



U.S. Department of Justice

*United States Attorney  
Southern District of New York*

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*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007*

November 4, 2013

The Honorable Laura T. Swain  
United States District Court  
Southern District of New York  
500 Pearl Street, Room 1320  
New York, New York 10007

The Honorable Richard J. Sullivan  
United States District Court  
Southern District of New York  
40 Foley Square, Room 2104  
New York, New York 10007

Re: United States v. S.A.C. Capital Advisors, L.P., et al., 13 Cr. 541 (LTS)  
United States v. S.A.C. Capital Advisors, L.P., et al., 13 Civ. 5182 (RJS)

Dear Judge Swain and Judge Sullivan:

The Government writes to advise the Court that the parties have reached a proposed global resolution of the above-captioned criminal case (the "Criminal Action") and the related civil forfeiture and money laundering action (the "Forfeiture Action"). Enclosed are copies of the Plea Agreement (the "Plea Agreement") and Stipulation and Proposed Order of Settlement ("Stipulation and Order of Settlement") that set forth the terms of the proposed global resolution. As part of the proposed global resolution, the four entity defendants (collectively referred to as "the SAC Entity Defendants") will plead guilty to every count in the Indictment with which each is charged, pay an aggregate financial penalty of \$1.8 billion, and terminate their investment advisory businesses.

The Plea Agreement is subject to judicial approval pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. In accordance with Rule 11(c)(5)(B), the SAC Entity Defendants may withdraw their pleas of guilty in the event that the Court in the Criminal Action declines to impose the stipulated penalties set forth in the Plea Agreement, which consist principally of an above-Guidelines total fine of \$900 million and a statutory maximum five-year term of probation for each of the SAC Entity Defendants. The Plea Agreement also is expressly contingent upon entry of the Stipulation and Order of Settlement by the Court in the Forfeiture Action, which, if adopted, would require the SAC Entity Defendants to forfeit \$900 million to the United States separate and apart from the payment of the \$900 million fine in the Criminal Action.<sup>1</sup>

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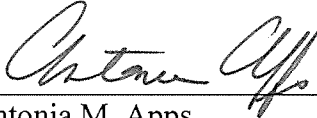
<sup>1</sup> The SAC Entity Defendants will receive a credit against the \$900 million forfeiture for the \$616 million that certain of the SAC Entity Defendants already have undertaken to pay to resolve two parallel actions by the U.S. Securities & Exchange Commission ("SEC") relating to

The Government believes that the proposed global resolution is fair, reasonable, and firmly promotes the interests of justice, deterrence and respect for the law. The aggregate \$1.8 billion financial penalty is -- to the Government's knowledge -- the largest financial penalty in history for insider trading offenses. The SAC Entity Defendants also will be required to terminate their investment advisory businesses, effectively closing the affiliated SAC Capital hedge funds to outside investors. In addition any entity owned or controlled by the owners of the SAC Entity Defendants that is involved in the trading of securities will be required to employ compliance procedures to prevent insider trading that have been reviewed and revised to the satisfaction of an independent compliance consultant approved by the Government. The Agreement provides no immunity from prosecution for any individual and does not restrict the Government from charging any individual for any criminal offense and seeking the maximum term of imprisonment applicable to any such violation of criminal law.

In short the penalties to be imposed against the SAC Entity Defendants as part of the proposed global resolution are steep but fair, and are commensurate with the breadth and duration of the charged criminal conduct. The Government therefore respectfully requests that the Court in the Forfeiture Action enter the Stipulation and Order of Settlement, and that the Court in the Criminal Action schedule a plea proceeding at the Court's earliest convenience.

Respectfully submitted,

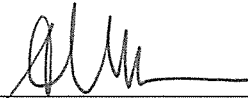
PREET BHARARA  
United States Attorney

By:   
\_\_\_\_\_  
Antonia M. Apps  
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John T. Zach  
Assistant United States Attorneys

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insider trading conduct that is included in the Indictment in the Criminal Case and the Complaint in the Forfeiture Case. *See SEC v. CR Intrinsic Investors, L.L.C. et al.*, 12 Civ. 8466 (VM), and *SEC v. Sigma Capital Management, LLC*, 13 Civ. 1740 (HB). Accordingly, under the terms of the proposed global resolution, the SAC Entity Defendants are required to pay an additional \$1,184,000,000 in total financial penalties in addition to the \$616 million already committed to be paid to the SEC.

The Honorable Laura T. Swain  
The Honorable Richard J. Sullivan  
November 4, 2013  
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**U.S. Department of Justice**

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November 1, 2013

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Re: United States v. S.A.C. Capital Advisors, LP, et al., 13 Cr. 541 (LTS)

Dear Mr. Klotz and Mr. Wells:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will accept a guilty plea from each of S.A.C. Capital Advisors, L.P., S.A.C. Capital Advisors, LLC, CR Intrinsic Investors, LLC and Sigma Capital Management, LLC (the "SAC Entity Defendants") to Counts Two through Five, respectively, of the above-referenced indictment (the "Indictment"). In addition, each of the SAC Entity Defendants will plead guilty to Count One of the Indictment.

Count One charges each of the SAC Entity Defendants with wire fraud, in violation of Title 18, United States Code, Section 1343, and carries a maximum term of five years' probation, pursuant to 18 U.S.C. §§ 3551(c)(1) and 3561(c)(1), a maximum fine, pursuant to Title 18, United States Code, Sections 1341 and 3571 of the greatest of \$1,000,000, twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to persons other than the defendant resulting from the offense, and a \$100 mandatory special assessment.

