

**SETTLEMENT AGREEMENT BETWEEN AND AMONG
THE COMMONWEALTH OF KENTUCKY, THE BLACKSTONE PARTIES,
AND THE KPPA ENTITY**

This Settlement Agreement (“Settlement Agreement”) is between and among the Commonwealth of Kentucky (the “Commonwealth”); Blackstone Inc., Blackstone Alternative Asset Management L.P., Stephen A. Schwarzman, and J. Tomilson Hill (the “Blackstone Parties”); and Kentucky Public Pensions Authority (“KPPA”), County Employees Retirement System (“CERS”), and Kentucky Retirement Systems (“KRS”) (together with KPPA and CERS, the “KPPA Entity”) (all collectively, the “Parties”).

The Parties have each determined that this Settlement Agreement is in his, her or its best interests and intend (1) to fully and finally resolve all claims between and among them and their respective Related Parties (as defined below) in the actions captioned *Commonwealth v. KKR & Co. Inc., et al.*, Civil Action Nos. 20-CI-590 (the “590 Action”), 21-CI-00348 (the “348 Action”) and 24-CI-354 (the “354 Action,” which shall be deemed included in references to the 590 Action), in the Franklin Circuit Court; *Blackstone Alternative Asset Management L.P. v. KPPA, et al.*, No. 2023-SC-0354-D and *Blackstone Alternative Asset Management L.P. v. Commonwealth*, No. 2024-SC-0096, in the Kentucky Supreme Court; and *Blackstone Alternative Asset Management L.P. v. Harris*, No. 3:19-cv-0029-GFVT, in the Eastern District of Kentucky (collectively, the “Released Actions”); (2) to permanently and completely release and discharge the Released Claims (as defined below); and (3) that this Settlement Agreement is and shall be an enforceable, binding agreement.

IT IS THEREFORE AGREED AS FOLLOWS:

1. ***Approval of the KPPA Entity.*** As a condition precedent to this Settlement Agreement taking effect pursuant to Paragraph 2, the Settlement Agreement must be formally approved and consented to by the three (3) boards of the KPPA Entity (the “Boards”), unless otherwise agreed in writing by the Parties.
2. ***Effective Date.*** Subject to Paragraph 1, the Effective Date of this Settlement Agreement shall be the date of full execution of this Settlement Agreement.
3. ***Dismissal of Released Actions.*** Concurrent with the signing of this Settlement Agreement, the Parties shall execute stipulations of dismissal with prejudice of all of their respective claims in all Released Actions, and exchange executed stipulations to be held in escrow by counsel. No earlier than the delivery of the First Payment pursuant to Paragraph 8.a, and no later than three (3) calendar days thereafter, the Parties shall cause such stipulations of dismissal with prejudice of all claims to be filed in all Released Actions.
4. ***Releases.*** The following releases are effective upon the filing of the Declaratory Judgment Action by the Commonwealth and the KPPA Entity pursuant to Paragraph 7:
 - a. The Commonwealth, on behalf of itself, all of its departments, commissions, agencies, political subdivisions, citizens, taxpayers, employees, agents, officers, insurers, attorneys, and pension plan members or beneficiaries of any and all tiers

and classifications to the extent any of them have asserted or may seek to assert claims on behalf of, or seek recovery for or derivative of injury to, the Commonwealth or any of its departments, commissions, agencies, or political subdivisions, including but not limited to the KPPA Entity or any of the plans, trusts, systems, pension funds, or tiers managed by it or its predecessors (collectively, the “Commonwealth Releasers”), knowingly and voluntarily waive, release forever, and covenant not to assert any and all Released Claims that the Commonwealth Releasers ever asserted, now assert, could have asserted or hereafter may assert and all claims arising out of the filing or prosecution of the Released Actions against the Blackstone Parties and their respective Related Parties (the “Blackstone Releasees”). The Commonwealth Releasers acknowledge that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the allegations in the Released Actions and/or Released Claims, but agree that they have taken that possibility into account in entering into this Settlement Agreement and that this Settlement Agreement shall be and remain in effect as a full, complete and general release of each and every released matter set forth above, and the Commonwealth Releasers waive the protections of any statute or common law rule that could otherwise render the releases of unknown claims ineffective.

- b. The KPPA Entity, on behalf of themselves, their predecessors, and any of their respective former and current departments, committees, divisions, boards, trustees, officers, employees, agents, insurers, attorneys, and any and all plans, trusts, systems, pension funds, and tiers whose interests the KPPA Entity administers and/or oversees, and on behalf of any pension plan members or beneficiaries of any and all tiers and classifications to the extent any of them have asserted or may seek to assert claims on behalf of, or seek recovery for or derivative of injury to, the KPPA Entity, its plans, trusts, systems, pension funds, or tiers (collectively, the “KPPA Entity Releasers”), knowingly and voluntarily waive, release forever, and covenant not to assert any and all Released Claims that the KPPA Entity Releasers ever asserted, now assert, could have asserted or hereafter may assert and all claims arising out of the filing or prosecution of the Released Actions against the Blackstone Releasees. The KPPA Entity Releasers acknowledge that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the allegations in the Released Actions and/or Released Claims, but agree that they have taken that possibility into account in entering into the Settlement Agreement and that the Settlement Agreement shall be and remain in effect as a full, complete and general release of each and every released matter set forth above, and the KPPA Entity Releasers waive the protections of any statute or common law rule that could otherwise render the releases of unknown claims ineffective.
- c. The Blackstone Parties on behalf of themselves and any of their respective parents, affiliates, successors, assigns, and any of their respective present or former partners, principals, managing directors, shareholders, employees, agents, directors, officers, insurers and attorneys (collectively, the “Blackstone Releasers”) knowingly and voluntarily waive, release forever, and covenant not to assert any and all Released

