services under this Agreement for cause. The Bank shall have cause to require immediate removal if the Bank reasonably believes that any consultant has, through any willful or negligent act or omission, caused damage to the Bank's property, personal injury to Bank employees or invitees, or breached any of the confidentiality requirements of this Agreement.
- b. The Bank may require the Vendor to remove immediately any consultant assigned to perform services under this Agreement for non-performance of assigned tasks. Non-performance of assigned tasks shall mean the consultant's inability, for any reason, other than through some fault of the Bank, third parties or Acts of God, to complete successfully assigned tasks in a timely fashion.
- c. In the event of the termination of any consultant pursuant to Sub-Sections (a) or (b) above, the Bank will be liable to the Vendor only for such amounts properly charged for the services of such consultant through the date of such termination.

- 3. In the event that the services of any consultant are terminated by the Bank, the Vendor shall utilize its best efforts to provide a replacement consultant suitable to the Bank if the Bank so requests.

VII. CONFIDENTIALITY

- A. The Vendor acknowledges that all information and material, including, but not limited to:
 - 1. financial and statistical data, briefing materials, request for proposals, other vendor information, and any other information and data, both written and oral, related to any of the Bank's credit facilities;
 - 2. material related to the Bank's data processing systems, applications, procedures, policies and standards or the U.S. Treasury Department;

3. the physical security of the Bank;
4. economic data or information related to monetary policy, including but not limited to open market operations or information regarding the Federal Open Market Committee;
5. financial, statistical and personnel data pertaining to member banks of the Federal Reserve System, Foreign Central Banks and International Organizations, and other financial institutions; and
6. financial, statistical, personnel, planning and similar information relating to the past, present or future activities of the Bank, Federal Reserve System, or the U.S. Treasury Department, which has or will come into the possession or knowledge of the Vendor in connection with this Agreement or any other prior agreement with the Bank or the performance hereof,

shall be considered to be confidential and proprietary, the disclosure of which to third parties, or use by third parties will be damaging to the Bank. Accordingly, the Vendor agrees to maintain the strict confidentiality of this information, and agrees not to disclose any such information other than to its own employees, agents or attorneys who have a need to know such information without the prior written consent of the Bank, unless such disclosure is required by law. The Vendor further agrees to use such information only for the Bank's benefit and will use the same effort to avoid publication or dissemination of such information as it employs with respect to the Vendor's own confidential information.

- B. The Vendor agrees that it will require its agents or employees that have access to the Bank's confidential technical data, by means of appropriate written agreements, neither to copy nor disclose such data to third parties without the Bank's prior written consent.
- C. The Vendor agrees to limit the access to information related to the Project subject to this Agreement to only those of its employees that are necessary to its involvement in any engagement or negotiations with the Bank related to the Project subject to this Agreement.
- D. The Vendor agrees to take all reasonable measures to enforce its agreements with its agents and employees required above and to recover any data or information wrongfully disclosed under the above provisions.

- E. It is understood and agreed that the obligations of confidentiality imposed upon Vendor and its employees hereunder shall not apply with respect to (i) information which is now in or hereafter enters the public domain without violation of this Agreement; (ii) information which was known to Vendor prior to the time of disclosure by the Bank; (iii) information received in good faith by Vendor from a third party that Vendor believed was legally entitled to disclose the same; and (iv) information that is independently developed by Vendor without use of, or reference to, any confidential information of the Bank. In the event disclosure of the Bank's confidential and proprietary information is required of Vendor under provisions of any law or court or court order, Vendor will: (i) notify the Bank of the obligation to make such disclosure sufficiently in advance of the disclosure so that the Bank will have a reasonable opportunity to object; (ii) advise the recipient that the confidential and proprietary information is subject to this Agreement and (iii) obtain an appropriate stipulation or order of confidentiality. In the event of required disclosure, Vendor shall disclose only the particular information required to be disclosed.

VIII. ADVERTISING

Each party hereto agrees that it shall not use the other party's name, logo or trademark(s) in any publication or advertisement and shall not publicize in any way its relationship with the other party without the other party's prior written consent.

IX. STATUS OF CONSULTANT

The Vendor acknowledges that any consultant performing services for the Bank under this Agreement shall be deemed an independent contractor during the course of the performance of such services and shall not for any purpose be deemed an employee of this Bank within the meaning of any Federal or State income tax law, unemployment insurance law, workers' compensation law or similar law. As employer of such persons, the Vendor agrees to withhold from their wages and make payment of Federal income taxes and Federal Insurance Contribution Act taxes, in such amounts as may be required under applicable law. The Vendor further agrees to provide for the payment of any workers' compensation benefits, disability benefits, and unemployment benefits to which such persons may be entitled.

X. NON-SOLICITATION OF EMPLOYEES

Neither the Vendor nor the Bank shall solicit for the purposes of employment, employ or otherwise engage, either directly or indirectly, the other's employees involved with services under this Agreement while this Agreement is in effect, and for a period of six (6) months after this Agreement terminates or expires, without the other's prior written

consent. For purposes of this Article X, general employment advertising carried on in good faith by a party that is not, directly or indirectly, targeted to any employee of the other party (and any hiring resulting from such advertising) shall not be deemed to be direct or indirect solicitation (or hiring) in violation of this Article X.

