9. Borrowings (Continued)

The following sets forth scheduled maturities of the current portion of long-term borrowings as of December 31, 2014:

	Period Ending (In millions)
September 30, 2015	$ 7,300
December 31, 2015	21,000
Total	$ 28,300

The subordinated borrowings under these subordinated agreements qualify as regulatory capital and the agreements include all statutory restrictions specified by the Uniform Net Capital Rule 15c3-1, under the Securities Exchange Act of 1934 ("the Exchange Act"), including restrictive covenants relating to additional subordinated borrowings and to minimum levels of net capital, as defined, and consolidated member's equity.

10. Guarantees and Commitments

From time to time the Company enters into guarantee contracts as guarantor. US GAAP requires disclosure by a guarantor of its maximum potential payment obligations under certain of its guarantees to the extent that it is possible to estimate them. In addition, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing such guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that certain events or conditions occur.

The guarantees may require the Company to make payments to the guaranteed party based on changes related to an asset, a liability or an equity security of the guaranteed party. The Company may also be contingently required to make payments to the guaranteed party based on another entity's failure to perform under an agreement, or the Company may have an indirect guarantee of the indebtedness of others, even though the payment to the guaranteed party may not be based on changes related to an asset, liability or equity security of the guaranteed party.

In addition, US GAAP covers certain indemnification agreements that contingently require the Company to make payments to the indemnified party based on changes related to an asset, liability or equity security of the indemnified party, such as an adverse judgment in a lawsuit or the imposition of additional taxes due to either a change in the tax law or an adverse interpretation of the tax law.

The following table sets forth the maximum quantifiable contingent liabilities and carrying amounts associated with guarantees as of December 31, 2014 by maturity:

	Amount of Guarantee Expiration Per Period					
	Less than 1 year	1-3 years	4-5 years	Over 5 years	Total guarantee	Carrying amounts
	(In millions)					
Credit guarantees	$ 1,184	$ -	$ -	$ -	$ 1,184	$ -
Total guarantees	$ 1,184	$ -	$ -	$ -	$ 1,184	$ -

10. Guarantees and Commitments (Continued)

Credit Guarantees

In the ordinary course of business the Company enters into contracts that would require it, as the guarantor, to make payments to the guaranteed party if a third party fails to pay under a credit obligation.

The Company has engaged a counterparty to carry cash and margin accounts of certain clients. The Company provides guarantees in the event a customer fails to meet any initial margin or maintenance call.

Other Guarantees

The Company has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees are not reflected in the table above and are discussed below.

Exchange and Clearinghouse Memberships

The Company is a member of numerous securities exchanges and clearinghouses, and may, as a result of its membership arrangements, be required to perform if another member defaults. The Company has determined that it is not possible to estimate the maximum amount of these obligations and believes that any potential requirement to make payments under these arrangements is remote.

The following table sets forth the Company's commitments, including the current portion as of December 31, 2014:

	Commitment Expiration Per Period (In millions)				
	Less than 1 year	1-3 years	4-5 years	Over 5 years	Total commitments
Forward reverse repurchase agreements (1)	$ 2,874	$ -	$ -	$ -	$ 2,874
Total commitments	$ 2,874	$ -	$ -	$ -	$ 2,874

(1) Represents commitments to enter into securities purchased under agreements to resell and agreements to borrow securities, of which $969 million is with related parties.

The Company used $2 million in standby letters of credit as of December 31, 2014, in order to satisfy counterparty collateral requirements.

The Company had no capital lease obligations as of December 31, 2014.

10. Guarantees and Commitments (Continued)

Lease Commitments

The Company's minimum operating lease commitments as of December 31, 2014 are as follows:

Twelve months ending December 31,	(In millions)
2015	$ 12
2016	11
2017	3
Thereafter	-
Total(1)	$ 26

(1) Excludes sublease revenue of $16 million and estimated executory costs such as insurance, maintenance and taxes of $10 million. For the year ended December 31, 2014, rent expense was $128 million. See Note 4 for additional information.

11. Concentrations of Credit Risk

As a securities broker and dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of domestic and foreign corporations, governments and institutional and individual investors. A substantial portion of the Company's transactions are executed with and on behalf of institutional investors, including other brokers and dealers, commercial banks, U.S. agencies, mutual funds, hedge funds and other financial institutions. These transactions are generally collateralized. Credit risk is the potential for loss resulting from the default by a counterparty of its obligations. Exposure to credit risk is generated by securities and currency settlements, contracting derivatives and forward transactions with customers and dealers, and the holding of bonds in inventory. The Company uses various means to manage its credit risk. The creditworthiness of all counterparties is analyzed at the outset of a credit relationship with the Company. These counterparties are subsequently reviewed on a periodic basis. The Company sets a maximum exposure limit for each counterparty, as well as for groups of counterparties. Furthermore, the Company enters into master netting agreements when feasible and demands collateral from certain counterparties or for certain types of credit transactions. As of December 31, 2014, the Company did not have any significant concentrations of credit risk.

The Company's customer securities activities are transacted either in cash or on a margin basis, in which the Company extends credit to the customer. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral to comply with various regulatory and internal guidelines. The Company monitors required margin levels each day and requires customers to deposit additional collateral, or reduce positions, when necessary.