Counts Two, Three, Four and Five charge S.A.C. Capital Advisors, L.P., S.A.C. Capital Advisors, LLC, CR Intrinsic Investors, LLC and Sigma Capital Management, LLC, respectively, with securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and of Title 17, Code of Federal Regulations, Section 240.10b-5 & 240.10b5-2. Counts Two through Five each carry a maximum term of five years' probation, pursuant to 18 U.S.C. §§ 3551(c)(1) and 3561(c)(1), a maximum fine, pursuant to Title 18, United States Code, Section 3571 and Title 15, United States Code, Section 78ff(a) of the greatest of \$25,000,000, twice the gross

pecuniary gain derived from the offense, or twice the gross pecuniary loss to persons other than the defendant resulting from the offense, and a \$100 mandatory special assessment.

The Government and the SAC Entity Defendants have reached a proposed global resolution of this criminal case and of the related civil forfeiture and money laundering action, *United States v. SAC Capital Advisors, L.P. et al.*, 13 Civ. 5182 (RJS) (the “Civil Forfeiture and Money Laundering Action”). The complete global agreement between the parties is set forth in this Agreement as well as in the Stipulation and Order of Settlement in the Civil Forfeiture and Money Laundering Action into which the parties entered on November 1, 2013 (the “Stipulation and Order of Settlement”, attached hereto as Exhibit A). As reflected in those documents, it is the intention of the parties that the SAC Entity Defendants will pay to the United States a total financial penalty of \$1.8 billion (the “Stipulated Total Financial Penalty”) to resolve both this action and the Civil Forfeiture and Money Laundering Action. The parties further agree, pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, that the \$1.8 billion Stipulated Total Financial Penalty shall consist of a \$900 million fine in connection with this criminal action (the “Stipulated Total Fine”), and the forfeiture of \$900 million in connection with the settlement of the Civil Forfeiture and Money Laundering Action (the “Stipulated Total Forfeiture”).

The parties agree that the Stipulated Total Forfeiture of \$900 million by the SAC Entity Defendants and their affiliates in connection with the settlement of the Civil Forfeiture and Money Laundering Action shall be in lieu of any forfeiture in the criminal action. The parties further agree that the payment (the “SEC Payment”) that certain of the SAC Entity Defendants have undertaken to make to resolve the civil enforcement actions brought by the U.S. Securities and Exchange Commission (“SEC”) in *SEC v. CR Intrinsic Investors, LLC et al.*, 12 Civ. 8466 (VM) and *SEC v. Sigma Capital Management, LLC*, 13 Civ. 1740 (HB) (the “SEC Actions”) will be applied as a credit to reduce the amount due to the United States in connection with the settlement of the Civil Forfeiture and Money Laundering Action by \$616 million. Accordingly, the SAC Entity Defendants and other claimants in the Civil Forfeiture and Money Laundering Action shall pay to the United States a sum of \$284 million (the “Net Forfeiture Amount”) which, together with the above-referenced credit of \$616 million, shall be deemed to satisfy the \$900 million forfeiture judgment against the SAC Entity Defendants and other claimants in that action. Payment of the Net Forfeiture Amount shall be by check or wire transfer to the United States Marshals Service Seized Asset Deposit Fund within 35 days of the later of the date on which judgment is entered in this criminal action or the date of the entry of the Stipulation and Order of Settlement in the Civil Forfeiture and Money Laundering Action. The parties agree that any fine ordered by the Court at sentencing shall be paid separately to the United States, with no credit received for the payment of the Net Forfeiture Amount.

Each of the SAC Entity Defendants agrees to cease operating as an investment adviser and to not accept any additional funds from third-party investors. The timing and manner in which the investment advisory businesses of the SAC Entity Defendants wind down, their registrations become suspended or revoked, and discontinue operations shall be on terms satisfactory to the SEC.

Each of the SAC Entity Defendants further agrees to employ compliance policies and procedures reasonably designed to identify and prevent insider trading. The SAC Entity Defendants further agree to retain, at their own expense, no later than ten days after imposition of sentence, a compliance consultant approved by the Office who will, pursuant to terms approved by the Office, evaluate and report on the insider trading compliance procedures (including but not limited to hiring, information-gathering, training and related practices) of the SAC Entity Defendants, the SAC Affiliates (as defined below) and of any other then-existing or newly-formed entities owned or controlled by the owners of the SAC Entity Defendants involved in the trading of securities ("Entities Subject to Compliance Review"). The compliance consultant shall: (1) promptly review the insider trading compliance procedures of the Entities Subject to Compliance Review; (2) identify any deficiencies in insider trading compliance procedures and provide the Entities Subject to Compliance Review with an opportunity to correct these deficiencies; (3) file, within 45 days of retention, a report to the Office that describes any insider trading compliance deficiencies identified and any steps the Entities Subject to Compliance Review have taken or agreed to take to correct these deficiencies; (4) file, within six months of retention, a report to the Office that describes progress by the Entities Subject to Compliance Review to correct the identified deficiencies; and (5) file, if deemed necessary by the Office in its sole discretion, a final report to the Office that addresses any continuing deficiencies identified in the six-month report.

In consideration of the pleas of the SAC Entity Defendants to the above offenses, the SAC Entity Defendants and their affiliated entities identified in a letter to the Government dated November 1, 2013 (the "SAC Affiliates") shall not be further prosecuted criminally by this Office (except for criminal tax violations as to which this Office cannot, and does not, make any agreement) for any insider trading violation, however such violation is charged, including, without limitation, as a predicate to another offense, occurring between 1999 and December 31, 2012. Nor will this Office bring any further civil or criminal forfeiture claims against the SAC Entity Defendants or the SAC Affiliates predicated on insider trading by the SAC Entity Defendants or the SAC Affiliates occurring at any time on or before December 31, 2012.

