

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO  
Judge John L. Kane**

Master Docket No. 09-md-02063-JLK-KMT (MDL Docket No. 2063)

IN RE: OPPENHEIMER ROCHESTER FUNDS GROUP SECURITIES LITIGATION

This document relates to: *In re AMT-Free Municipals Fund*

09-CV-01243-JLK-KMT (Prince)

09-CV-01447-JLK-KMT (Connel)

09-CV-01510-JLK-KMT (Amato)

09-CV-01619-JLK-KMT (Furman)

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**STIPULATION AND AGREEMENT OF SETTLEMENT**

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This Stipulation and Agreement of Settlement (the "Stipulation" and, with the settlement contemplated herein, the "Settlement"), dated as of March 4, 2014, is made and entered into by and among Mr. Leonard Klorfine ("Lead Plaintiff"), on behalf of himself and the Class, and the Oppenheimer AMT-Free Municipals Fund ("AMT-Free Fund"), OppenheimerFunds, Inc. ("OFI"), and OppenheimerFunds Distributor, Inc. ("OFDI") (collectively, "Oppenheimer"), John V. Murphy, Brian W. Wixted, Ronald H. Fielding, Daniel G. Loughran, Scott Cottier and Troy E. Willis (together with Oppenheimer, the "Oppenheimer Defendants"), Brian F. Wruble, David K. Downes, Matthew P. Fink, Robert G. Galli, Phillip A. Griffiths, Mary F. Miller, Joel W. Motley, Russell S. Reynolds, Jr., Joseph M. Wikler, Peter I. Wold, Clayton K. Yeutter, and Kenneth A. Randall (collectively, the "Trustee Defendants") and Massachusetts Mutual Life Insurance Company ("MassMutual") (the Oppenheimer Defendants, the Trustee Defendants and MassMutual are collectively referred to as "Defendants"), by and through their undersigned counsel.

**WHEREAS:**

a. Beginning on May 13, 2009, a series of proposed class actions were filed in the United States District Court for the District of New Jersey and in the United States District Court for the District of Colorado alleging violations of the Securities Act of 1933 (the "1933 Act") in connection with alleged misstatements in the registration statements and prospectuses of the AMT-Free Fund;

b. On June 17, 2009, these cases were consolidated into MDL Docket Number 2063, before Judge John L. Kane of the United States District Court for the District of Colorado (the "District Court" or "Court"), along with (among other cases) the actions entitled *In re AMT-Free New York Municipal Fund*, *In re New Jersey Municipal Fund*, *In re Pennsylvania Municipal Fund*, *In re Rochester Fund Municipals* and *In re Rochester National Municipals Fund* (collectively, the "Consolidated Actions").

c. On November 18, 2009, Judge Kane appointed Mr. Klorfine to serve as Lead Plaintiff and approved Lead Plaintiff's retention of Cohen Milstein Sellers & Toll PLLC as Lead Counsel and of The Shuman Law Firm as Liaison Counsel;

d. On January 15, 2010, Lead Plaintiff filed an Amended Class Action Complaint (the "Complaint") asserting claims under Sections 11, 12(a)(2) and 15 of the 1933 Act (15 U.S.C. §§ 77k, 77l, and 77o) and Section 13(a) of the Investment Company Act (15 U.S.C. § 80a-13(a)) on behalf of all persons or entities who acquired shares of the AMT-Free Fund traceable to its Registration Statements during the period from May 13, 2006 through October 21, 2008, inclusive (the "Class Period") (the "Action");

e. On April 5, 2012, the Defendants filed two motions to dismiss the Complaint; thereafter Lead Plaintiff filed oppositions to the motions to dismiss and Defendants filed replies to the oppositions; the Court denied in part and granted in part the motions to dismiss in an Order dated October 24, 2011, which was subsequently amended on January 20, 2012;

f. On July 24, 2012, Lead Plaintiff filed a motion for class certification; the Defendants took discovery with regard to the motion and filed an opposition to it and Lead Plaintiff filed a reply to the opposition; the motion is pending;

g. On September 14, 2012, the Defendants filed two motions for partial summary judgment; thereafter Lead Plaintiff filed oppositions to the motions and Defendants filed replies to the oppositions; the Court denied one of these motions in an Order dated March 22, 2013 and the other is pending;

h. On December 18, 2012, counsel for Lead Plaintiff and Defendants met, made presentations to each other, and otherwise discussed the merits of the Consolidated Actions, which led them to explore the possibility of beginning settlement discussions;

i. On May 6 and 7, 2013, counsel for Lead Plaintiff, counsel for the lead plaintiffs in the other five Consolidated Actions,<sup>1</sup> and Defendants met with Judge Layn R. Phillips (ret.) (“Judge Phillips”) for a confidential mediation process. Before that meeting, the parties submitted extensive mediation statements to Judge Phillips and each other. The initial mediation meetings were not successful, but the parties continued their discussions with Judge Phillips and each other;