12. Net Capital Requirements

The Company is a registered broker-dealer and registered futures commission merchant and, accordingly, is subject to the minimum net capital requirements of the Securities and Exchange Commission ("SEC"), the Commodities Futures Trading Commission ("CFTC") and the Financial Industry Regulatory Authority ("FINRA"). Under the alternative method permitted by SEC Rule 15c-3-1, the required net capital may not be less than 2% of aggregate debit balances arising from customer transactions. Under CFTC Regulation 1.17, the required minimum net capital requirement is 8% of the total risk margin requirement (as defined) for all positions carried in customer and non-customer accounts. FINRA may require a member firm to reduce its business if net capital is less than 4% of such aggregate debit items and may prohibit a firm from expanding its business if net capital is less than 5% of such aggregate debit items. As of December 31, 2014, the Company's net capital of approximately $8.5 billion was 9.1% of aggregate debit balances and in excess of the SEC's minimum requirement by approximately $6.3 billion.

The Company qualified for the Business Mix Test exemption of Section 11(a)(1) G of the Exchange Act, which allows member firms to execute their own proprietary orders if the firm is engaged primarily in a public securities business and the transactions yield priority, parity and precedence to transactions for accounts of persons who are not members or associated with members of the exchange. As of December 31, 2014, more than 50% of the Company's gross revenue was derived from a public securities business.

13. Cash and Securities Segregated Under Federal and Other Regulations (Continued)

As a registered broker-dealer, the Company is subject to the customer protection requirements of SEC Rule 15c3-3. As of December 31, 2014, the Company was not required to segregate any U.S. Treasury securities in a special reserve bank account exclusively for the benefit of customers as required by rule 15c3-3.

The Company is also required to perform a computation of reserve requirements for Proprietary Accounts of Introducing Brokers ("PAB") pursuant to SEC Rule 15c3-3. As of December 31, 2014 the Company segregated U.S. Treasury securities with a market value of $2.7 billion in a special reserve bank account to meet the PAIB requirement.

As a futures commission merchant, the Company is required to perform computations of the requirements of Section 4d(2) and Regulation 30.7 under the Commodity Exchange Act. As of December 31, 2014 cash and securities aggregating $11.5 billion were segregated in separate accounts exclusively for the benefit of customers.

14. Share-Based Compensation and Other Benefits

The Company participates in the Share Plan. The Share Plan provides for share awards and share units to be granted to certain employees based on the fair market value of CSG shares at the time of grant. Share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period. The fair value of the share awards and performance share awards was based on a valuation using the CSG share price at the time of grant and discounted for expected dividends, for all periods prior to January 1, 2014.

14. Share-Based Compensation and Other Benefits (Continued)

Share Awards

Phantom Share Awards

Each Phantom Share award granted entitles the holder of the award to receive one CSG share, does not contain a leverage component or a multiplier effect and is subject to service conditions. Phantom Share awards granted after January 2011 vest over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Phantom Share awards granted in January 2011 vest over a four-year period. The value of the shares is solely dependent on the CSG share price at time of delivery.

The Company's share awards include other awards, such as special awards, which may be granted to new employees. Other share awards entitle the holder to receive one CSG share, are subject to continued employment, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

The following table presents the share award activities during the year ended December 31, 2014:

	Number of share awards
	(In millions)
Outstanding as of January 1, 2014	32
Granted	16
Settled	(11)
Forfeited	(2)
Outstanding as of December 31, 2014	35

The weighted-average fair value of the share awards granted during the year ended December 31, 2014 was $30.65.

Share Unit Awards

Performance Share Awards

Certain employees received a portion of their deferred variable compensation in the form of performance share awards ("PSAs"), which are subject to explicit performance-related claw-back provisions. Each performance share award granted entitles the holder of the award to receive one CSG Group share. PSAs share awards also vest over three years, such that one third of the share awards vest on each of the three anniversaries of the date of the award. For certain employees the unvested performance share awards are subject to a negative adjustment in the event of a divisional loss or a negative CSG return on equity.

The performance share awards granted in 2014 are identical to those granted in 2013 and 2012, with the exception of the performance criteria which, in 2012, were based on reported ROE, compared to the performance share awards granted in 2014 and 2013, which are based on underlying ROE.

15. Share-Based Compensation and Other Benefits (Continued)

Scaled Incentive Share Units

The Scaled Incentive Share Units ("SISUs") is a share-based long-term incentive plan. SISUs were granted in January 2010 as part of 2009 variable compensation. SISUs are similar to ISUs except with four-year vesting and the leverage component contains an additional performance condition which could increase or decrease the number of any additional shares. The SISU leverage units granted in January 2010 were settled in 2014, and did not have a value at settlement as the CSG share price performance was below the minimum predefined target.

Adjustable Performance Plan Awards

As part of the 2012 compensation process, the Company executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective unvested Adjustable Performance Plan cash ("APPCs") awards into Adjustable Performance Plan Equity ("APPEs"). See Adjustable Performance Plan Awards under Cash Awards for more information.

The following table presents the share unit awards activities for each of the three plans described above for the year ended December 31, 2014:

	SISU	PSA	APPE
		(in millions)	
Outstanding as of January 1, 2014	2	18	5
Granted	-	12	-
Settled	(2)	(7)	(2)
Forfeited	-	-	-
Outstanding as of December 31, 2014	-	23	3

The fair value of PSA share units granted during the year ended December 31, 2014 was $31.03.