In further consideration of the pleas of the SAC Entity Defendants to the above offenses, this Office shall not assert claims for financial recovery against any present owner or shareholder of the SAC Entity Defendants predicated on insider trading by or on behalf of the SAC Entity Defendants or the SAC Affiliates at any time through December 31, 2012, except for criminal fines applicable to insider trading in violation of 18 U.S.C. §§ 371, 1341, 1343, 1348, 1349 or 15 U.S.C. §§ 78j(b) and 78ff together with forfeiture claims for the disgorgement of insider trading profits and avoided losses, charged under 18 U.S.C. §§ 981(a)(1)(C) for insider trading activity after December 31, 2010.

This Agreement does not provide any protection against prosecution or other enforcement action against the SAC Entity Defendants, any owner, shareholder or employee of the SAC Entity Defendants or any other person or entity except as set forth above. In particular, this Agreement provides no immunity from prosecution to any individual and shall not restrict the ability of the Office to charge any individual for any criminal offense and seek the maximum term of imprisonment applicable to any such violation of criminal law.

Each of the SAC Entity Defendants agrees that, at the time of the guilty pleas, each of the SAC Entity Defendants will admit that at least one employee of each of the SAC Entity Defendants engaged in insider trading within the scope of their employment and for the benefit of the respective SAC Entity Defendant. Additionally, the SAC Entity Defendants will not dispute that there is a factual basis for the Guidelines calculations set forth below, including but not limited to estimates of profits and avoided losses.

### **Guidelines Stipulations**

In consideration of the foregoing and pursuant to United States Sentencing Guidelines (“U.S.S.G.” or “Guidelines”) Section 6B1.4, the parties hereby stipulate that Guidelines provisions in effect as of November 1, 2012 apply to this case. The SAC Entity Defendants further stipulate that the Government’s guidelines calculations, set forth below, shall be used to calculate the applicable Guidelines Range in connection with sentencing and further agree not to contest such Guidelines calculations.

#### **A. Offense Level And Base Fine Range For Each Of The SAC Entity Defendants**

##### SAC Capital Advisors, L.P. (Counts One and Two)

1. Pursuant to U.S.S.G. § 8C2.3(b) and § 3D1.2(d), Count One and Count Two constitute a single group of closely related counts.
2. Pursuant to U.S.S.G. § 8C2.3(a) the Guideline applicable to the group constituting Count One and Count Two is U.S.S.G. § 2B1.4.
3. Pursuant to U.S.S.G. § 2B1.4(a) the base offense level is 8.
4. Pursuant to U.S.S.G. §§ 2B1.4(b)(1) and 2B1.1(b)(1)(K), 20 levels are added because the estimated profits and avoided losses from the insider trading offenses was more than \$7,000,000 but less than \$20,000,000.
5. Accordingly, the total offense level pursuant to U.S.S.G. § 2B1.1 is 28.
6. Pursuant to U.S.S.G. §§ 8C2.4(a)(1), 8C2.4(c) and 8C2.4(d) the base fine amount is \$6,300,000.

##### SAC Capital Advisors, LLC (Counts One and Three)

1. Pursuant to U.S.S.G. § 8C2.3(b) and § 3D1.2(d) Count One and Count Three constitute a single group of closely related counts.
2. Pursuant to U.S.S.G. § 8C2.3(a) the Guidelines applicable to the group constituting Count One and Count Three is U.S.S.G. § 2B1.4.

3. Pursuant to U.S.S.G. § 2B1.4(a) the base offense level is 8.
4. Pursuant to U.S.S.G. §§ 2B1.4(b)(1) and 2B1.1(b)(1)(K), 20 levels are added because the estimated profits and avoided losses from the insider trading offenses was more than \$7,000,000 but less than \$20,000,000.
5. Accordingly, the total offense level pursuant to U.S.S.G. § 2B1.1 is 28.
6. Pursuant to U.S.S.G. §§ 8C2.4(a)(1), 8C2.4(c) and 8C2.4(d) the base fine amount is \$6,300,000.

CR Intrinsic Investors, LLC (Counts One and Four)

1. Pursuant to U.S.S.G. § 8C2.3(b) and § 3D1.2(d), Count One and Count Four constitute a single group of closely related counts.
2. Pursuant to U.S.S.G. § 8C2.3(a) the Guidelines applicable to the group constituting Count One and Count Four is U.S.S.G. § 2B1.4.
3. Pursuant to U.S.S.G. § 2B1.4(a) the base offense level is 8.
4. Pursuant to U.S.S.G. §§ 2B1.4(b)(1) and 2B1.1(b)(1)(O), 28 levels are added because the estimated profits and avoided losses from the insider trading offenses was more than \$200,000,000 but less than \$400,000,000.
5. Accordingly, the total offense level pursuant to U.S.S.G. § 2B1.1 is 36.
6. Pursuant to U.S.S.G. § 8C2.4(a)(2) the base fine amount is \$275,000,000.

Sigma Capital Management, LLC (Counts One and Five)

1. Pursuant to U.S.S.G. § 8C2.3(b) and § 3D1.2(d), Count One and Count Five constitute a single group of closely related counts.
2. Pursuant to U.S.S.G. § 8C2.3(a) the Guidelines applicable to the group constituting Count One and Count Five is U.S.S.G. § 2B1.4.
3. Pursuant to U.S.S.G. § 2B1.4(a) the base offense level is 8.
4. Pursuant to U.S.S.G. §§ 2B1.4(b)(1) and 2B1.1(b)(1)(K), 20 levels are added because the estimated profits and avoided losses from the insider trading offenses was more than \$7,000,000 but less than \$20,000,000.
5. Accordingly, the total offense level pursuant to U.S.S.G. § 2B1.1 is 28.