Claims that the Blackstone Releasors ever asserted, now assert, could have asserted or hereafter may assert and all claims arising out of the filing or prosecution of the Released Actions against (i) the Commonwealth Releasors (pursuant to the foregoing release, the “Commonwealth Releasees”); and/or (ii) the KPPA Entity Releasors (pursuant to the foregoing release, the “KPPA Entity Releasees”). The Blackstone Releasors acknowledge that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the allegations in the Released Actions and/or Released Claims, but agree that they have taken that possibility into account in entering into the Settlement Agreement and that the Settlement Agreement shall be and remain in effect as a full, complete and general release of each and every released matter set forth above, and the Blackstone Releasors waive the protections of any statute or common law rule that could otherwise render the releases of unknown claims ineffective.

5. ***Reservation of Rights.*** The Commonwealth expressly reserves and does not release any demands, obligations and causes of action against any person or entity not expressly identified by name or description as a Blackstone Releasee in Paragraph 4 above. The KPPA Entity expressly reserves and does not release any demands, obligations and causes of action against any person or entity not expressly identified by name or description as a Blackstone Releasee in Paragraph 4 above. The Blackstone Parties expressly reserve and do not release any demands, obligations and causes of action against any party not expressly identified by name or description as either a Commonwealth Releasee or a KPPA Entity Releasee in Paragraph 4 above. For avoidance of doubt, each party retains the ability to bring claims arising out of the enforcement of their rights under this Settlement Agreement.
6. ***Release of Taylor Actions Claims.*** By entering into this Settlement Agreement and providing the Releases in Paragraph 4, the Commonwealth and the KPPA Entity hereby exercise control over, to the fullest extent of their legal authority, all Released Claims asserted in *Taylor v. KKR & Co. Inc.*, Civil Action No. 21-CI-00645 Franklin County Circuit Court (“*Taylor 1*”) and *Taylor v. KKR & Co. Inc.*, No. 3:21-cv-00029 (E.D. Ky.) (“*Taylor 2*”) (collectively with *Taylor 1*, the “*Taylor Actions*”) (i) that seek collective, plan-wide, trust-wide, system-wide, pension-fund-wide, or tier-wide relief on behalf of or for the KPPA Entity and/or the plans, trusts, systems, pension funds, or tiers administered or overseen by it, or (ii) that allege individual injuries that are derivative of alleged injuries to the KPPA Entity and/or the plans, trusts, systems, pension funds, or tiers administered or overseen by it. Such claims shall be deemed released as provided under Paragraph 4. The Commonwealth and the KPPA Entity shall, pursuant to Paragraph 7, seek orders enforcing the Releases provided in this Settlement Agreement and dismissing with prejudice any and all Released Claims in the *Taylor Actions* against the Parties and any of their Related Parties named in those actions.
7. ***Agreement to Seek Enforcement of Releases in Taylor 1.*** Within seven (7) calendar days after the Effective Date of this Settlement Agreement, the Commonwealth and the KPPA Entity shall file a standalone lawsuit in the Franklin Circuit Court pursuant to KRS 418.040, against the plaintiffs in *Taylor 1*, for the benefit of and on behalf of all of the Commonwealth’s and the KPPA Entity’s constituent departments, commissions, agencies,

political subdivisions, plans, trusts, systems, pension funds, tiers, members, citizens, taxpayers, and pension plan beneficiaries (the “Declaratory Judgment Action”). The Declaratory Judgment Action shall seek declaratory relief from the Franklin Circuit Court to the effect that (i) the KPPA Entity and the Commonwealth exclusively own and have exercised control over all claims (a) seeking collective, plan-wide, trust-wide, system-wide, pension-fund-wide, or tier-wide relief on behalf of or for the Commonwealth or the KPPA Entity related to the facts or claims underlying this Settlement Agreement, and/or (b) that allege individual injuries derivative of alleged injuries to the Commonwealth or the KPPA Entity related to the facts or claims underlying this Settlement Agreement, including all such claims asserted in *Taylor 1*; and (ii) the KPPA Entity and the Commonwealth have the exclusive authority and power to litigate, settle, and fully and finally resolve and release those claims. The Commonwealth and the KPPA Entity shall use reasonable and good faith efforts to promptly pursue and seek expedited adjudication of the Declaratory Judgment Action and any appeals, including by moving for summary judgment within twenty (20) business days of filing the complaint and seeking an expedited hearing pursuant to Kentucky Rule of Civil Procedure 57, and the Blackstone Parties shall take all reasonable and good faith efforts to assist in the prosecution of the Declaratory Judgment Action as requested by the Commonwealth and KPPA Entity.