Cash Awards

2008 Partner Asset Facility

As part of the 2008 annual compensation process, the Company granted Partner Asset Facility ("PAF") units to senior employees. The PAF awards are indexed to, and represent a first-loss interest, a specified pool of illiquid assets (the "Asset Pool") held by the Company and its affiliates, with substantially all assets held by affiliates. PAF awards, which have a contractual term of eight years, are fully vested. Each PAF holder will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the grant date, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less related losses on the liquidation of the Asset Pool.

14. Share-Based Compensation and Other Benefits (Continued)

In June 2012 and December 2011, existing PAF holders were given a voluntary election to make a value-for-value exchange of their existing PAF awards for a new PAF award linked to an expanded portfolio of reference assets.

2011 Partner Asset Facility

As part of the 2011 annual compensation process, the Company awarded a portion of deferred variable compensation to senior employees in the form of 2011 Partner Asset Facility ("PAF2") units. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Company's affiliates' derivative activities, including both current and possible future swaps and other derivative transactions. The PAF2 awards vested in the first quarter of 2012. The award holders are subject to non-compete and non-solicit provisions that expire equally on each of the first three anniversaries of the grant date. The PAF2 units have a stated maturity of four years, but may be extended to nine years at the election of either CSG or the holders acting collectively. This election will not be made later than the end of the third year following the grant date. Holders will receive a semi-annual cash interest payment equivalent to an annual return of 6.5% applied to the then current balance of the PAF2 units. At maturity, PAF2 holders will receive a final settlement in an amount equal to the original award value less any losses. The Company can settle the PAF2 units in cash or an equivalent in shares at its discretion.

PAF2 awards were linked to the portfolio of CSG's credit exposures, providing risk offset and capital relief. Due to regulatory changes, the capital relief would no longer be available. As a result, CSG restructured the awards in March 2014, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof: i) Capital Opportunity Facility ("COF") and ii) Contingent Capital Awards ("CCA"). See below for COF and CCA detail.

Contingent Capital Awards

Contingent Capital Awards ("CCA") were granted in January 2014 as part of the 2013 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by CSG in the market. CCA provide a conditional right to receive semi-annual cash payments of interest equivalents at a rate of 4.75% per annum over the six-month Swiss franc LIBOR or 5.33% per annum over the six-month US dollar LIBOR, for Swiss franc and US-denominated awards, respectively, until settled.

CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over three years from the grant date. However, because CCA qualify as additional tier 1 capital of CSG, the timing and form of distribution upon settlement is subject to approval by the Swiss Financial Market Supervisory Authority FINMA ("FINMA"). At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. CSG will determine that fair value at its discretion.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero if any of the following trigger events occur: CSG's reported common equity tier 1 ("CET 1") ratio falls below 7%; or FINMA determine that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector support, in either case to prevent it from becoming insolvent or otherwise failing.

14. Share-Based Compensation and Other Benefits (Continued)

CCA as part of the PAF2 restructuring are similar to the awards granted in January 2014. The principal differences between the two forms of CCA are these CCA are expected to settle approximately one year earlier and provide semi-annual payments of interest equivalents at slightly lower rates. Settlement is expected to occur in February 2016, subject to regulatory approvals.

Capital Opportunity Fund

The Capital Opportunity Fund ("COF") is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions, to be entered into with CSG, chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement payable in 2021.

Restricted Cash Award

Certain employees received the cash component of their variable compensation in the form of Restricted Cash Awards. These awards are cash payments made on grant date, but are subject to a pro-rata repayment by the employee in the event of a voluntary resignation or termination for cause occurs during the vesting period.

Restricted Cash Awards were granted in 2013 and have a three year vesting period.

Adjustable Performance Plan Awards

The Adjustable Performance Plan award ("APP") is a deferred cash-based plan for certain employees. APP awards were granted in January 2011 as part of 2010 variable compensation. The 2010 APP awards are subject to a four-year, pro-rata vesting schedule, subject to early retirement rules, and the final value of the APP awards paid out to individual employees may be adjusted positively or negatively from the initial amount awarded on the grant date, and the value paid out each year for vested awards will reflect these adjustments.

Plus Bond Awards

As part of the 2012 annual compensation process, certain senior employees received a portion of their deferred variable compensation in the form of Plus Bond ("PB") awards. PB award is essentially a fixed income instrument, denominated in US dollars, which provides a coupon payment that is commensurate with market-based pricing. PB award holders are entitled to receive semi-annual cash payments on their adjusted award amounts at the rate of LIBOR plus 7.875% per annum until settlement. The PB will settle in the summer of 2016 based on the amount of the initial award less portfolio losses, if any, in excess of a first loss portion retained by CSG of approximately $600 million. The value of the PB awards is based on the performance of a portfolio of unrated and sub-investment-grade asset-backed securities that are held in inventory by various trading desks of the Investment Banking division. While the PB award is a cash-based instrument, CSG reserves the right to settle the award in CSG shares based on the share price at the time of final distribution. In addition, subject to oversight procedures, CSG retains the right to prepay all or a portion of the Plus Bond award in cash at any time and, in the event of certain regulatory developments or changes on capital treatment, exchange the award into CSG shares.