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<sup>1</sup> Lead Plaintiffs in the Consolidated Actions are Leonard Klorfine, John Vazquez, Peter Unanue, Victor Sasson, Dharamvir Bhanot, Stuart Krosser, and Carole Krosser (collectively, “Lead Plaintiffs”), who are each a proposed class representative for one of the six Funds that are part of the Consolidated Actions.

j. As a result of the mediation effort and the ongoing discussions, on August 26, 2013, Lead Plaintiffs and Defendants entered into a Memorandum of Understanding (the "MOU") setting forth the material terms of a proposed settlement of the Consolidated Actions. The MOU provided that Defendants agreed to pay a total of \$89.5 million to settle all six Consolidated Actions;

k. In August 2013, Lead Plaintiffs in the six Consolidated Actions (through their Lead Counsel) hired counsel (none of whom were counsel in any of the Consolidated Actions) to represent the classes in the Consolidated Actions in a mediation process concerning allocation (among those classes) of the monies to be paid by Defendants for settlement of the six Consolidated Actions. Those two law firms ("Allocation Counsel") filed mediation statements with Judge Phillips and replied to each other's statements, had discussions among themselves, and met with Judge Phillips for a mediation on September 15, 2013. Judge Phillips issued a decision on the allocation of the monies among the classes on September 16, 2013. Pursuant to these proceedings before Judge Phillips, 70% of the Settlement Amount (defined below), or \$62,650,000, will be allocated to members of the classes in the AMT-Free, AMT-Free NY, New Jersey, Pennsylvania, and Rochester Fund cases, and the remaining 30%, or \$26,850,000, will be allocated to members of the class in the Rochester National Fund case. The amount allocated to class members in the AMT-Free, AMT-Free NY, New Jersey, Pennsylvania, and Rochester Fund cases will be further divided by Fund *pro rata* based on damages: (i) approximately 27.31%, or \$17,109,000, to the AMT-Free Fund Class; (ii) approximately 6.77%, or \$4,241,000, to the AMT-Free NY Fund Class; (iii) approximately 5.38%, or \$3,374,000, to the New Jersey Fund Class; (iv) approximately 6.93%, or \$4,341,000, to the Pennsylvania Fund Class; and (v) approximately 53.61%, or \$33,585,000, to the Rochester Fund Class;

1. Throughout the litigation, millions of pages of documents were produced by Defendants and third parties subject to the confidentiality agreement filed in the Consolidated Actions, which Lead Counsel reviewed and analyzed; Lead Counsel participated in Rule 30(b)(6) depositions of representatives of Oppenheimer; Defendants received documents and written discovery from Lead Plaintiff and took the deposition of Lead Plaintiff; discovery disputes were negotiated and one motion to compel was filed and litigated; and

m. Lead Plaintiff, Lead Counsel and Liaison Counsel believe that the Settlement described in this Stipulation confers substantial benefits on the Class and is in the best interests of the Class.

**NOW, THEREFORE**, without any admission or concession whatsoever by Lead Plaintiff of any lack of merit to the claims alleged in the Action, and without any admission or concession whatsoever by Defendants of any liability or wrongdoing or lack of merit in their defenses, and in consideration of the covenants, agreements, and releases set forth herein and for other good and valuable consideration, it is hereby agreed by and among the Lead Plaintiff (individually and on behalf of the Class) and Defendants that, subject to the approval of the Court pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Action be forever resolved, settled, compromised and dismissed with prejudice on the following terms and conditions:

**CERTAIN DEFINITIONS**

1. Capitalized terms not defined elsewhere in this Stipulation shall have the following meanings:

(a) "Authorized Claimant" means a Class Member (i) with a valid claim, whose name, address, and account information is provided by the Oppenheimer Defendants, a

broker-dealer, or other intermediary to the Claims Administrator, or (ii) who submits a timely and valid Proof of Claim, which includes proof of the Class Member's loss as specified in the Proof of Claim, to the Claims Administrator.

