

This Settlement Agreement (“Agreement”) is entered into between the United States acting through the United States Department of Justice (“Department of Justice”) on the one hand, and Credit Suisse Securities (USA) LLC, as well as its current and former U.S. subsidiaries and U.S. affiliates (collectively, “Credit Suisse”) on the other hand. The United States and Credit Suisse are collectively referred to herein as the “Parties.”

RECITALS

A. The United States Attorney’s Office for the District of Colorado conducted an investigation of the packaging, marketing, structuring, arrangement, underwriting, issuance and sale of residential mortgage-backed securities (“RMBS”) by Credit Suisse. Based on that investigation, the United States believes that there is an evidentiary basis to compromise potential legal claims by the United States against Credit Suisse for violations of federal laws in connection with the packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS.

B. Credit Suisse acknowledges the facts set out in the Statement of Facts set forth in Annex 1, attached hereto and hereby incorporated.

C. In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. **Payment.** Credit Suisse shall pay a total amount of \$2,480,000,000.00 (the “Settlement Amount”) to resolve potential legal claims in connection with the Covered Conduct, as defined below.

a. Within fifteen business days of receiving written payment processing instructions from the Department of Justice, Office of the Associate

Attorney General, Credit Suisse shall pay the Settlement Amount by electronic funds transfer to the Department of Justice.

- b. The entirety of the Settlement Amount is a civil monetary penalty recovered pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“FIRREA”), 12 U.S.C. § 1833a. It will be deposited in the General Fund of the United States Treasury.

2. **Consumer Relief.** In addition, Credit Suisse shall provide \$2,800,000,000.00 worth of consumer relief to remediate harms resulting from alleged unlawful conduct of Credit Suisse as set forth in Annex 2, attached hereto and hereby incorporated as a term of this Agreement. The value of consumer relief provided shall be calculated and enforced pursuant to the terms of Annex 2. An independent monitor will determine whether Credit Suisse has satisfied the obligations contained in Annex 2 (such monitor to be Neil M. Barofsky) (the “Monitor”), and Credit Suisse will provide the Monitor with all documentation the Monitor needs to do so, excluding all privileged information. Any costs associated with said Monitor shall be borne solely by Credit Suisse. Notwithstanding the fact that Credit Suisse bears the costs associated with the Monitor, the Monitor shall be fully independent of Credit Suisse. Credit Suisse will refrain from retaining the Monitor to represent Credit Suisse in any capacity prior to two years after the date upon which Credit Suisse satisfies the consumer relief obligations set forth in Annex 2. Credit Suisse will also refrain from engaging the Monitor as a mediator in any matter to which Credit Suisse is a party until Credit Suisse satisfies the consumer relief obligations set forth in Annex 2.

3. **Covered Conduct.** “Covered Conduct” as used herein is defined as the creation, pooling, structuring, arranging, formation, packaging, marketing, underwriting, sale or issuance

prior to January 1, 2009 by Credit Suisse of the RMBS identified in Annex 3, attached and hereby incorporated. Covered Conduct includes representations, disclosures or non-disclosures to RMBS investors made in connection with the activities set forth above, where the representation, disclosure or non-disclosure involves information about or obtained during the process of originating, acquiring, pooling, packaging, securitizing, underwriting or servicing residential mortgage loans included in the RMBS identified in Annex 3. Covered Conduct includes the administration of RMBS identified in Annex 3 to the extent such administration relates to any actions or inactions with respect to representations and warranties or the cure, substitution or repurchase (or failure to do or seek any of the same) of residential mortgage loans. Covered Conduct includes representations, disclosures, or non-disclosures to trustees made in connection with the activities set forth above about the residential mortgage loans included in the RMBS identified in Annex 3. Covered Conduct does not include: (i) conduct relating to the origination of residential mortgages, except representations, disclosures or non-disclosures to investors in the RMBS listed in Annex 3 about origination of, or about information obtained in the course of originating, such loans; (ii) the servicing of residential mortgage loans, except representations, disclosures or non-disclosures to investors in the RMBS listed in Annex 3 about servicing, or information obtained in the course of servicing, such loans; or (iii) representations, disclosures or non-disclosures made in connection with collateralized debt obligations, other derivative securities or the secondary trading of RMBS, except to the extent that the representations, disclosures or non-disclosures are related to the offering materials for the RMBS listed in Annex 3.

4. **Cooperation.** Until the date upon which all investigations and any prosecution arising out of the Covered Conduct are concluded by the Department of Justice, whether or not

they are concluded within the term of this Agreement, Credit Suisse shall, subject to applicable laws or regulations: (i) cooperate fully with the Department of Justice (including the Federal Bureau of Investigation) and any other law enforcement agency designated by the Department of Justice regarding matters arising out of the Covered Conduct; (ii) assist the Department of Justice in any investigation or prosecution arising out of the Covered Conduct by providing logistical and technical support for any meeting, interview, grand jury proceeding or any trial or other court proceeding; (iii) use its best efforts to secure the attendance and truthful statements or testimony of any officer, director, agent or employee of any of the entities released in Paragraph 5 at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the Covered Conduct; and (iv) provide the Department of Justice, upon request, all non-privileged information, documents, records or other tangible evidence regarding matters arising out of the Covered Conduct about which the Department or any designated law enforcement agency inquires.