The Commonwealth and the KPPA Entity further agree to cooperate with the Blackstone Parties in good faith and to take reasonable measures to enforce the Releases provided in this Settlement Agreement against all Released Claims in the *Taylor Actions* that are asserted against the Blackstone Parties. Such additional measures may include, but are not limited to, when and if appropriate, filing any motions to intervene into *Taylor 1* for the purpose of seeking dismissals of, or seeking injunctive relief against, the claims asserted in *Taylor 1* that (a) seek collective, plan-wide, trust-wide, system-wide, pension-fund-wide, or tier-wide relief on behalf of or for the Commonwealth or the KPPA Entity, and/or (b) allege individual injuries derivative of alleged injuries to the Commonwealth or the KPPA Entity (an “Intervention Action”). The Parties shall also cooperate in good faith toward seeking enforcement of orders resulting from the above efforts in the dismissal or stay of *Taylor 2*, as well as seeking immediate transfer of any new appellate proceedings arising from enforcement of the Releases contained in this Settlement Agreement to the Kentucky Supreme Court pursuant to Kentucky Rule of Appellate Procedure 17.

Failure by the Commonwealth and the KPPA Entity to (i) timely file the Declaratory Judgment Action, (ii) file a summary judgment motion in the Declaratory Judgment Action within twenty (20) business days of filing that complaint, (iii) timely file any appeals stemming from an adverse decision in the Declaratory Judgment Action, (iv) timely file an Intervention Action if such action becomes necessary following a court’s guidance, inaction, or disposition of the Declaratory Judgment Action or (v) make good faith, reasonable best efforts to pursue, to the extent applicable, the Declaratory Judgment Action, the Intervention Action or applicable appeals as set forth in Paragraph 7(i), 7(ii), or 7(iii), shall constitute a material breach by the Commonwealth and/or the KPPA Entity. In the event the Blackstone Parties believe that the Commonwealth or the KPPA Entity have breached Paragraph 7(iv) or 7(v), the Blackstone Parties shall serve reasonably detailed written notice to the Commonwealth and the KPPA Entity through their respective counsel describing and identifying each such breach of Paragraph 7(iv) or 7(v) (“Notice of

Breach”), and upon receipt of such Notice of Breach, the notified breaching Party shall have thirty (30) days to cure each breach identified in the Notice of Breach (“Cure Period”). A breach that is identified in a Notice of Breach that complies with the foregoing and is not cured prior to the expiration of the Cure Period shall constitute a material breach. A material breach of Paragraph 7(i)-(v) shall immediately trigger the Blackstone Parties’ right to terminate this Settlement Agreement and any further obligations under this Settlement Agreement including any payment to be made under Paragraph 8.a or 8.b, in addition to any other remedies or claims for relief, including specific performance, that the Blackstone Parties may seek as a result of such material breach. Termination of this Agreement pursuant to this Paragraph shall also immediately relieve the Commonwealth and the KPPA Entity of any and all further obligations under the Settlement Agreement after the date of termination, including, but not limited to, those obligations arising under this Paragraph. For the avoidance of doubt, termination of this Settlement Agreement pursuant to Paragraph 7 shall not affect any receiving party’s right to any payment made under Paragraph 8.a or 8.b prior to such termination; provided, however, that the foregoing shall not be construed to limit in any way the Blackstone Parties’ right to seek damages or any other remedies or claims for relief available at law arising from a breach of this Settlement Agreement, including damages that are equivalent to the amount of any payment made under Paragraph 8.a or 8.b. Notwithstanding any other provision in this Settlement Agreement to the contrary, the obligations under Paragraphs 10 and 12.c shall survive termination.

8. ***Payment of Settlement Recovery.*** The Settlement Recovery shall be paid as follows:
- a. **First Payment Trigger.** Within thirty (30) calendar days after the filing of the complaint by the Commonwealth and the KPPA Entity in the Declaratory Judgment Action pursuant to Paragraph 7 (the “First Payment Trigger”), the Blackstone Parties shall pay, or cause to be paid, as directed by the Attorney General, the amount of Eighteen Million Dollars (\$18,000,000) in cash (the “First Payment”), and shall deposit the Second Payment (defined below) in an interest-bearing account at the interest rate for federal funds established from time to time by the Federal Open Market Committee of the Federal Reserve Bank (the “Federal Funds Rate”); and
 - b. **Second Payment Trigger.** The “Second Payment Trigger” is satisfied when (i) all Released Claims asserted against the Blackstone Parties in *Taylor 1* that seek collective, plan-wide, trust-wide, system-wide, pension-fund-wide, or tier-wide relief on behalf of or for the KPPA Entity and/or the plans, trusts, systems, pension funds, or tiers administered or overseen by it, or that allege individual injuries that are derivative of alleged injuries to the KPPA Entity and/or the plans, trusts, systems, pension funds, or tiers administered or overseen by it, are dismissed with prejudice based on the following: the Releases provided under this Settlement Agreement; any motion or request for relief pursued by the Commonwealth or KPPA in the Declaratory Judgment Action or the Intervention Action; any third-party standing theory advanced in the Commonwealth’s amicus brief filed in the Blackstone Parties’ pending Petition for a Writ of Prohibition in *Taylor 1* (“Writ Case”); or settlement of the *Taylor 1* claims while the Declaratory Judgment Action