(b) "Claims Administrator" means the firm of Epiq Class Action & Mass Tort Solutions, Inc., designated by Lead Counsel subject to the approval of the District Court, which shall administer the Settlement.

(c) "Class" or "Class Members" means all persons and entities who purchased or otherwise acquired shares of the AMT-Free Fund during the Class Period and who were damaged thereby. Excluded from the Class are Defendants; members of Defendants' immediate families; Defendants' legal representatives, heirs, successors, or assigns; any entity in which Defendants have or had a controlling interest; and Oppenheimer's officers and directors (collectively, "the Excluded Defendant Parties"). Also excluded from the Class are any proposed Class Members who properly exclude themselves by filing a valid and timely request for exclusion in accordance with the requirements set forth in the Notice.

(d) "Class Period" means the period from May 13, 2006 through October 21, 2008, inclusive.

(e) "Defendants' Counsel" means Dechert LLP, Kramer Levin Naftalis & Frankel LLP, McKenna Long & Aldridge LLP and Jones & Keller, P.C.

(f) "Distribution Order" means an order of the District Court that: approves the Claims Administrator's determinations concerning the acceptance and rejection of claims to the Settlement; approves the reasonable remaining costs of providing Notice and administering the Settlement, including reasonable fees and expenses of the Claims Administrator and

reasonable attorneys' fees and expenses not previously applied for; and determines that the Effective Date has occurred and directs payment of the Net Settlement Fund to Authorized Claimants.

(g) "Effective Date of Settlement" or "Effective Date" means the date upon which the Settlement in the Action shall become effective and final, as set forth in ¶ 23 of this Stipulation.

(h) "Escrow Account" means the separate interest-bearing escrow account(s) at a federally insured banking institution designated by Lead Counsel into which the Settlement Amount is to be deposited for the benefit of the Class in this Action. Except as set forth elsewhere in this Stipulation, the Escrow Account shall be controlled solely by Lead Counsel.

(i) "Escrow Agent" means Eagle Bank.

(j) "Fee and Expense Application" means an application to be filed by Lead Counsel for attorneys' fees and reimbursement of expenses as defined in ¶ 17(a) of this Stipulation.

(k) "Final Judgment" means a judgment entered by the District Court, substantially in the form of Exhibit B attached hereto.

(l) "Gross Settlement Fund" means the sum of the Settlement Amount and all interest earned on the Settlement Amount.

(m) "Lead Counsel" means Cohen Milstein Sellers & Toll PLLC, Lead Counsel for Lead Plaintiff and the Class.

(n) "Net Settlement Fund" means the balance of the Gross Settlement Fund available to be distributed to Authorized Claimants after subtracting the dollar amounts paid or owing in connection with the Settlement as set forth in this Stipulation.

(o) "Notice" means the "Notice of Pendency and Proposed Settlements of Class Actions and Notice of Motion for Awards of Attorneys' Fees and Reimbursement of Expenses," substantially in the form of Exhibit 1, to Exhibit A attached hereto, which are to be sent to the Class, subject to the approval of the Court.

(p) "Parties" means Lead Plaintiff, on behalf of himself and the Class, and Defendants in the Action.

(q) "Plan of Allocation" means the "Distribution Plan" of the Net Settlement Fund as set forth in the Notice or such other plan of allocation as the District Court approves.

(r) "Preliminary Approval Order" means an order preliminarily approving the Settlement and directing notice to the Class of the pendency of the Action and of the Settlement, to be entered by the District Court, substantially in the form of Exhibit A attached hereto.

(s) "Proof of Claim" means the Proof of Claim form, substantially in the form of Exhibit 2 to Exhibit A attached hereto.

(t) "Publication Notice" means the Summary Notice of Pendency and Proposed Settlements of Class Actions and Summary Notice of Motion for Awards of Attorneys' Fees and Reimbursement of Expenses, substantially in the form of Exhibit 4 to Exhibit A attached hereto.

(u) "Recognized Claim" means the amount of an Authorized Claimant's loss that is determined by the Claims Administrator to be compensable under the Plan of Allocation.