6. Pursuant to U.S.S.G. §§ 8C2.4(a)(1), 8C2.4(c) and 8C2.4(d), the base fine amount is \$6,300,000.

**C. Culpability Score And Fine Range For Each Of The SAC Entity Defendants**

1. The Culpability Score for each of the SAC Entity Defendants is 7, calculated as follows:
  - a. The initial Culpability Score for each of the SAC Entity Defendants is 5, pursuant to U.S.S.G. § 8C2.5(a).
  - b. The Culpability Score for each of the SAC Entity Defendants is increased by 3 levels pursuant to U.S.S.G. § 8C2.5(b)(3)(A).
  - c. The Culpability Score for each of the SAC Entity Defendants is decreased by 1 level pursuant to U.S.S.G. § 8C2.5(g)(3) assuming each of the SAC Entity Defendants clearly demonstrates recognition and affirmative acceptance of responsibility for its criminal conduct.
2. Pursuant to U.S.S.G. § 8C2.6, the fine multiplier for each of the SAC Entity Defendants based on a Culpability Score of 7 is 1.4 to 2.8 times the base fine, to wit:
  - a. The Guidelines Fine Range for S.A.C. Capital Advisors, L.P. is \$8,820,000 to \$17,640,000.
  - b. The Guidelines Fine Range for S.A.C. Capital Advisors, LLC is \$8,820,000 to \$17,640,000.
  - c. The Guidelines Fine Range for CR Intrinsic Investors, LLC is \$385,000,000 to \$770,000,000.
  - d. The Guidelines Fine Range for Sigma Capital Management, LLC is \$8,820,000 to \$17,640,000.
3. When aggregated for all of the SAC Entity Defendants, the total Guidelines Fine is \$411,460,000 to \$822,920,000.

**Sentencing Stipulations**

Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, this Office and the SAC Entity Defendants agree that the total financial penalty applicable to the SAC Entity Defendants shall be the \$1.8 billion Stipulated Total Financial Penalty, consisting of the \$900 million Stipulated Total Fine and the \$900 million Stipulated Total Forfeiture. In consideration of all of the factors under U.S.S.G. § 8C2.8(a) and 18 U.S.C. § 3553(a), the Office submits and the SAC Entity Defendants do not contest, that the Stipulated Total Fine of \$900 million, an

aggregate fine above the total Guidelines Fine Range of \$411,460,000 to \$822,920,000, shall be imposed against the SAC Entity Defendants.<sup>1</sup>

Pursuant to Rule 11(c)(1)(C), this Office and the SAC Entity Defendants further agree that the Court should impose a term of probation of five years on each of the SAC Entity Defendants, on all respective counts, to run concurrently (the “Stipulated Probation Term”). The parties further stipulate that the terms of probation shall be (i) the applicable mandatory conditions of probation described in 18 U.S.C. § 3563(a)(1) and U.S.S.G. § 8D1.3(a) and (ii) a requirement that the SAC Entity Defendants maintain appropriate compliance procedures to identify and prevent insider trading (the “Stipulated Probation Conditions”). The parties further stipulate, pursuant to 18 U.S.C. § 3564(c), that probation with respect to a particular SAC Entity Defendant shall be terminated and any remaining term discharged upon the Court’s determination that such SAC Entity Defendant has (i) been dissolved or (ii) has ceased conducting any securities trading or asset management business.

### **Judicial Acceptance**

Pursuant to Rule 11(c)(1)(C), the Agreement, if accepted by the Court, requires the Court to impose a five year term of probation on each of the SAC Entity Defendants and a \$900 million Stipulated Total Fine as part of the \$1.8 billion Stipulated Total Financial Penalty. Because the Stipulated Total Financial Penalty also includes the \$900 million Stipulated Total Forfeiture to be imposed in the Civil Forfeiture and Money Laundering Action, the parties request that the Court defer acceptance of the guilty pleas and of the Agreement until such time as the Stipulation and Order of Settlement is approved or otherwise acted upon in the Civil Forfeiture and Money Laundering Action.

In the event that the Court rejects the Agreement, or in the event that the Stipulation and Order of Settlement in the Civil Forfeiture and Money Laundering Action is not entered, each of the SAC Entity Defendants shall be afforded the right, pursuant to Rule 11(c)(5)(B), to withdraw their pleas of guilty. The parties agree that should one or more SAC Entity Defendants withdraw a plea of guilty pursuant to Rule 11(c)(5)(B), this Agreement becomes null and void in all respects.

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<sup>1</sup> The parties further stipulate that the fine should be imposed as follows (the “Stipulated Fine Distribution”): (i) S.A.C. Capital Advisors, L.P. - \$1,000,000 on Count One and \$25,000,000 on Count Two; (ii) S.A.C. Capital Advisors, LLC - \$1,000,000 on Count One and \$25,000,000 on Count Three; (iii) CR Intrinsic Investors, LLC - \$411,000,000 on Count One and \$411,000,000 on Count Three; (iv) Sigma Capital Management, LLC - \$1,000,000 on Count One and \$25,000,000 on Count Four. The SAC Entity Defendants hereby waive any right with respect to their guilty pleas pursuant to Rule 11(c)(5)(b) or otherwise if the Court allocates the fine in a manner different than the Stipulated Fine Distribution, provided that the Court imposes the Stipulated Total Fine of \$900 million.

## Other Provisions

The SAC Entity Defendants agree to pay the Stipulated Total Fine in full no later than 90 days after the later of imposition of sentence or the entry of the Stipulation and Order of Settlement in the Civil Forfeiture and Money Laundering Action. The SAC Entity Defendants further agree that the fine imposed in connection with this case and the forfeiture ordered in connection with the Civil Forfeiture and Money Laundering Action shall both be treated as a penalty paid to the United States government for all purposes, including all tax purposes. The SAC Entity Defendants agree that neither they nor any other person or entity paying all or a portion of the imposed fine or forfeiture shall claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine or forfeiture paid pursuant to this Agreement. The SAC Entity Defendants shall obtain the agreement of any person paying all or a portion of the fine or forfeiture to this provision before accepting such payments to be made on their behalf.