or related appeals, or the Intervention Action or related appeals, are pending (a dismissal based on the foregoing shall be referred to as a “*Taylor Dismissal*”), and (ii) the *Taylor Dismissal* is Final. Within thirty (30) calendar days after the Second Payment Trigger is satisfied, the Blackstone Parties shall pay, or cause to be paid, as directed by the Attorney General, the amount of Six Million Dollars (\$6,000,000), plus interest accrued in the interest-bearing account identified above, in cash, subject to any reductions applicable under Paragraph 8.d (the “Second Payment,” and together with the First Payment, the “Settlement Recovery”).

Notwithstanding anything in this Paragraph 8.b, the Second Payment Trigger is not deemed satisfied if the *Taylor Dismissal* is based on (i) a settlement agreement between the Blackstone Parties and plaintiffs in *Taylor 1*, unless such settlement agreement is reached while the Declaratory Judgment Action or related appeals, or the Intervention Action or related appeals, as defined above in Paragraph 7, are pending; (ii) the Kentucky Supreme Court granting the Blackstone Parties’ Writ Case, unless the Kentucky Supreme Court’s decision relies on any third-party standing theory advanced in the Commonwealth’s amicus brief in support, or on the Releases in this Settlement Agreement; or (iii) other grounds unrelated to the Releases contained in this Settlement Agreement or the Commonwealth’s and the KPPA Entity’s actions to enforce such Releases against the *Taylor* plaintiffs, including the *Taylor* plaintiffs’ failure to plead or prove the elements of their claims or the Blackstone Parties’ defenses to those claims separate and apart from defenses arising out of the Releases contained in this Settlement Agreement.

- c. Right to Terminate Prior to the Second Payment. If the Second Payment Trigger has not yet occurred by the second anniversary of the Effective Date of this Settlement Agreement, the Blackstone Parties, the Commonwealth, and the KPPA Entity shall each have the right, beginning on the second anniversary of the Effective Date and at any time thereafter, to terminate their ongoing obligations under this Settlement Agreement by delivery of Notice in accordance with Paragraph 9 to the other Parties, stating that they are electing to terminate their obligations regarding the Second Payment and/or Paragraph 7, as applicable, because the Second Payment Trigger has not occurred. Upon delivery of such Notice, all Parties’ obligations regarding the Second Payment and under Paragraph 7 will be deemed terminated. The Parties may by written agreement extend or modify the time by which the Parties’ right to terminate their obligations regarding the Second Payment and/or their obligations set forth in Paragraph 7 is triggered. If a Party opts to terminate their obligations regarding the Second Payment and/or their obligations set forth in Paragraph 7, as applicable, in accordance with this Paragraph, no obligations other than the Parties’ respective obligations regarding the Second Payment and/or under Paragraph 7 shall be affected. For the avoidance of doubt, the termination of the Second Payment and/or obligations under Paragraph 7 shall not disturb the Releases or the First Payment set forth herein, nor shall it have any effect on the dismissals with prejudice of the Released Actions that were filed pursuant to this Settlement Agreement following the Effective Date. Notwithstanding the foregoing, no Party shall have any termination right pursuant to this paragraph in the event either the Declaratory Judgment Action or an

Intervention Action has resulted in (i) a *Taylor* Dismissal before the second anniversary of the Effective Date of the Settlement Agreement, (ii) an appeal of a denial of summary judgment in the Declaratory Judgment Action or of a denial of motion to dismiss in an Intervention Action that remains pending as of the second anniversary of the Effective Date or (iii) a certified question, writ of prohibition, or other appellate procedure arising from the Declaratory Judgment Action or an Intervention Action that remains pending as of the second anniversary of the Effective Date. Provided, however, that if the proceedings in (i), (ii), (iii) and any related appeals are finally resolved without the occurrence of the Second Payment Trigger, the termination rights under this Paragraph shall be deemed restored.

- d. Reduction of the Second Payment. If the Second Payment Trigger has not yet occurred within six months of the Effective Date of this Settlement Agreement, the amount payable as the Second Payment pursuant to this Paragraph shall be subject to a dollar-for-dollar reduction upon the Blackstone Parties' delivery of Notice in conformity with Paragraph 9 to the Commonwealth and the KPPA Entity, in the amount of legal fees incurred by the Blackstone Parties after they have served the Notice which are in excess of \$750,000 in connection with the costs of litigating the *Taylor Actions* or any other pending or new litigations arising out of the same nucleus of operative facts that are at issue in the Released Actions or the *Taylor Actions*, provided that such costs are unrelated to the Parties' efforts to enforce the Releases of this Settlement Agreement against the Released Claims that are asserted against the Blackstone Parties in the *Taylor Actions* pursuant to Paragraphs 6 and 7. The Blackstone Parties shall provide adequate documentation to establish the amount of any qualifying reduction sought pursuant to this Paragraph, including but not limited to any applicable invoices or billing records, that are not otherwise privileged, upon request by the Commonwealth and/or the KPPA Entity. For the avoidance of doubt, attorney fees related to settlement negotiations with the *Taylor I* plaintiffs shall not be eligible for a dollar-for-dollar credit pursuant to this Paragraph.