14. Share-Based Compensation and Other Benefits (Continued)

Certain employees were given the opportunity in early 2013 to voluntarily reallocate a portion of the share award component of their deferred awards into the PB award. The PB's provided to employees through the voluntary reallocate offer had a notional value of $9 million, will vest in January 2016 and will be expensed over the vesting period.

15. Employee Benefit Plans

The Company provides retirement and post-retirement benefits to its U.S. and certain non-U.S. employees through participation in a defined benefit pension plan, a defined contribution savings and retirement plan and other plans.

Pension Plans

The Company participates in a non-contributory defined benefit pension plan (the "Qualified Plan") available to individuals employed before January 1, 2000. Effective January 1, 2004, compensation and credited service for benefit purposes were frozen for certain participants. Employees who no longer accrue benefits in the Qualified Plan participate in a savings and retirement plan similar to employees hired on or after January 1, 2000.

CSG applies sponsor accounting for accounting and reporting for defined benefit pension plans. The Company and other CSG entities participate in and contribute to the same plan and the assets held by the plan are not restricted or segregated and can be used to provide benefits to employees of any of the participating CSG entities. The Company has been designated to be the sponsor of the plan and records all liabilities and expenses and allocates a portion of the expenses to affiliates for employees outside the Company.

Contributions to the Qualified Plan are made as required by the Internal Revenue Code and applicable law but not in excess of the amounts deductible by the Company for income tax purposes. The Company made special contributions of $122 million to the Qualified Plan during the year ended December 31, 2014, and does not expect to contribute to the Qualified Plan during 2015.

The Company also sponsors a savings and retirement plan, which is a defined contribution plan, with both a savings and a retirement component. All employees are eligible to participate in the savings component. In addition, individuals employed before January 1, 2000 who do not accrue benefits under the Qualified Plan and employees hired on or after January 1, 2000 participate in the retirement component and receive a retirement contribution. For the year ended December 31, 2014, the retirement contribution ranged from $3,000 to $10,000, determined based on an employee's base salary up to the IRS compensation limit, which was $260,000 in 2014. The Company made payments of $67 million to the defined contribution plan for the year ended December 31, 2014, and expects to pay a total of $72 million during 2015.

The Company also provides a non-contributory, non-qualified, unfunded plan (the "Supplemental Plan"), which provides benefits to certain senior employees and Qualified Plan participants whose benefits may be limited by tax regulations. Benefits under these pension plans are based on years of service and employee compensation. The Company made payments of approximately $3 million to the Supplemental Plan during the year ended December 31, 2014, and expects to pay a total of $1 million to the Plan during 2015.

15. Employee Benefit Plans (Continued)

Other Post-Retirement Plans

The Company provides certain subsidized unfunded health-care benefits for eligible retired employees (the "Other Plans"). Employees hired prior to July 1, 1988 become eligible for these benefits if they meet minimum age and service requirements. The plan sponsor has the right to modify or terminate these benefits. During 2014, the Company modified the post 65 benefits portion of the plan as a result of which, the Company will no longer pay for future medical claims directly but will provide a flat subsidy to retirees to purchase their own medical insurance. The plan amendment resulted in a reduction of the PBO of $34 million during 2014. As of December 31, 2014, the aggregate accumulated postretirement benefit obligation was $180 million. The Company made payments of $9 million to the Other Plans during the year ended December 31, 2014, and expects to pay a total of $10 million during 2015.

Amounts Recognized in the Consolidated Statement of Financial Condition

Amounts recognized in the consolidated statement of financial condition as of December 31, 2014 were as follows:

	Qualified	Supplemental and Other
	(In millions)	
Accrued benefit liability	$ (213)	$ (214)
Accumulated other comprehensive loss	360	42
Net amount recognized	$ 147	$ (172)

The following table presents the pre-tax amounts recognized in accumulated other comprehensive loss within the consolidated statement of financial condition as of December 31, 2014:

	Qualified	Supplemental and Other
	(In millions)	
Prior service costs (credits)	$ -	$ (23)
Loss	360	65
	$ 360	$ 42

15. Employee Benefit Plans (Continued)

Benefit Obligation and Plan Assets

The following table reconciles the changes in the projected benefit obligation and the fair value of the plan assets for the Qualified Plan, the Supplemental Plan and the Other Plans. Amounts shown are as of the measurement date, which is December 31, 2014:

	Qualified	Supplemental and Other
Change in Benefit Obligation	(In millions)	
Projected benefit obligation as of beginning of period	$ 1,135	$ 226
Service cost	4	-
Interest cost	56	10
Settlements	-	(2)
Actuarial (gain) loss	172	24
Benefits paid	(64)	(10)
Amendments	-	(34)
Projected benefit obligation as of the end of period	$ 1,303	$ 214
Change in Plan Assets		
Fair value of assets as of the beginning of period	$ 988	$ -
Actual return on plan assets	44	-
Settlements	-	(2)
Employer contributions	122	12
Benefits paid	(64)	(10)
Fair value of assets as of the end of period	$ 1,090	$ -

Assumptions Used in Determining Costs and Obligations

The following table presents the assumptions used in determining the net periodic benefit costs for the Qualified Plan, the Supplemental Plan and the Other Plans for the year ended December 31, 2014:

For the Year Ended December 31, 2014	Qualified Plan	Supplemental Plan and Other Plans
Discount rate	5.10%	5.10%
Rate of compensation increase	4.15%	4.15%
Expected rate of return(1)	6.75%	6.75%

(1) The expected long-term rate of return on plan assets is based on total return forecasts and volatility and correlating estimates. Where possible, similar, if not, related, approaches are followed to forecast returns for the various asset classes. For most asset classes, clearly specified multi-linear regression models to forecast returns are used or reliance is put on traditional models such as dividend discount and fair value models.