Nothing in this Agreement limits the right of the Government to seek denial of the adjustment for acceptance of responsibility, *see* U.S.S.G. § 8C2.5(g)(3), regardless of any stipulation set forth above, if one or more of the SAC Entity Defendants fails clearly to demonstrate acceptance of responsibility, to the satisfaction of the Government, through its allocution and subsequent conduct prior to the imposition of sentence. Similarly, nothing in this Agreement limits the right of the Government to seek an enhancement for obstruction of justice, *see* U.S.S.G. § 8C2.5(e), regardless of any stipulation set forth above, should it be determined that one or more of the SAC Entity Defendants has either (i) engaged in conduct, unknown to the Government at the time of the signing of this Agreement, that constitutes obstruction of justice; or (ii) committed another crime after signing this Agreement and prior to sentencing in this case. To the extent the Court determines that one or more of the SAC Entity Defendants have failed to accept responsibility or obstructed justice, as described above, the Government is permitted to seek any fine up to the statutory maximum. In the event the Court determines that failure to accept responsibility or obstruction of justice warrants a fine above the Stipulated Total Fine of \$900 million, each of the SAC Entity Defendants shall be afforded the right to withdraw its plea of guilty.

It is agreed (i) that the SAC Entity Defendants will not file a direct appeal; nor bring a collateral challenge, including but not limited to an application under Title 28, United States Code, Section 2255 and/or Section 2241; nor seek a sentence modification pursuant to Title 18, United States Code, Section 3582(c), of any fine less than or equal to the Stipulated Total Fine of \$900 million and (ii) that the Government will not appeal any fine that is greater than or equal to the Stipulated Total Fine of \$900 million. This provision is binding on the parties even if the Court employs a Guidelines analysis different from that stipulated to herein, or allocates the Stipulated Total Fine between SAC Entity Defendants in a manner other than as set forth in the Stipulated Fine Distribution. Furthermore, it is agreed that any appeal as to the sentence of any of the SAC Entity Defendants that is not foreclosed by this provision will be limited to that portion of the sentencing calculation that is inconsistent with (or not addressed by) the above stipulations. The SAC Entity Defendants further agree not to appeal any term of probation that is less than or equal to the statutory maximum.

Each of the SAC Entity Defendants hereby acknowledges that it has accepted this Agreement and decided to plead guilty because it is in fact guilty. By entering this plea of guilty, each of the SAC Entity Defendants waives any and all right to withdraw its plea or to attack its conviction, either on direct appeal or collaterally, on the ground that the Government has failed to produce any discovery material, *Jencks* Act material, exculpatory material pursuant to *Brady v. Maryland*, 373 U.S. 83 (1963), other than information establishing the factual innocence of the relevant SAC Entity Defendant, and impeachment material pursuant to *Giglio v. United States*, 405 U.S. 150 (1972), that has not already been produced as of the date of the signing of this Agreement.

It is further agreed that should any of the convictions following the pleas of guilty of the SAC Entity Defendants pursuant to this Agreement be vacated for any reason, then any prosecution for insider trading offenses that is not time-barred by the applicable statute of limitations on the date of the signing of this agreement may be commenced or reinstated against that SAC Entity Defendant, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the date the conviction or convictions are vacated. In the event that a conviction is vacated, it is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

It is further understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office.

Each of the SAC Entity Defendants further agrees that it shall not authorize or approve, through its attorneys, partners, agents, or employees, any statement, in litigation or otherwise, through the Stipulated Probation Term (i) contradicting the guilt of the SAC Entity Defendants, (ii) contradicting the plea allocation of the SAC Entity Defendants, or (iii) contradicting that there is a sufficient factual basis to establish the Guidelines calculations set forth in this Agreement. Consistent with this provision, the SAC Entity Defendants may raise defenses, including affirmative defenses, and/or assert affirmative claims in matters other than this criminal action and the Civil Forfeiture and Money Laundering Action, so long as doing so is consistent with the provisions above. Any such authorized or approved contradictory statement by the SAC Entity Defendants, the SAC Affiliates, their present or future attorneys, partners, agents, or employees shall constitute a material breach of this Agreement and thereby will relieve the Office of any continuing obligations under this Agreement.

The parties understand that this Agreement reflects the unique facts of this case and is not intended as precedent for other cases.

Apart from any written Proffer Agreement(s) that may have been entered into between this Office and the SAC Entity Defendants, this Agreement supersedes any prior understandings, promises, or conditions between this Office and the SAC Entity Defendants. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

PREET BHARARA  
United States Attorney

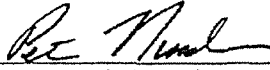
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APPROVED:

Marc P. Berger  
Marc P. Berger / Guruanjan Sahni  
Co-Chiefs, Securities & Commodities  
Fraud Task Force


AGREED AND CONSENTED TO:

  
\_\_\_\_\_  
S.A.C. Capital Advisors, L.P.  
by Peter Nussbaum, Esq.

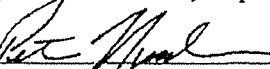
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S.A.C. Capital Advisors, LLC  
by Peter Nussbaum, Esq.

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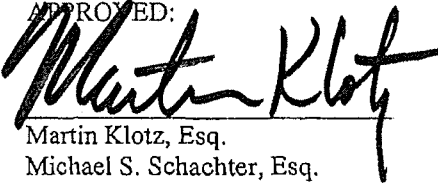
  
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CR Intrinsic Investors, LLC  
by Peter Nussbaum, Esq.

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Sigma Capital Management, LLC  
by Peter Nussbaum, Esq.