If, pursuant to Paragraph 8.b, the Blackstone Parties reach a settlement with plaintiffs in *Taylor I* following the Effective Date of this Settlement Agreement and continuing for as long as the Declaratory Judgment Action or related appeals, or the Intervention Action or related appeals, as defined above in Paragraph 7, are pending ("Pre-termination *Taylor* Settlement"), and the Pre-termination *Taylor* Settlement contains mutually agreeable releases from the *Taylor I* plaintiffs and their counsel of the KPPA Entity Releasees and the Commonwealth Releasees, the Second Payment will be reduced, dollar for dollar, by the amount by which the settlement exceeds \$3,000,000 for a total credit of no more than \$3,000,000. The Blackstone Parties represent and warrant that no agreement to settle with the *Taylor I* plaintiffs or their counsel, contingent or otherwise, exists as of the Effective Date of this Settlement Agreement. To the extent the Second Payment is subject to any reduction pursuant to this Paragraph 8.d, any interest accrued on the full amount of the Second Payment deposited shall be reduced in the same proportion.

9. **Notices.** Notice required under this Settlement Agreement (“Notice”) shall be in writing and shall be sent by electronic mail (“e-mail”) and by overnight delivery with a reputable national overnight delivery service to all of the below recipients and shall be deemed delivered on the date of the e-mail transmission.

To the Commonwealth:

Justin Clark
Aaron Silletto
Kentucky Office of Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY 40601
justind.clark@ky.gov
aaron.silletto@ky.gov

With a copy to:

Abe Kuczaj
SCOTT DOUGLASS & MCCONNICO LLP
303 Colorado Street, Suite 2400
Austin, TX 78701
akuczaj@scottdoug.com

Ann B. Oldfather
OLDFATHER LAW FIRM PLLC
1330 South Third Street
Louisville, KY 40208
aoldfather@oldfather.com

To the KPPA Entity:

Michael Board
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601
michael.board@kyret.ky.gov

With a copy to:

Paul C. Harnice
Christopher Schaefer
STOLL KEENON OGDEN PLLC
201 W. Main Street
Frankfort, KY 40601
paul.harnice@skofirm.com
christopher.schaefer@skofirm.com

To the Blackstone Parties:

Athena Cheng
Blackstone Inc.
345 Park Ave.
New York, NY 10154
athena.cheng@blackstone.com

With a copy to:

Donald J. Kelly
Sean G. Williamson
BRICKER GRAYDON WYATT LLP
400 West Market Street, Suite 2000
Louisville, KY 40202
dkelly@bricker.com
swilliamson@bricker.com

-and-

Brad S. Karp
Brette Tannenbaum
David P. Friedman
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019
bkarp@paulweiss.com
btannenbaum@paulweiss.com
dfriedman@paulweiss.com

10. ***Covenants Not to Sue.***

- a. The Commonwealth Releasors and KPPA Entity Releasors hereby irrevocably covenant and agree, for themselves and their respective successors in office, successors in interest, and assigns, not to assert any and all Released Claims that the Commonwealth Releasors and KPPA Entity Releasors ever asserted, now assert, could have asserted or hereafter may assert—whether known or unknown—and all claims arising out of the filing or prosecution of the Released Actions against the Blackstone Releasees. The Commonwealth Releasors and KPPA Entity Releasors undertake this covenant not to sue in exchange for consideration provided under this Settlement Agreement, including the First Payment of the Settlement Recovery, as well as the Blackstone Releasors' reciprocal covenant in Paragraph 10.b.

The covenant set forth in this Paragraph is effective upon filing of the Declaratory Judgment Action by the Commonwealth and the KPPA Entity pursuant to Paragraph 7, and shall be binding upon: (i) all current and future administrations of

the Commonwealth, including any successor Attorney General, or other officeholder, and any successor department head, commissioner, director, or other official, whether elected or appointed; and (ii) all current and future boards, trustees, officers, directors, and administrators of the KPPA Entity and any successor entity thereof.

- b. The Blackstone Releasors hereby irrevocably covenant and agree, for themselves and their respective successors and assigns, not to assert any and all Released Claims that the Blackstone Releasors ever asserted, now assert, could have asserted or hereafter may assert—whether known or unknown—and all claims arising out of the filing or prosecution of the Released Actions against the Commonwealth Releasees and KPPA Entity Releasees. The Blackstone Releasors undertake this covenant not to sue in exchange for consideration provided under this Settlement Agreement, including the Releases provided by the Commonwealth Releasors and the KPPA Entity Releasors, as well as the Commonwealth Releasors’ and KPPA Entity Releasors’ reciprocal covenant in Paragraph 10.a.