5. **Releases by the United States.** Subject to the exceptions in Paragraph 6 (“Excluded Claims”), and conditioned upon Credit Suisse’s full payment of the Settlement Amount, and Credit Suisse’s agreement, by executing this Agreement, to satisfy the terms of Annex 2, as referenced in Paragraph 2 (“Consumer Relief”) and Paragraph 4 (“Cooperation”), the United States fully and finally releases Credit Suisse, each of its current and former subsidiaries and affiliated entities, and each of their respective successors and assigns (collectively, the “Released Entities”), from any civil claim the United States has against the Released Entities for the Covered Conduct arising under FIRREA, 12 U.S.C. § 1833a; the False Claims Act, 31 U.S.C. §§ 3729 et seq.; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801 et seq.; the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961 et

seq.; the Injunctions Against Fraud Act, 18 U.S.C. § 1345; common law theories of negligence, gross negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, and aiding and abetting any of the foregoing; or that the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. § 0.45.

6. **Excluded Claims.** Notwithstanding the releases in Paragraph 5 of this Agreement, or any other term(s) of this Agreement, the following claims are specifically reserved and are not released by this Agreement:

- a. any criminal liability;
- b. any liability of any individual;
- c. any liability arising under Title 26 of the United States Code (the Internal Revenue Code);
- d. any liability to or claims of the National Credit Union Administration, any Federal Home Loan Bank or the Federal Deposit Insurance Corporation (including in its capacity as a corporation, receiver or conservator) (the “FDIC”);
- e. any liability to or claims of the United States of America, the Department of Housing and Urban Development/Federal Housing Administration, the Department of Veterans Affairs, or Fannie Mae or Freddie Mac relating to whole loans insured, guaranteed or purchased by the Department of Housing and Urban Development/Federal Housing Administration, the Department of Veterans Affairs, or Fannie Mae or Freddie Mac, except

claims based on or arising from the securitizations of any such loans in the RMBS listed in Annex 3;

- f. any administrative liability, including the suspension and debarment rights of any federal agency; and
- g. any liability based upon obligations created by this Settlement Agreement.

7. **Releases by Credit Suisse.** Credit Suisse and any current or former affiliated entity, and any of their respective successors and assigns, fully and finally release the United States and its officers, agents, employees and servants, from any claims (including attorney's fees, costs and expenses of every kind and however denominated) that Credit Suisse has asserted, could have asserted or may assert in the future against the United States and its officers, agents, employees and servants, related to the Covered Conduct and the investigation to date thereof.

8. **Waiver of Potential FDIC Indemnification Claims by Credit Suisse.** Credit Suisse hereby irrevocably waives any right that it otherwise might have to seek (and in any event agrees that it shall not seek) any form of indemnification, reimbursement or contribution from the FDIC in any capacity, including the FDIC in its Corporate Capacity or the FDIC in its Receiver Capacity, for any payment under this Agreement, including any payment that is a portion of the Settlement Amount set forth in Paragraph 1 of this Agreement or of the Consumer Relief set forth in Paragraph 2 of this Agreement.

9. **Waiver of Potential Defenses by Credit Suisse.** Credit Suisse and any current or former affiliated entity (to the extent that Credit Suisse retains liability for the Covered Conduct associated with such affiliated entity), and any of their respective successors and assigns, waive and shall not assert any defenses Credit Suisse may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole

or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

10. **Unallowable Costs Defined.** All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Credit Suisse, and its present or former officers, directors, employees, shareholders and agents in connection with:

- a. the matters covered by this Agreement;
- b. the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- c. Credit Suisse's investigation, defense and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- d. the negotiation and performance of this Agreement; and
- e. the payment Credit Suisse makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as "Unallowable Costs").

11. **Future Treatment of Unallowable Costs.** Unallowable Costs will be separately determined and accounted for by Credit Suisse, and Credit Suisse shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

12. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Colorado.

13. This Agreement is intended for the benefit of the Parties only and does not create any third-party rights.

14. The Parties acknowledge that this Agreement is made without any trial or adjudication or judicial finding of any issue of fact or law, and is not a final order of any court or governmental authority.

15. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

17. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for the purposes of the Internal Revenue laws, Title 26 of the United States Code.

18. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties and shall not, therefore, be construed against any Party for that reason in any dispute.

19. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

20. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

21. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

22. This Agreement is binding on Credit Suisse's successors, transferees, heirs and assigns.

23. All Parties consent to the public disclosure of this Agreement, and information about this Agreement, by Credit Suisse and/or the United States.

24. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

For the United States:

A handwritten signature in black ink that reads "William J. Baer". The signature is written in a cursive style and is positioned above a horizontal line.

William J. Baer
Principal Deputy Associate Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530
Telephone: (202) 514-9500

Dated: 1-18-17

For Credit Suisse Securities (USA) LLC:



Alan Reifenberg
Managing Director/Global Head of Litigation and Investigations
Credit Suisse Securities (USA) LLC
11 Madison Avenue
~~24~~th Floor - 4
New York, New York 10010
Telephone: (212) 325-2000

Dated: 1/18/17



Brian Chin
Managing Director/CEO, Global Markets
Credit Suisse Securities (USA) LLC
11 Madison Avenue
24th Floor
New York, New York 10010
Telephone: (212) 325-2000

Dated: 1/18/2017