15. Employee Benefit Plans (Continued)

The assumptions used in determining the projected benefit obligation for the Qualified Plan and Supplemental Plan and the projected health-care postretirement benefit obligation for the Other Plans as of December 31, 2014 were:

	2014
Projected benefit obligation	
Discount rate	4.20%
Rate of compensation increase	4.15%
Projected health-care postretirement benefit obligation	
Discount rate	4.20%
Rate of compensation increase	4.15%

The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date. The discount rate is one of the factors used to determine the present value as of the measurement date of the future cash outflows currently expected to be required to satisfy the benefit obligations when due. The assumption pertaining to salary increases is used to calculate the projected benefit obligation ("PBO"), which is measured using an assumption as to future compensation levels.

The expected long-term rate of return on plan assets, which is used to calculate the expected return on assets as a component of the net periodic pension cost, shall reflect the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the PBO. In estimating that rate, appropriate consideration should be given to the returns being earned by the plan assets in the fund and the rates of return expected to be available for reinvestment.

The expected long-term rate of return on plan assets is based on total return forecasts, and volatility and correlation estimates. Where possible similar, if not related, approaches are followed to forecast returns for the various asset classes. For most asset classes clearly specified multi-linear regression models to forecast returns are used, while reliance is put on traditional models in the cases of equities such as dividend discount models and fair value models.

To estimate the expected long-term rate of return on equities a two-stage divided discount model is applied, which considers analyst consensus earnings to compute a market-implied equity risk premium. Dividends are estimated using market consensus earnings and the historical payout ratio. A subsequent scenario analysis is used to stress test the level of the return.

The expected long-term rate of return on fixed income reflects both accruing interest and price returns. The likely long-term relation existing between the total return and certain exogenous variables pre-defined by economic theory are explicitly used, which allows to directly link the fixed income total return forecasts to the macro-forecasts.

The expected long-term rate of return on private equity and hedge funds are estimated by using private equity and hedge fund benchmarks and indices. In both alternative investment classes, a set of factors tends to drive or explain returns. To capture these, multiple linear regression models with lagged returns are utilized. This methodology also lends itself to the fact that these alternative investments tend to be positively correlated with current and lagged stock returns.

15. Employee Benefit Plans (Continued)

The estimate regarding the long-term rate of return on real estate is based on error correction models. The underlying economic models respect both the rental and the capital market side of the direct real estate market. This allows for a replicable and robust forecasting methodology for expected returns on real estate equity, fund and direct market indices.

In determining the accumulated postretirement health-care benefit obligation and the net periodic postretirement costs for 2014, the Company assumed the following:

	Pre-65 Retirees	Post-65 Retirees	Medicare Part D
Obligation - Assumed Health-Care Trend Rates at December 31, 2014			
Initial health care trend rate	8.0%	8.0%	7.5%
Ultimate health-care trend rate	5.0%	5.0%	5.0%
Ultimate trend expected to be achieved	2021	2021	2021
Cost-Assumed Health-Care Trend Rates for the year ended at December 31, 2014			
Initial health care trend rate	8.0%	8.0%	7.5%
Ultimate health care trend rate	5.0%	5.0%	5.0%
Ultimate trend expected to be achieved	2021	2021	2021

Assumed health-care cost trend rates have a significant effect on the amounts reported for the health-care benefits. A 1% change in assumed health-care cost trend rates would have the following effects:

	1% increase	1% decrease
	(In millions)	
Effect on benefit obligation at end of year	$ 5	$ (4)
Effect on total of service and interest costs for year	$ -	$ -

Investments

The investment policies and strategies of the Qualified Plan are determined by a committee made up of the Company's senior management. The policy is based on long-term goals and is therefore not frequently revised. The investment goal is to create an asset mix that is adequate for future benefit obligations by creating a diversified investment portfolio, while managing various risk factors and maximizing the Qualified Plan's investment returns through use of related party and external fund managers and clearly defined strategies. Senior management regularly monitors actual allocation compared to the policy. The current asset allocation goal is to achieve an asset mix of approximately 50% in equities; 29% in fixed income securities, 10% in alternative investments, 10% in real estate and 1% in cash.

15. Employee Benefit Plans (Continued)

The following table presents the percentage of the fair value of the Qualified Plan assets as of December 31, 2014 by type of asset:

	Qualified Plan
	2014
Asset Allocation:	
Equity securities	49%
Fixed income securities	34%
Alternative investments	4%
Real estate	11%
Cash	2%
Total	100%

Fair Value of Qualified Plan Assets

The fair values of certain of the Qualified Plan's investments are based on quoted prices in active markets or observable inputs. These instruments include fixed income securities, cash and cash equivalents and equities.