(v) "Record of Fund Transactions" means the letter, substantially in the form of Exhibit 3 to Exhibit A attached hereto, to be sent to Class Members for whom Defendants, broker-dealers, or other intermediaries have provided name, address and Class Period account transaction information.

(w) "Released Claim(s)" means all claims, demands, rights, actions, suits, or causes of action of every nature and description, whether known or unknown (including Unknown Claims, as defined herein), whether the claims arise under federal, state, statutory, regulatory, common, foreign or other law, whether foreseen or unforeseen, and whether asserted individually, directly, representatively, derivatively, or in any other capacity, that the Releasing Plaintiff Parties: (1) asserted in the Complaint, or otherwise asserted in the Action, against any of the Released Defendant Parties; (2) have asserted, could have asserted, or could assert in the future, in any forum against the Released Defendant Parties that are based upon, arise out of, or relate in any way to the facts, matters, transactions, allegations, claims, losses, damages, disclosures, filings, or statements that are set forth in the Complaint or that are otherwise at issue in the Action; or (3) have asserted, could have asserted, or could assert in the future relating to the prosecution, defense, or settlement of the Action as against the Released Defendant Parties. "Released Claim(s)" does not include claims to enforce the Settlement.

(x) "Released Defendant Parties" means any and all of the Defendants and/or their current or former attorneys, auditors, agents, officers, directors, employees, partners, subsidiaries, affiliates, related companies, related entities, parents, insurers, heirs, executors, representatives, predecessors, successors, assigns, trustees, administrators, and/or any other individual or entity in which any Defendant has a controlling interest. "Released Defendant Parties" do not include broker-dealers or financial advisers of any Class Member; provided,

however, that this carve-out for “broker-dealers or financial advisors” does not apply to OFDI or any other Defendant. For the avoidance of doubt, the AMT-Free Fund is included in the definition of Released Defendant Parties.

(y) “Released Defendants’ Claim(s)” means any and all claims and causes of action of every nature and description, including known and unknown claims (including Unknown Claims as defined herein), whether arising under federal, state, statutory, regulatory, or common, or foreign or other law, that the Defendants or the Releasing Defendant Parties asserted or could have asserted against the Released Plaintiff Parties, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action (other than claims to enforce the Settlement).

(z) “Released Parties” means the Released Defendant Parties and the Released Plaintiff Parties, collectively.

(aa) “Released Plaintiff Parties” means any and all of the Lead Plaintiff, Class Members, Lead Counsel, and their respective partners, employees, attorneys, heirs, executors, administrators, trustees, successors, predecessors, and assigns.

(bb) “Releasing Defendant Parties” means the Excluded Defendant Parties.

(cc) “Releasing Plaintiff Parties” means: (i) Lead Plaintiff; (ii) all Class Members; (iii) the Lead Plaintiff’s and each Class Member’s present or past officers, directors, employees, agents, partners, owners, agents, affiliates, related entities, parents, insurers, immediate family members, heirs, executors, administrators, representatives, predecessors, successors, assigns, and predecessors; and (iv) any person or entity who claims by, through, or on behalf of Lead Plaintiff or any Class Member.

(dd) "Repayment Obligation" means the obligation, pursuant to ¶¶ 3(b), 17(b), and 23(e) of this Stipulation, of Lead Counsel or any Plaintiff's Counsel, to return the dollar amount distributed from the Gross Settlement Fund before the Effective Date for attorneys' fees and expense reimbursement, plus interest on those amounts equal to what would have been earned had the amounts remained in the Gross Settlement Fund.

(ee) "Settlement" means the settlement contemplated by this Stipulation.

(ff) "Settlement Amount" means \$17,109,000 in United States currency.

(gg) "Unknown Claims" means: (i) any and all Released Claims that any of the Releasing Plaintiff Parties does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties which, if known by him, her or it might have affected his, her, or its settlement with and release of the Released Defendant Parties, or might have affected his, her, or its decision(s) with respect to the Settlement (including the decision not to object or exclude himself, herself, or itself from the Settlement); and (ii) any Released Defendants' Claims that any Releasing Defendant Party does not know to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties, which, if known by him, her or it might have affected his, her, or its settlement with and release of the Released Plaintiff Parties, or might have affected his, her, or its decision(s) with respect to the Settlement. Moreover, with respect to any and all Released Claims and any and all Released Defendants' Claims, upon the Effective Date, the Releasing Plaintiff Parties and Releasing Defendant Parties, respectively, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, that is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

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.