The covenant set forth in this Paragraph is effective upon filing of the Declaratory Judgment Action by the Commonwealth and the KPPA Entity pursuant to Paragraph 7, and shall be binding upon (i) all current and future successors and assigns of the Blackstone Parties; and (ii) all current and future employees, partners, principals, officers, directors, and administrators of the Blackstone Parties and any successor entity thereof.

- c. For the avoidance of doubt, and notwithstanding any other provision in this Settlement Agreement to the contrary, the obligations under this Paragraph shall survive termination.

- 11. **Termination.** Unless otherwise agreed in writing by the Parties, this Settlement Agreement shall terminate if any U.S. court with competent jurisdiction issues a Final order holding that any Release provided in this Settlement Agreement is void, invalid, or unenforceable by and between the Blackstone Parties and the Commonwealth and/or the KPPA Entity (“Judicial Invalidation Decision”). Within ten (10) days of service of a Judicial Invalidation Decision, the Parties shall cooperate in good faith to execute a valid and enforceable release that is equal in scope to the Releases set forth in the Settlement Agreement (“Curative Release”), and shall further cooperate in good faith to promptly execute any other documents that may be necessary to ensure that such Curative Release is and remains equal in scope to the Releases set forth herein. Failure by any Party to cooperate in good faith to execute a Curative Release shall constitute a material breach if such Party does not cooperate in good faith to execute a Curative Release within ten (10) days of being served with notice of their failure to cooperate in good faith. In the event (i) the Parties, despite cooperating in good faith, are unable to agree upon and execute a valid and enforceable Curative Release within thirty (30) days of receipt of the Judicial Invalidation Decision, or (ii) of a material breach of this Paragraph, any Party (in the case of Paragraph 11(i)) or any non-breaching Party (in the case of Paragraph 11(ii)) may terminate this Settlement Agreement. Upon termination, any further obligations by the non-breaching Parties under this Settlement Agreement, including any payment to be made under Paragraph 8.a or 8.b,

shall be excused. Notwithstanding any other provision in this Settlement Agreement to the contrary, the obligations under Paragraphs 10 and 12.c shall survive termination.

12. ***Miscellaneous Terms.***

- a. ***No Admission of Liability.*** The Parties maintain that they are not liable for the claims asserted against them in the Released Actions and that they have good and meritorious defenses to those claims, and the Blackstone Parties maintain that the KPPA Entity's investments in Henry Clay Fund LLC were, at all times, managed in accordance with the governing contracts and applicable law, and those investments outperformed benchmarks established in the contracts. The Parties assert and maintain that they are entering into this Settlement Agreement solely to avoid risk relating to ongoing litigation, including further legal expense, inconvenience, and the distraction of burdensome and protracted litigation, and thereby to put to rest this controversy. The Parties deny any liability, wrongdoing, or damage, and this Settlement Agreement shall not be deemed an admission by any of them of any fault, liability, wrongdoing, damage, or of the validity or infirmity of any claim released pursuant to Paragraph 4.
- b. ***Limitation on Use of Settlement Agreement.*** The Parties agree that this Settlement Agreement may not be used or offered in any future proceeding against any of the Parties for any purpose except to enforce the terms of this Settlement Agreement.
- c. ***Confidentiality of Settlement Discussions and Cooperation on Public Statements.***
 - i. At all times, any prior drafts of any settlement agreement, any prior term sheets, and any prior communications of proposed terms shall be kept strictly confidential by the Parties and shall not be released, published or disseminated and shall not be disclosed or discussed with any persons or entities other than the Parties hereto, their respective Boards, counsel, accountants, tax advisers, insurers, reinsurers, investors, and professional representatives, as well as the Kentucky Public Pension Oversight Board to the extent required for the fulfillment of its duties to carry out the true and proper oversight of the KPPA Entity. Prior to the filing of the Declaratory Judgment Action pursuant to Paragraph 7, other than as necessary to respond to public inquiries with statements in conformance with Exhibit A and to disclose the vote of the respective Boards, no Party shall make any public statement regarding the Settlement Agreement.
 - ii. The Parties further agree that any press release issued by any Party hereto relating to this Settlement Agreement shall conform to the statements set forth in Exhibit A, attached herein to this Settlement Agreement.
 - iii. In addition to the foregoing, any other public statements relating to the settlement shall be subject to the following requirements: (a) any such statement shall not be inconsistent with this Settlement Agreement; (b) any press release or other public statement concerning the settlement, whether

oral or in writing, shall indicate that the Parties continue to deny liability with respect to all of the claims asserted against them in the Released Actions and maintain that they have settled solely to avoid the risk, expense, distraction and inconvenience of further litigation; and (c) no press release or other public statement shall state or imply, and no Party shall encourage others to state or imply, whether orally or in writing, that this Settlement constitutes an admission of liability by any Party on any issue or claim or an agreement by the Blackstone Parties to return management or incentive fees.