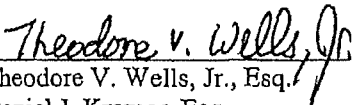
November 1, 2013  
DATE

APPROVED:

  
\_\_\_\_\_  
Martin Klotz, Esq.  
Michael S. Schachter, Esq.  
Attorneys for:  
S.A.C. Capital Advisors, L.P.  
S.A.C. Capital Advisors, LLC  
CR Intrinsic Investors, LLC  
Sigma Capital Management, LLC

November 1, 2013  
DATE

APPROVED:

  
\_\_\_\_\_  
Theodore V. Wells, Jr., Esq.  
Daniel J. Kramer, Esq.  
Michael E. Gertzman, Esq.  
Attorneys for:  
S.A.C. Capital Advisors, L.P.  
S.A.C. Capital Advisors, LLC  
CR Intrinsic Investors, LLC  
Sigma Capital Management, LLC

November 1, 2013  
DATE

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

- - - - -X

UNITED STATES OF AMERICA :

Plaintiff, :

- v. - :

S.A.C. CAPITAL ADVISORS, L.P.; :

S.A.C. CAPITAL ADVISORS, LLC; :

CR INTRINSIC INVESTORS, LLC; and :

SIGMA CAPITAL MANAGEMENT, LLC, :

Defendants, :

STIPULATION AND  
ORDER OF SETTLEMENT

13 Civ. 5182 (RJS)

ECF Case

ANY AND ALL ASSETS OF S.A.C. :

CAPITAL ADVISORS, L.P.; S.A.C. :

CAPITAL ADVISORS, LLC; CR :

INTRINSIC INVESTORS, LLC; and :

SIGMA CAPITAL MANAGEMENT, LLC, :

ANY AND ALL ASSETS OF S.A.C. :

OFFSHORE CAPITAL FUNDING, LTD.; :

S.A.C. SPECTRUM FUND, LLC; S.A.C. :

GLOBAL MACRO FUND, LLC; S.A.C. :

ARBITRAGE FUND, LLC; S.A.C. :

MULTIQUANT FUND, L.P.; S.A.C. :

GLOBAL INVESTMENTS, L.P.; S.A.C. :

PRIVATE EQUITY INVESTORS, L.P.; :

S.A.C. DOMESTIC INVESTMENTS, L.P.; :

S.A.C. DOMESTIC CAPITAL FUNDING, :

LTD.; CANVAS CAPITAL ASSOCIATES, :

LLC; SIGMA CAPITAL ASSOCIATES, :

LLC; S.A.C. CAPITAL ASSOCIATES, :

LLC; S.A.C. STRATEGIC INVESTMENTS, :

LLC; S.A.C. MERIDIAN FUND, LLC; :

S.A.C. INTERNATIONAL EQUITIES, :

LLC; CR INTRINSIC INVESTMENTS, :

LLC; INTERNATIONAL EQUITIES :

(S.A.C. ASIA), LTD.; S.A.C. :

STRUCTURED INVESTMENTS, L.P.; :

SIGMA FIXED INCOME FUND, LTD.; :

S.A.C. SELECT FUND, LLC; S.A.C. :

ENERGY INVESTMENTS, L.P.; S.A.C.

GENESIS FUND, LLC; S.A.C. HEALTHCO :  
FUND, LLC; and S.A.C. DOMESTIC  
INVESTMENTS (CA), LLC, :

Defendants in Rem. :

- - - - -x

WHEREAS, on July 23, 2013, a grand jury sitting in the Southern District of New York returned a five-count Indictment, 13 Cr. 541 (LTS) (the "Indictment") charging S.A.C. CAPITAL ADVISORS, L.P.; S.A.C. CAPITAL ADVISORS, LLC; CR INTRINSIC INVESTORS, LLC; and SIGMA CAPITAL MANAGEMENT, LLC (collectively, the "SAC ENTITY DEFENDANTS" or "Defendants in Personam") with committing wire fraud, in violation of 18 U.S.C. §§ 1343 and 2, and securities fraud, in violation of 15 U.S.C. §§ 78j(b) & 78ff; 17 C.F.R. § 240.10b-5 and 240.10b5-2; and 18 U.S.C. § 2 (the "Criminal Action");

WHEREAS, on July 25, 2013, the United States commenced this related civil action (the "Civil Forfeiture and Money Laundering Action"), upon the filing of a verified complaint (the "Complaint"), seeking forfeiture of all right, title and interest in the following property (collectively, the "Defendants in Rem"), pursuant to Title 18, United States Code, Sections 981(a)(1)(A), 1956, and 1957:

(a) ANY AND ALL ASSETS OF THE SAC ENTITY DEFENDANTS; and



(b) ANY AND ALL ASSETS OF S.A.C. OFFSHORE CAPITAL FUNDING, LTD.; S.A.C. SPECTRUM FUND, LLC; S.A.C. GLOBAL MACRO FUND, LLC; S.A.C. ARBITRAGE FUND, LLC; S.A.C. MULTIQUANT FUND, L.P.; S.A.C. GLOBAL INVESTMENTS, L.P.; S.A.C. PRIVATE EQUITY INVESTORS, L.P.; S.A.C. DOMESTIC INVESTMENTS, L.P.; S.A.C. DOMESTIC CAPITAL FUNDING, LTD.; CANVAS CAPITAL ASSOCIATES, LLC; SIGMA CAPITAL ASSOCIATES, LLC; S.A.C. CAPITAL ASSOCIATES, LLC; S.A.C. STRATEGIC INVESTMENTS, LLC; S.A.C. MERIDIAN FUND, LLC; S.A.C. INTERNATIONAL EQUITIES, LLC; CR INTRINSIC INVESTMENTS, LLC; INTERNATIONAL EQUITIES (S.A.C. ASIA), LTD.; S.A.C. STRUCTURED INVESTMENTS, L.P.; SIGMA FIXED INCOME FUND, LTD.; S.A.C. SELECT FUND, LLC; S.A.C. ENERGY INVESTMENTS, L.P.; S.A.C. GENESIS FUND, LLC; S.A.C. HEALTHCO FUND, LLC; and S.A.C. DOMESTIC INVESTMENTS (CA), LLC, (collectively, the "SAC INVESTMENT FUNDS");\*