In addition, the Qualified Plan holds financial instruments for which no prices are available, and which have little or no observable inputs. For these instruments the determination of fair value requires subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is generally determined based on assumptions that market participants would use in pricing the investments (including assumptions about risk). These instruments include investments in fixed income securities, real estate, private equity and alternative investments.

Deterioration of the financial markets could significantly impact the fair value of these financial instruments and the Qualified Plan's net assets and changes in net assets.

Qualified Plan Assets Measured at Fair Value

December 31, 2014	Level 1	Level 2	Level 3	Total at fair value
Assets		(In millions)		
Alternative investments	$ -	$ -	$ 40	$ 40
Cash and cash equivalents	-	24	-	24
Equity	-	535	-	535
Fixed income securities	-	117	256	373
Real estate	-	-	118	118
Total Qualified Plan Assets	$ -	$ 676	$ 414	$ 1,090

15. Employee Benefit Plans (Continued)

Qualitative Disclosures of Valuation Techniques

Equities include shares of separately managed funds. The equity securities are generally based on inputs other than level 1 quoted prices that are observable directly or indirectly.

Fixed income securities primarily include investments in separately managed funds and are generally based on inputs other than level 1 quoted prices that are observable directly or indirectly. For fixed income securities for which market prices are not available, valuations are based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modeling techniques, which may involve judgment.

Alternative investments that are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using net asset value ("NAV") as a practical expedient.

Private equity includes direct investments and investments in partnerships that make private equity and related investments in various portfolio companies and funds, and also fund of funds partnerships. Private equity securities are valued taking into account a number of factors such as the most recent round of financing involving unrelated new investors, earnings multiple analyses using comparable companies or discounted cash flow analyses. Private equity investments in third party managed funds are measured at fair value using the NAV provided by the fund.

Cash and cash equivalents include commingled funds for which fair value is determined based on inputs other than level 1 quoted prices.

Real estate includes indirect real estate, i.e. investments in real estate investment companies, trusts or mutual funds. These investments, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Estimated Future Benefit Payments

The estimated future benefit payments expected to be made by the Qualified Plan, Supplemental Plan and Other Plans are as follows:

	Qualified	Supplemental and Other
	(In millions)	
2015	52	11
2016	51	13
2017	52	15
2018	62	14
2019	70	15
Years 2020-2024	412	77

16. Income Taxes

The Company is included in the consolidated federal income tax return filed by CS Holdings and certain state and local income tax returns filed by CS Holdings and CS USA. CS Holdings allocates federal income taxes to its subsidiaries on a separate return basis, and any state and local income taxes on a pro rata basis, pursuant to a tax sharing arrangement.

As of December 31, 2014, the unrecognized tax benefit was $8 million. There was no change in the Company's unrecognized tax benefit during the year ended December 31, 2014.

The Company is currently subject to ongoing tax audits and inquiries with the tax authorities in a number of jurisdictions. Although the timing of the completion of these audits is uncertain, it is reasonably possible that some of these audits and inquiries will be resolved within 12 months of December 31, 2014. The estimated range of the reasonably possible change in unrecognized tax benefits is a decrease of between $0 and $8 million. The Company remains open to examination from either federal, New York State and New York City jurisdictions for the years 2006 and forward. The Company is currently under examination by the Internal Revenue Service, New York State and New York City for the tax year 2006 and forward. The Company does not anticipate any material changes to its consolidated statement of financial condition due to settlements.

Deferred tax assets and deferred tax liabilities are generated by the following temporary differences:

	(In millions)
Deferred tax assets:	
Financial instruments	$ 42
Other liabilities and accrued expenses	835
Compensation and benefits	1,634
Total deferred tax assets	2,511
Deferred tax liabilities:	
Financial instruments	3
Investments	21
Other liabilities and accrued expenses	551
Total deferred tax liabilities	575
Net deferred tax asset	$ 1,936

The net deferred tax asset as of December 31, 2014 was $1.9 billion. As of December 31, 2014, the state and local deferred tax asset was $336 million, which is included in other assets and deferred amounts in the consolidated statement of financial condition. The federal deferred tax asset of $1.6 billion is included in other liabilities in the consolidated statement of financial condition. This amount is effectively settled as part of the intercompany settlements subsequent to year end.

No valuation allowance has been recorded for the federal deferred tax asset of $1.6 billion as the amounts were settled through the intercompany accounts. Based on anticipated future taxable income and tax planning strategies that would, if necessary, be implemented, the Company has not recorded a valuation allowance for its net state and local deferred tax assets of $336 million as management believes that the state and local deferred tax assets as of December 31, 2014 are more likely than not to be realized. However, if

16. Income Taxes (Continued)

estimates of future taxable income are reduced, the amount of the state and local deferred tax asset considered realizable could also be reduced.

17. Legal Proceedings

The Company is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses, including those disclosed below. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Company accrues loss contingency litigation provisions and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Company also accrues litigation provisions for the estimated fees and expenses of external lawyers and other service providers in relation to such proceedings, including in cases for which it has not accrued a loss contingency provision. The Company accrues these fee and expense litigation provisions and takes a charge to income in connection therewith when such fees and expenses are probable and reasonably estimable. The Company reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Company's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Company's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Company seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Company's reasonably possible losses. For certain of the proceedings discussed below the Company has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The Company's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Company does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Company's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed below, for which the Company believes an estimate is possible is zero to $1.7 billion.