XI. COPYRIGHT INFRINGEMENT

- A. Notwithstanding anything in this Agreement to the contrary, the Vendor will defend or settle at its own expense any suit, claim, or proceeding brought against the Bank based on a claim that any of the work performed under this Agreement constitutes a theft or appropriation of proprietary information or trade secrets (except to the extent the applicable infringement resulted from (i) the Vendor's use of materials provided by the Bank, (ii) modifications made by the Bank to any materials furnished by the Vendor or combinations of such materials with other property or products by the Bank not supplied and/or specified by the Vendor, or (iii) the Bank's use of such materials in a manner not permitted or contemplated by this Agreement). The Vendor will pay all damages and reasonable costs (including attorneys' fees) incurred by the Bank in connection therewith. If any software or other work product produced under this Agreement is held to constitute an infringement and its use enjoined, the Vendor shall, at its own expense, exercise due diligence to accomplish the following remedies:
1. Obtain for the Bank the right to continue to use such program or work product;
 2. Modify such program or work product so that it is not infringing and yet performs in accordance with the Bank's specifications; or only after all commercially reasonable efforts are exhausted for remedies 1 & 2;
 3. Remove such program or work product (or the infringing portion thereof) and, without causing disruption to the Bank's computer operating environment and prejudice to the Bank's other rights and remedies available hereunder, at law or in equity, refund or reduce the purchase price in an amount that is reasonably proportional to the infringement.
- B. During and after the term of this Agreement, the Vendor shall not assert or permit any other party to assert against the Bank or its vendors and customers, mediate or immediate, any patent or other rights that the Vendor or any consultant has or may assert because of the practice of any process or the manufacture, use, sale or any product by the Bank arising out of the subject matter of this Agreement.

XII. INDEMNITY FOR INJURY

The Vendor shall indemnify and hold harmless the Bank and its agents and employees from and against all claims, damages, losses and expenses (including reasonable attorneys' fees) to the extent arising out of or resulting from the performance of services pursuant to this Agreement, provided that such claim, damage, loss or expense:

- A. Is attributable to bodily injury, sickness or disease or death, or to injury or destruction of property, including the loss of use resulting therefrom; and
- B. Is caused in whole or in part by a negligent act or omission of the Vendor, any consultant, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose act any of them may be liable, regardless of whether or not indemnified hereunder.
- C. Notwithstanding anything herein to the contrary (i) neither Vendor nor the Bank will be liable to the other in connection with the services to be provided by Vendor hereunder or any matter relating to such services for any indirect, special, punitive, consequential or incidental damages, including loss of profits, and (ii) Vendor will not be liable to the Bank to the extent any claim or claims individually or in the aggregate exceed two times the total professional fees paid to Vendor for such services (except for a breach of confidentiality, claims, damages, losses or expenses of the kind described in Article XII.A. hereof or claims arising from infringement of a third party's intellectual property rights, as more fully described in Article XI.A. hereof).

XIII. INSURANCE

The Vendor shall maintain the following insurance, with an insurance company with an A.M. Best rating of A- VIII or better, which shall not be canceled except upon thirty (30) days' prior written notice from such company to the Bank:

- A. Workers' Compensation and Employer's Liability insurance as required by law; and
- B. Commercial General Liability insurance for bodily injury, including death, and property damage, personal and advertising injury and products/completed operations in an amount of \$1,000,000 per occurrence and \$2,000,000 aggregate.

The Vendor shall, upon the Bank's request, provide a certificate of such insurance.

XIV. PROFESSIONAL WARRANTY

All services shall be performed in a professional manner, in accordance with the high standards of the Vendor's profession, and with a level of care, skill, diligence, and technical skill commensurate with the requirements of the scope of services to be performed under this Agreement. Vendor shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all reports, designs, drawings, plans, information, specifications, and other items and services furnished under this Agreement. If Vendor fails to meet applicable professional standards, or the requirements of this Agreement, Vendor shall, without additional compensation, immediately correct or revise any errors or deficiencies.

XV. MISCELLANEOUS

A. Notices

1. Notices to the Vendor should be sent to the address set forth above, or to such other address as may be designated to the Bank by the Vendor in writing.
2. Notices to the Bank should be sent to:

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

or such other address as may be designated to the Vendor by the Bank in writing.

B. Governing Law and Jurisdiction

1. This Agreement and the rights and obligations under this Agreement shall be governed by and construed in accordance with the Federal law of the United States of America and, in the absence of controlling Federal law, in accordance with the laws of the State of New York, notwithstanding New York's conflict of law rules. The exclusive jurisdiction for any legal proceeding regarding this Agreement shall be the United States District Court for the Southern District of New York located in New York, New York, and the parties hereof expressly submit to the jurisdiction of that court.

C. Survival

1. The following Sections shall survive termination or expiration of this Agreement: VII (Confidentiality); VIII (Advertising); IX (Status of Consultant); X (Non-Solicitation of Employees); XI (Copyright Infringement); and XII (Indemnity for Injury) and shall bind the Bank and the Vendor and their successors and assigns.
- D. The titles provided in this Agreement are provided for the convenience of the parties, and are not to be construed as influencing the meaning of any Section of this Agreement in any manner whatsoever.
- E. This Agreement (including all Schedule A's subsequently executed and resumes subsequently attached to such Schedule A's) supersedes all oral and written agreements, if any, between the Vendor and the Bank with respect to the subject matter of this Agreement, and may not be modified except by a writing signed by both parties.
- F. This Agreement is for the personal services of the Vendor and any consultant and may not be transferred or assigned by the Vendor without the prior written consent of the Bank.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the dates set forth below.

AGREED:

OLIVER WYMAN, INC.

AGREED:

**FEDERAL RESERVE BANK OF
NEW YORK**

SCHEDULE A

Name of Consultants:

Expected Start Date: May 11, 2009

Expected Period of Service: 3 months

IN WITNESS WHEREOF, the parties have duly executed this Schedule A on the dates set forth below.

AGREED:

OLIVER WYMAN, INC.

AGREED:

**FEDERAL RESERVE BANK OF
NEW YORK**