WHEREAS, the Complaint seeks civil money laundering penalties pursuant to Title 18, United States Code, Section 1956 against the Defendants in Personam;

WHEREAS, the Complaint alleges, in part, that the SAC

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\* The SAC ENTITY DEFENDANTS represent that the following SAC INVESTMENT FUNDS have been dissolved and/or cancelled: S.A.C. STRUCTURED INVESTMENTS, L.P. (certificate of dissolution issued March 26, 2010); S.A.C. ENERGY INVESTMENTS, L.P. (certificate of cancellation issued November 4, 2010); S.A.C. GENESIS FUND, LLC (certificate of cancellation issued January 27, 2012); S.A.C. HEALTHCO FUND, LLC (certificate of cancellation issued December 22, 2009); and S.A.C. DOMESTIC INVESTMENTS (CA), LLC (certificate of cancellation issued November 3, 2009).

ENTITY DEFENDANTS were affiliated corporate entities with principal business offices in Stamford, Connecticut and/or Manhattan, New York, that were responsible for managing a group of affiliated hedge funds;

WHEREAS, the Complaint further alleges, in part, that the SAC INVESTMENT FUNDS were limited partnerships and limited liability companies organized in the United States and elsewhere, including the Cayman Islands and Anguilla, that received investment management services from one or more of the SAC ENTITY DEFENDANTS or other SAC fund management companies;

WHEREAS, the Complaint further alleges, in part, that at various times between in or about 1999 through at least in or about 2010, employees and agents of the SAC ENTITY DEFENDANTS obtained material, non-public information ("Inside Information") relating to publicly-traded companies and, on behalf of the SAC ENTITY DEFENDANTS and using the capital of the SAC INVESTMENT FUNDS, traded on that Inside Information;

WHEREAS, the Complaint further alleges, in part, that the illicit profits from insider trading were knowingly commingled with other capital in the SAC INVESTMENT FUNDS and used, inter alia, to promote further trades based on Inside Information, and that the Defendants in Rem are, as a result, forfeitable to the United States pursuant to 18 U.S.C. § 981(a)(1)(A) as property

involved in money laundering and attempted money laundering transactions, in violation of 18 U.S.C. §§ 1956 and 1957;

WHEREAS, on or about July 31, 2013, the United States provided notice of the filing of the Complaint to the SAC ENTITY DEFENDANTS by and through their counsel, Martin Klotz, Esq. and Michael S. Schachter, Esq. of Willkie Farr & Gallagher LLP, and Theodore V. Wells, Jr., Esq., Daniel J. Kramer, Esq., and Michael E. Gertzman, Esq. of Paul, Weiss, Rifkind, Wharton & Garrison LLP;

WHEREAS, on or about August 9, 2013, the Court entered a post-complaint consensual protective order (the "Protective Order") pursuant to 18 U.S.C. § 983(j)(1), requiring that the SAC ENTITY DEFENDANTS not cause or permit the aggregate value of the SAC ENTITY DEFENDANTS as of the last day of any calendar month to equal an amount that is less than 85% of the aggregate value of the SAC ENTITY DEFENDANTS as of July 1, 2013, as represented to the United States on August 4, 2013;

WHEREAS, on August 29, 2013, the SAC ENTITY DEFENDANTS filed verified claims for the Defendants in Rem;

WHEREAS, on September 4, 2013, upon the motion of the Government and with the consent of the SAC ENTITY DEFENDANTS, this Court issued an order staying the proceedings in the Civil Forfeiture and Money Laundering Action, including the deadline

for third parties to file claims asserting their interest in the Defendants in Rem, until January 6, 2014, due to the pendency of the related Criminal Action;

WHEREAS, the SAC ENTITY DEFENDANTS and the Government have reached a proposed global resolution with respect to both the Criminal Action and Civil Forfeiture and Money Laundering Action;

WHEREAS, as part of such global resolution, the SAC ENTITY DEFENDANTS have entered into a plea agreement (the "Plea Agreement") with the Government, pursuant to which they agree to plead guilty to all counts of the Indictment with which they were respectively charged in the Criminal Action (a copy of the Plea Agreement is attached hereto as Exhibit A);

WHEREAS, the SAC ENTITY DEFENDANTS have agreed to pay to the United States a total financial penalty of \$1.8 billion (the "Stipulated Total Financial Penalty") in connection with the proposed resolution of the Criminal Action and Civil Forfeiture and Money Laundering Action;

WHEREAS, the parties agree that the Stipulated Total Financial Penalty will consist of a \$900 million fine in connection with the SAC ENTITY DEFENDANTS' guilty plea and sentencing in the Criminal Action (the "Stipulated Total Fine"), and the forfeiture of \$900 million in connection with the

settlement of the Civil Forfeiture and Money Laundering Action (the "Stipulated Forfeiture Total");

WHEREAS, the parties agree that the forfeiture of the Stipulated Forfeiture Total by the SAC ENTITY DEFENDANTS in connection with the settlement of the Civil Forfeiture and Money Laundering Action shall be in lieu of any forfeiture in the Criminal Action;

WHEREAS, the SAC ENTITY DEFENDANTS are defendants in enforcement actions brought by the Securities and Exchange Commission ("SEC") in SEC v. CR Intrinsic Investors, L.L.C. et al., 12 Civ. 8466 (S.D.N.Y.) (VM) and SEC v. Sigma Capital Management, LLC, 13 Civ. 1740 (S.D.N.Y.) (HB) (the "SEC Actions");

WHEREAS, the parties agree that the payment of the \$616 million that the SAC ENTITY DEFENDANTS have undertaken to make to resolve the SEC Actions (the "SEC Payment"), will be applied as a credit to the Stipulated Forfeiture Total;