- iv. Nothing in the foregoing shall prevent any Party from reporting the content of the Settlement Agreement as required (a) in an action by any Party to enforce the provisions of the Settlement Agreement, to the extent reasonably required for the purposes of such enforcement; (b) in response to a court order or legal process; (c) to the extent reasonably required by (1) a request by a government or regulatory authority having jurisdiction over such Party, (2) financial reporting or other regulatory reporting obligations, including financial reporting requirements, securities filings (e.g., Forms 10-Q or 10-K), and federal, state or local tax laws, or (3) law or any legal duty; or (d) by written agreement of the Parties. In the event of any requested disclosure pursuant to legal process, the Party receiving the request for disclosure shall notify the other Parties herein within three (3) business days and afford them an opportunity to seek to obtain the continued confidentiality of the Settlement Agreement and any related documents and communications. In the event any disclosure of this Settlement Agreement or related documents and communications is required, the Parties shall use their reasonable best efforts to minimize any such disclosure. The Parties hereby agree that drafts of this Settlement Agreement, any prior settlement agreement, drafts of prior term sheets, and all communications and information exchanged during and in connection with the negotiations of this Settlement Agreement and any prior settlement agreement executed by the Parties are entitled to exemption from public disclosure to the full extent permitted by the Kentucky Open Records and Open Meetings Act, and the Parties shall take reasonable steps to cooperate with each other in responding to requests under such provisions and in limiting disclosure thereunder to the extent permissible under applicable law.
- d. **Remedies.** The Parties agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Settlement Agreement and that any Party may in its sole discretion apply to any court of law or equity within the Commonwealth of Kentucky (without posting any bond or deposit) for money damages, specific performance, and/or other injunctive relief to enforce or prevent any violations of any provision of this Settlement Agreement.
- e. **Signatories have authority to sign.** By their signatures below, the Parties and their signees represent that they have read this Settlement Agreement, understand, agree, and have authority to sign below on behalf of a Party subject to this Settlement

Agreement. The signatory for the Commonwealth further represents that this Settlement Agreement is entered into by the Commonwealth, on behalf of itself, its subsidiary agencies, citizens acting in a derivative capacity, and other Commonwealth Releasors; that the Attorney General is acting within his constitutional, common law, and statutory authority to represent and bind the Commonwealth; and that the terms of the Settlement Agreement are consistent with the applicable laws of the Commonwealth. The signatory for the KPPA Entity further represents that, upon the approvals required under Paragraph 1, this Settlement Agreement is entered into by the Boards of KPPA, CERS, and KRS on behalf of all of the plans, trusts, systems, pension funds, or tiers they administer or oversee and their constituent members and beneficiaries.

- f. ***Parties to bear their own costs and attorneys' fees in all respects, including as related to enforcement of the Releases.*** Other than as set forth herein in Paragraph 8.d, the Parties shall each bear their own costs and attorneys' fees in connection with the Released Actions, this Settlement Agreement, the enforcement of the Releases, and any and all litigation related to the same. The Parties shall not dispute in any forum the amount of attorneys' fees determined by the office of the Attorney General to be payable to counsel for the Commonwealth as set forth in its contracts. Any disputes or objections by third parties regarding attorneys' fees payable to counsel for the Commonwealth in connection with this Settlement Agreement, including any appeal regarding the same, shall not have any impact on the effect of this Settlement Agreement, the Releases provided herein, or the timing of the Effective Date.
- g. ***Governing Law.*** This Settlement Agreement shall be governed and enforced in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of laws principles, and any dispute hereunder shall be brought exclusively in the Franklin County Circuit Court, in which all Parties consent to jurisdiction and venue.
- h. ***Counterparts.*** This Settlement Agreement may be executed in counterparts. Each counterpart shall be deemed an original, and when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all the Parties. Signatures by facsimile and/or e-mail shall be deemed as effective as original signatures.
- i. ***Entire Agreement.*** This Settlement Agreement contains the entire agreement between the Parties regarding the subject matter of this Settlement Agreement, and all prior and contemporaneous conversations, contracts, negotiations, discussions, possible and alleged agreements, representations, covenants, warrants and understandings are superseded by, and merged into, this Settlement Agreement.
- j. ***Severability.*** If any provision of this Settlement Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, such holding shall not affect the validity or enforceability of the remaining provisions, which shall continue in full force and effect; provided, however, that if any court holds that any

Release provided in this Settlement Agreement is void, invalid, or unenforceable or unenforceable by and between the Blackstone Parties and the Commonwealth and/or the KPPA Entity, Paragraph 11 shall apply.

- k. **Amendments.** This Settlement Agreement may be altered or amended only by a writing signed by all Parties hereto.
- l. **Deadlines.** If the date for performance of any obligation in this Settlement Agreement expires on a Saturday, Sunday or legal holiday in the Commonwealth of Kentucky, then such performance shall be completed by the next succeeding business day.