The Releasing Plaintiff Parties, or any one of them, may hereafter discover facts other than or different than those which he, she or it knows or believes to be true, but each of the Releasing Plaintiff Parties hereby expressly waives and fully, finally, and forever settles and releases, upon the Effective Date, any known or unknown, suspected or unsuspected, contingent or non-contingent Released Claim as against the Released Defendant Parties. Likewise, the Releasing Defendant Parties, or any one of them, may hereafter discover facts other than or different from those which he, she or it knows or believes to be true, but each of the Releasing Defendant Parties hereby expressly waives and fully, finally, and forever settles and releases, upon the Effective Date, any known or unknown, suspected or unsuspected, contingent or non-contingent Released Defendants' Claim as against the Released Plaintiff Parties. The Parties acknowledge that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

#### **SCOPE AND EFFECT OF SETTLEMENT**

2. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action and any and all Released Claims as against all Released Defendant Parties and any and all Released Defendants' Claims as against all Released Plaintiff Parties.

(a) Upon the Effective Date of the Settlement, and without any further action, the Action will be dismissed with prejudice and on the merits, by virtue of the Final Judgment, without an assessment of costs against any party; Lead Plaintiff will not file any other document dismissing the Action.

(b) Upon the Effective Date of the Settlement, and without any further action, the Releasing Plaintiff Parties, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, shall have fully, finally, and forever released, relinquished, and discharged any and all Released Claims against each and every one of the Released Defendant Parties, and shall forever be barred and enjoined, without the necessity of any of the Released Defendant Parties posting a bond, from commencing, instituting, prosecuting, or maintaining any of the Released Claims. Upon the Effective Date, and without any further action, the Lead Plaintiff further agrees not to knowingly and voluntarily assist in any way any third party in commencing or prosecuting any suit against the Released Defendant Parties relating to any Released Claim, including any derivative suit.

(c) Upon the Effective Date of the Settlement, and without any further action, the Releasing Defendant Parties, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, shall have fully, finally, and forever released, relinquished, and discharged any and all Released Defendants' Claims against each and every one of the Released Plaintiff Parties, and shall forever be barred and enjoined, without the necessity of any of the Released Plaintiff Parties posting a bond, from commencing, instituting, prosecuting, or maintaining any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

(d) The release of claims by Lead Plaintiff or any Class Member with regard to this Action will not itself constitute a release of claims asserted in a separate Consolidated Action concerning another fund. In addition, the release of claims by Lead Plaintiff or any Class Member with regard to this Action will not release any claims he/she/it may have with regard to

any other investment he/she/it made in any Oppenheimer fund or other investment vehicle not at issue in this Action.

(e) A Class Member's release and/or receipt of proceeds from the settlement of this Action shall not bar that Class Member from receiving proceeds from the settlement as a member of another of the classes in the Consolidated Actions, or from receiving proceeds from the litigation or settlement of any case not involving the six Oppenheimer Funds at issue in the Consolidated Actions, including but not limited to the action entitled *In re California Municipal Fund*, consolidated in the MDL Docket No. 2063 (Civil Action Numbers 09-cv-01484 through 01487). A Class Member's receipt of proceeds from the Settlement of this Action shall not bar the Class Member from recovering proceeds in a case brought against the Class Member's broker-dealer or financial adviser (other than OFDI or any other Defendant), except to the extent such proceeds are reduced by operation of the judgment reduction and/or contribution bar provisions of this Stipulation.

#### **THE SETTLEMENT CONSIDERATION**

3. (a) OFI shall pay or cause to be paid the Settlement Amount into the Escrow Account within thirty (30) business days of the entry of the Preliminary Approval Order in the Action. If this payment is not made, interest will accrue and be payable by Defendants at the rate of 5% per annum.

(b) No Defendant shall have any obligation to make any monetary contribution in Settlement of this Action, other than the payment of the Settlement Amount as described in ¶ 3(a). In this Action, the Gross Settlement Fund shall be used only for the following purposes: (i) to compensate the Class pursuant to the Plan of Allocation approved by the District Court; (ii) to pay all reasonable and necessary costs of Notice to the Class and of

