

Spec.
TARP

Resign. effective last Friday

Down to 4 AIG

GM

BMAC

Chrysler -

Chry

BojA

Citi

} Bought this
way out of

Q - Compensation - Skewed - acctbity -
sense of how Wall Street changed
mid 1970s - to current day

Last decade were skewed -

Guaranteed incentive bonus payments

No real integr. to performance - inst., legally -
we saw later the collapse

An evol. in terms of risks being
promoted thru compensation program "

Congress enacted statute - mand. superv. of
Treasury over compensation

or felt having bailed out these 7 cos,
the populous consid. - mba mind m -

Suppose it did control,

Compensation structures - no sound relats
between -

Be very careful abt plg w/ too broad a brush -

Can say compensat. on wall street -
+ reach conclusions abt how it impacts performance -

Is that structure - shld it be subject to reform -
Don't paint wall street -

Q What do you think - hist. -
partnership structure 1970s →
publicly traded

mandate: Fix compen. prospectively

2007-2008 - before TARP -
did not go back before 2007 -

Q - What found -

1) Predom. compens. in cash -

2) guaranteed cash

3) immed. payable

4) CASH size
"that is the perfect storm"

4.5m

Execut. had no incentive to perform
that wd perform comp. safely.

That Exec. had no skin in the game

to performance -

Incentives - CEO - \$4.5 m this yr - every 2 wks -

@ AIG - Compensat. Based on % of something -
more made, more rev. -

→ Guaranteed CASH

+ milestones for CASH (not STOCK)

Based on generation of revenues -

Were outrageous - " 7

little CASH

Stock bonuses -

longer term participation -

no golden parachute -

no more in perks -

Particularly - Money

CASH

guaranteed CASH

Too many guaranteed compens.

grandfathered payments @ AIG -

Yes.

Yes.

Feldman - no jurisdi. -
see Blankfein -

419 - Renewal -
whether I shld claw back -
Compensat. pkg.

2008-2009 -

TARP - fall 2008
Feb. 2009 -

Bonus -

17 Cos. out of 150

"outrageous"

Nov. 1 TARP

Nov. 2 \$100m → given to ~~CEOs~~ ^{employees}

6 Cos - Warner illegal -

ill advised -

I concluded - as to these 6 -

out of 419 - I don't think it's

Jain

None will do

Put main provision - w/ SR, exec.
Contracts -

necessary to crisis provision -

"Barr" - anticompet. Recruiting

⊗ Compet from Wall Street firms -
hedge funds - bigger

Pay these dollars (Treasury)
go to Credit Suisse
Bandaid -
China -

"I didn't buy that from the moment I heard it"

Lots of reasons - ple mt stay -

I never believed it intuitively -
Duisend as reason to pay ple

⊗ Bds of Dms - Compensat. Cttees - Bds -
actively tried to manage the process
Neil Wolzard: dep. secy - Corp. Gov. Reform -
622.1080 -

Q gaps pay

Wall Street v. GM

Top 3 Citic } got more \$
BoFA } than top 25
AIG } plus @ GM & Chrysler

Citic say GM

lost good ppl -

diff in compens.

— in industrial America

(than 4 cos
pay scale so
modest in
comparison)

\$600,000

Ben Mochet - \$10.5m

BoFA — only CEOs -

Citi —

AIG —

double-digit -

After 30 ppl -

↓

2-3

GM - Chrysler - siloed

Congress - Congress will not do this again -
because of unrec.

Don't think govt will soon -

Calculates what each sr. exec.
was going to make -

Focus on this issue - Chris abner to
compete - if you don't play
ball - shackling Am to compete -
big argument by corp. America -

Pat Geoghegan -
officer of Fin Stability -
exluc -