IT IS HEREBY STIPULATED, ORDERED AND AGREED, by and among Plaintiff United States of America, by its attorney Preet Bharara, United States Attorney, Assistant United States Attorneys, Sharon Cohen Levin, Micah Smith, and Christine Magdo, of counsel, and the SAC ENTITY DEFENDANTS, by their counsel, Martin Klotz, Esq. and Michael S. Schachter, Esq. of Willkie

Farr & Gallagher LLP, and Theodore V. Wells, Jr., Esq., Daniel J. Kramer, Esq., and Michael E. Gertzman, Esq. of Paul, Weiss, Rifkind, Wharton & Garrison LLP:

1. The Court shall enter a \$900 million civil forfeiture judgment against the SAC ENTITY DEFENDANTS.

2. The SAC ENTITY DEFENDANTS shall provide the USAO-SDNY with satisfactory proof that they have undertaken to make the SEC Payment. Proof that they have undertaken to make the SEC Payment shall reduce the civil forfeiture judgment by \$616 million.

3. The SAC ENTITY DEFENDANTS shall transfer to the United States Marshals Service the sum of \$284 million (the "Net Forfeiture Payment") within 35 calendar days of the later of the date on which judgment is entered in the Criminal Action or the date of the entry of this Stipulation and Order of Settlement.

4. Upon the United States' receipt of the Net Forfeiture Payment described in Paragraph 3 of this Stipulation and Order, the funds comprising such Net Forfeiture Payment shall be deemed forfeited to the United States for disposition according to law, including Title 18, United States Code, Section 981.

5. It is further understood that the SAC ENTITY DEFENDANTS will not take any deductions on their tax returns, or seek any other tax-related benefit, for any of the financial

payments they make pursuant to this Stipulation and Order.

6. In the event that the SAC ENTITY DEFENDANTS fail to timely make the Net Forfeiture Payment described in Paragraph 3, this Civil Forfeiture and Money Laundering Action may be reinstated against the Defendants in Personam and the Defendants in Rem, with the statute of limitations for any such actions or claims being tolled from the date on which the Court enters this Stipulation and Order.

7. The SAC ENTITY DEFENDANTS are hereby barred from asserting any claim against the United States or any of its agents and employees (including, without limitation, the FBI and the USAO-SDNY) in connection with or arising out of the United States' seizure, restraint, and/or constructive possession of the Defendants in Rem, including, without limitation, any claim that the United States did not have probable cause to seize and/or forfeit the Defendants in Rem, that the SAC ENTITY DEFENDANTS are a prevailing party or that the SAC ENTITY DEFENDANTS are entitled to attorneys' fees or any award of interest.

8. The SAC ENTITY DEFENDANTS hereby withdraw all claims and/or petitions for remission in this action and agree that they shall not file any claims or petitions for remission relative to the funds comprising the Net Forfeiture Payment, or

any action or motion seeking to collaterally attack the seizure, restraint, or forfeiture of the funds comprising the Net Forfeiture Payment, nor shall they assist others in filing any such claims, petitions, actions, or motions.

9. The SAC ENTITY DEFENDANTS represent that they are the sole owners of the funds comprising the Net Forfeiture Payment, and agree to hold harmless the United States and any and all of its agents and employees (including, without limitation, the FBI and the USAO-SDNY) from any and all third-party claims in connection with or arising out of the United States' seizure, restraint, and/or constructive possession of the funds comprising the Net Forfeiture Payment.

10. Upon receipt of the Net Forfeiture Payment, the in rem forfeiture action against the Defendants in Rem and the civil money-laundering claims against the Defendants in Personam shall be dismissed with prejudice and the USAO-SDNY shall release the SAC ENTITY DEFENDANTS and their shareholders and owners from any civil money laundering or forfeiture claims arising out of acts or omissions of the type set forth in the Complaint that occurred on or before December 31, 2012. Accordingly, this Stipulation and Order of Settlement fully and finally resolves this action as to the Defendants in Rem and the Defendants in Personam.



11. This Stipulation and Order of Settlement may be executed in counterparts, each of which will be deemed an original, and all of which, when taken together, will be deemed the complete Agreement.

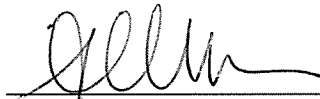
12. The Court will have exclusive jurisdiction over the interpretation and enforcement of this Stipulation and Order of Settlement.

13. This Stipulation and Order of Settlement, along with the Plea Agreement, constitutes the complete agreement between the Parties and may not be amended except by written consent of the Parties.

AGREED AND CONSENTED TO:

PREET BHARARA  
United States Attorney for the  
Southern District of New York  
Attorney for Plaintiff

By:



SHARON COHEN LEVIN  
MICAH W. J. SMITH  
CHRISTINE I. MAGDO  
Assistant United States Attorneys  
One St. Andrew's Plaza  
New York, NY 10007

November 4, 2013

DATE

S.A.C. CAPITAL ADVISORS, L.P.;  
S.A.C. CAPITAL ADVISORS, LLC;  
CR INTRINSIC INVESTORS, LLC; and  
SIGMA CAPITAL MANAGEMENT, LLC  
DEFENDANTS

By: Martin Klotz  
MARTIN KLOTZ, ESQ.  
MICHAEL S. SCHACHTER, ESQ.  
Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019-6099

November 1, 2013  
DATE

By: Theodore V. Wells, Jr.  
THEODORE V. WELLS, JR., ESQ.  
DANIEL J. KRAMER, ESQ.  
MICHAEL E. GERTZMAN, ESQ.  
Paul, Weiss, Rifkind, Wharton &  
Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064

November 1, 2013  
DATE

SO ORDERED:

\_\_\_\_\_  
HONORABLE RICHARD J. SULLIVAN  
UNITED STATES DISTRICT JUDGE  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
DATE