17. Legal Proceedings (Continued)

After taking into account its litigation provisions, the Company believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Company's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Company of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

Research-Related Litigation. Putative class action lawsuits were filed against the Company in the wake of publicity surrounding the 2002 industry-wide governmental and regulatory investigations into research analyst practices, with In re Credit Suisse – AOL Securities Litigation, filed in the US District Court for the District of Massachusetts, being the remaining outstanding matter. The case was brought on behalf of a class of purchasers of common shares of the former AOL Time Warner Inc. ("AOL") who have alleged that the Company's equity research coverage of AOL between January 2001 and July 2002 was false and misleading. The second amended complaint in this action asserted federal securities fraud and control person liability claims against the Company and certain affiliates and former employees of the Company. Plaintiffs estimated damages of approximately $3.9 billion. On January 13, 2012, the district court granted summary judgment in favor of the defendants upon its determination to preclude a plaintiff expert witness. The plaintiffs appealed the summary judgment decision and oral argument on the appeal was held on March 6, 2013. On May 14, 2014, the circuit court affirmed the grant of summary judgment. The plaintiffs then moved for rehearing and rehearing en banc. Subsequently, the circuit court denied the motion for rehearing and rehearing en banc, and therefore this case is concluded.

Enron-Related Litigation. Two Enron-related actions remain pending against the Company and certain of its affiliates, both in the US District Court for the Southern District of Texas. In these actions, plaintiffs assert they relied on Enron's financial statements, and seek to hold the defendants responsible for any inaccuracies in Enron's financial statements.

Refco-Related Litigation. In March 2008, the Company was named, along with other financial services firms, accountants, lawyers, officers, directors and controlling persons, as a defendant in an action filed in New York State court (later removed to the US District Court for the Southern District of New York ("SDNY")) by the Joint Official Liquidators of various SPhinX Funds and the trustee of the SphinX Trust, which holds claims that belonged to PlusFunds Group, Inc. ("PlusFunds"), the investment manager for the SPhinX Funds. The operative amended complaint asserted claims against the Company for aiding and abetting breaches of fiduciary duty and aiding and abetting fraud by Refco's insiders in connection with Refco's August 2004 notes offering and August 2005 IPO. Plaintiffs sought to recover from defendants more than $800 million, consisting of $263 million that the SphinX Managed Futures Fund, a SPhinX fund, had on deposit and lost at Refco, several hundred million dollars in alleged additional "lost enterprise" damages of PlusFunds, and pre-judgment interest. In November 2008, the Company filed a motion to dismiss the amended complaint. In February 2012, the court granted in part and denied in part the motion to dismiss, which left intact part of plaintiffs' claim for aiding and abetting fraud. In August 2012, the Company filed a motion for summary judgment with respect to the remaining part of plaintiffs' aiding and abetting fraud claim. In December 2012, the court granted the motion, thus dismissing the Company from the case. The court entered a final judgment dismissing the claims against the Company on August 16, 2014 and, on September 16, 2014, plaintiffs appealed to the US Court of Appeals for the Second Circuit. Briefing of the appeal is ongoing, and oral argument is expected in 2015.

17. Legal Proceedings (Continued)

Mortgage-Related Matters. Various financial institutions, including the Company and certain of its affiliates, have received requests for information from certain regulators and/or government entities, including several members of the RMBS Working Group of the US Financial Fraud Enforcement Task Force, regarding the origination, purchase, securitization, servicing and trading of subprime and non-subprime residential and commercial mortgages and related issues. The Company and its affiliates are cooperating with such requests.

Following an investigation, in November 2012, the New York Attorney General, on behalf of the State of New York, filed a civil action in the Supreme Court for the State of New York, New York County ("SCNY") against the Company and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 64 RMBS issued, sponsored, deposited and underwritten by the Company and its affiliates in 2006 and 2007, alleges that the Company and its affiliates misled investors regarding the due diligence and quality control performed on the mortgage loans underlying the RMBS at issue, and seeks an unspecified amount of damages. On December 18, 2013, the New Jersey Attorney General, on behalf of the State of New Jersey, filed a civil action in the Superior Court of New Jersey, Chancery Division, Mercer County, against the Company and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 13 RMBS issued, sponsored, deposited and underwritten by the Company and its affiliates in 2006 and 2007, alleges that the Company and its affiliates misled investors and engaged in fraud or deceit in connection with the offer and sale of RMBS, and seeks an unspecified amount of damages. On September 16, 2014, the Commonwealth of Virginia ("Commonwealth"), on behalf of the Virginia Retirement System, filed an action against the Company and other financial institutions in Virginia state court relating to an unstated amount of RMBS at issue in connection with losses allegedly incurred by the Virginia Retirement System.