13. **Definitions of undefined key terms.**

- a. **“Final”** means an order or judgment of a court of competent jurisdiction that is in effect and cannot be changed or challenged any further. Specifically, a decision is Final when either (1) no appeal or petition for *certiorari*, review, reargument, stay, or rehearing is pending, and all such opportunities for review or appeal have expired, or (2) any appeal or petition for *certiorari*, review, reargument, stay, or rehearing has been fully resolved by the highest possible court and there are no further options for review or appeal.
- b. **“Released Claims”** are any and all claims, causes of action, covenants, contracts, damages, demands, or obligations of any kind whatsoever, whether legal or equitable, whether presently known or unknown, foreseen or unforeseen, matured or unmatured, of any type whatsoever, whether direct, derivative, taxpayer, contract, tort or statutory, and whether arising under state, federal or common law, including but not limited to claims for breach of fiduciary duty, breach of trust, breach of contract, breach of statutory duty, aiding and abetting any breaches of the foregoing duties or claims for civil conspiracy and joint enterprise, or claims for indemnity that have been, could have been, or can be asserted against any of the Parties, and that arise out of or relate in any way to (1) investments by the KPPA Entity and any plans, trusts, systems, pension funds, and tiers of members they administer and/or oversee in KPPA’s 2011 fund-of-funds investments, including Henry Clay Fund LLC; (2) the KPPA Entity’s absolute return program and search for fund-of-funds managers; (3) the management of, or underlying investments made by, KPPA’s 2011 fund-of-funds investments, including Henry Clay Fund LLC, and the funds in which each such LLC invested; (4) any fees (whether characterized as management, performance or otherwise) that were charged to, or incurred by, KPPA’s 2011 fund-of-funds investments, including Henry Clay Fund LLC, or any of the underlying investments held by those funds, whether directly or indirectly; (5) any alleged indemnity or contractual obligations in connection with KPPA’s 2011 fund-of-funds investments, including Henry Clay Fund LLC; or (6) all other allegations in all pending litigations between or among the Parties arising out of the same nucleus of operative facts that are at issue in the Released Actions or the *Taylor Actions*. The binding intent of the Parties is to achieve global peace and accord with respect to any and all Released Claims as among themselves, and

the Parties shall use commercially reasonable best efforts to ensure the Settlement Agreement achieves this outcome.

- c. ***“Related Parties”*** are each Party’s or non-Party’s current and former owners, affiliates, governing boards, officers, directors, trustees, managers, employees, members, shareholders, attorneys, agents, advisors, consultants, predecessors, successors, assigns, insurers and reinsurers. Subject to the foregoing, Related Parties do not include any named Defendant in the 590 Action or the 354 Action who is not a Party to this Settlement Agreement, which include, but are not limited, to Cavanaugh MacDonald and its Related Parties; RVK and its Related Parties; the trustees and officers of the KPPA Entity; KKR Group Co. Inc., Henry Kravis, George Roberts, and their Related Parties; and PAAMCO Prisma, LLC, Jane Buchan, Prisma Capital Partners LP, Girish Reddy, and their Related Parties.

Signed on the 9th day of June 2026, with full authority and in order to indicate binding intent pursuant to the terms set forth in this Settlement Agreement.

By: JDC
Justin D. Clark
OFFICE OF THE KENTUCKY
ATTORNEY GENERAL
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601

*Counsel for the Commonwealth of
Kentucky*

By: /s/ Brette Tannenbaum
Brette Tannenbaum
PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019

*Counsel for Blackstone Alternative
Asset Management L.P., Blackstone
Inc. (formerly The Blackstone Group
Inc.), Stephen A. Schwarzman, and J.
Tomilson Hill*

[Additional Signature Page(s) Follow]

Signed on the __ day of June 2026, with full authority and in order to indicate binding intent pursuant to the terms set forth in this Settlement Agreement.

By: 
George C. Heatham
Board Chair for Kentucky Public Pensions Authority

By: 
George C. Heatham
Board Chair for County Employees Retirement System

By: 
Keith Peercy
Board Chair for Kentucky Retirement Systems

EXHIBIT A

Blackstone Parties' Press Release:

To put an end to years of litigation, and with the prospect of additional multi-year lawsuits, Blackstone Alternative Asset Management (BAAM) has entered into a settlement agreement with the Commonwealth of Kentucky and the Kentucky Retirement Systems. BAAM provided excellent financial service for KRS and the settlement contains no finding of admission of any wrongdoing or breach of any duty on the part of BAAM. BAAM's return significantly outperformed all of KRS's own benchmarks by more than \$100 million, delivering a net return in excess of 30% and generating over \$158 million in net profits. KRS's own investigation showed that BAAM "killed it" and "did an admirable job of protecting capital for [their] pensioners and taxpayers."

The Commonwealth's and KPPA Entity's Press Release:

The Commonwealth and KPPA have reached a full and final settlement with Blackstone Alternative Asset Management L.P. and the related Blackstone defendants in connection with long-running litigation concerning allegations of inappropriate investments of Kentucky state pension funds in alternative investments in the 2010s. The Commonwealth alleged the defendants recommended inappropriate investments and charged excessive fees. The defendants took the position that the investments had been vetted and approved by appropriate officials at Kentucky retirement systems. The defendants also contend that the investments exceeded their industry benchmark returns. Through the settlement, the Commonwealth and KPPA have secured a recovery of \$18 million, with the potential to recover an additional \$6 million subject to certain contingencies. The Attorney General said in a statement: "This complex suit involves claims that have been litigated for many years. This settlement is an excellent outcome ending a lengthy dispute that would have likely gone on for many additional years with uncertain results." KPPA said in a statement: "With this positive outcome, KPPA looks forward to refocusing its efforts on its primary mission: the prudent investment and stewardship of assets for the benefits of its members."