The Company and/or certain of its affiliates have also been named as defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases include a class action lawsuit, actions by individual investors in RMBS, actions by monoline insurance companies that guaranteed payments of principal and interest for certain RMBS, and repurchase actions by RMBS trusts, trustees and/or investors. Although the allegations vary by lawsuit, plaintiffs in the class action and individual investor actions generally allege that the offering documents of securities issued by various RMBS securitization trusts contained material misrepresentations and omissions, including statements regarding the underwriting standards pursuant to which the underlying mortgage loans were issued; monoline insurers allege that loans that collateralize RMBS they insured breached representations and warranties made with respect to the loans at the time of securitization and that they were fraudulently induced to enter into the transactions; and repurchase action plaintiffs generally allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. In addition, a number of other entities have threatened to assert claims against the Company and/or its affiliates in connection with various RMBS issuances, and the Company and/or its affiliates have entered into agreements with some of those entities to toll the relevant statutes of limitations.

In March 2014, the Company and certain affiliates and employees entered into an agreement with the Federal Housing Finance Agency ("FHFA"), as conservator for Fannie Mae and Freddie Mac, to settle all claims in two of the remaining actions filed by the FHFA in the federal court in the SDNY for $885 million. The actions settled related to approximately $16.6 billion of RMBS at issue against the defendants. The other two actions filed by the FHFA pending in 2014 were settled without payment by the Company or its affiliates.

17. Legal Proceedings (Continued)

The Company and certain affiliates also settled a number of other mortgage-related civil litigation matters in 2014, including monoline insurance company claims filed by Assured Guaranty Municipal Corp. and Assured Guaranty Corp. ("Assured"). As to the action brought by Assured, following the settlement, on November 25, 2014, the Company and Assured filed a stipulation discontinuing the action. In this action, on November 20, 2014, U.S. Bank, National Association ("U.S. Bank"), as trustee of six trusts, filed a motion to intervene in the action, which is pending. U.S. Bank was not previously a party to the Assured action.

Alternative Trading Systems. The Company is responding to inquiries from various governmental and regulatory authorities concerning the operation of its alternative trading systems, and is cooperating with those requests.

Rates. The Company and affiliates have received information requests from regulators regarding trading activities, information sharing, and the setting of benchmark rates in the foreign exchange and commodities markets. The Company and affiliates are cooperating fully with these investigations. The investigations are ongoing and it is too soon to predict the final outcome of the investigations.

Furthermore, the Company and an affiliate, as well as other financial institutions, have been named in three pending civil class action lawsuits in the SDNY relating to the alleged manipulation of foreign exchange rates. On January 28, 2015, the court denied defendants' motion to dismiss the class action brought by US-based investors and foreign plaintiffs transacting in the US, but granted their motion to dismiss the two class actions brought by foreign-based investors.

Bank loan litigation. On January 3, 2010, the Company and other affiliates were named as defendants in a lawsuit filed in the US District Court for the District of Idaho by homeowners in four real estate developments, Tamarack Resort, Yellowstone Club, Lake Las Vegas and Ginn Sur Mer. The Company or affiliates arranged, and was the agent bank for, syndicated loans provided for all four developments, which have been or are now in bankruptcy or foreclosure. Plaintiffs generally allege that the Company and other affiliates committed fraud by using an unaccepted appraisal method to overvalue the properties with the intention to have the borrowers take out loans they could not repay because it would allow the Company and other affiliates to later push the borrowers into bankruptcy and take ownership of the properties. Plaintiffs demanded $24 billion in damages. Cushman & Wakefield, the appraiser for the properties at issue, is also named as a defendant. After the filing of amended complaints and motions to dismiss, the claims were significantly reduced. On September 24, 2013, the court denied the plaintiffs' motion for class certification so the case cannot proceed as a class action. On February 5, 2015, the court granted plaintiffs' motion for leave to file an amended complaint, adding additional individual plaintiffs.

The Company and other affiliates are also the subject of certain other related litigation regarding these four and other similar real estate developments. Such litigation includes two cases brought in Texas and New York state courts against the Company and other affiliates by entities related to Highland Capital Management LP (Highland). In the case in Texas state court, a jury trial was held on one of the claims in December. A verdict was issued for the plaintiff on that claim; judgment has not yet been entered. The case in New York state court was dismissed when the court granted the defendants' summary judgment motion. Company affiliates separately sued Highland-managed funds on related trades and received a favorable judgment which has been appealed.

17. Legal Proceedings (Continued)

CDS-related matters. The Directorate General for Competition of the European Commission ("DG Comp") issued a Statement of Objections ("SO") to various entities of thirteen CDS dealer banks, certain Markit entities and ISDA in relation to DG Comp's investigation into possible violations of competition law by certain CDS market participants. Certain Credit Suisse entities, including the Company, were among the named bank entities. The SO marks the commencement of enforcement proceedings in respect of what DG Comp alleges were unlawful attempts to prevent the development of exchange traded platforms for CDS between 2006 and 2009. DG Comp has sent out requests for information and the named CS entities are cooperating with such requests. In addition, an affiliate of the Company, as well as other banks and entities, have been named defendants in a consolidated multi-district civil litigation proceeding in the SDNY alleging violations of antitrust law related to CDS. In September 2014, the court overseeing the civil litigation granted in part and denied in part the defendants' motion to dismiss, which allowed the case to proceed to discovery. Further, a different affiliate of the Company has received civil investigative demands from the US Department of Justice.

18. Subsequent Events

The Company has evaluated the potential for subsequent events from December 31, 2014 through the date of issuance of the financial statements on February 27, 2015.