syn. TARP
Design effective last Friday

Down to 4 AIG
Guy
BMAC
Chrysler -
Chup
BofA
Barclays
Cit. I way out of

C - Compensation - skewed - activity - sense of how Wall St. changed
mid 1970s - to current day

Last decade were skewed -
Guaranteed incentive bonus payments
No real integ. to performance - inst. legally -
We saw Value Th Collapse
An evil... in terms of... being
promoted three compensation plans

Congress enacted statute - mand. superv. Treasury over compensation

in fear they bailed out these 7 cos.
- the populous conside. - not mine in

Suppose it didn't contiu.

Compensation structure - no sound relat. between -
Be very careful about picking too broad a brush.

Fair say companies on Wall Street reach conclusions about how it impacts performance.

Do the structure—should be subject to reform. Does payment Wall Street—

Q: What do you think— hosts—

partnership structure 1970s -> publicly traded

Mandate: Fix compen. prospectively.

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

Q: What found—

1) Hedging compen. in cash —
2) guaranteed cash
3) Immediate payables

"That is the perfect storm.

Executives had no incentive to perform.

That is why pay was offered.

Executives had no skin in the game."
Incentives - $800-4,500 the yr - every 2 yrs.

AIG - compensation. Based on 2 of something:
   - NPM (Net Profit Margin)
   - Sales
   - Guarantied Cash
   + milestones for cash (not stock)

Based on generation of revenues

"Were outrageous" - 7
due cash
Stock bonuses
Larger-term gratification
The golden parachute
The man in pearls

Particularly - Money
Cash
Guarantied cash

Too many guaranteed payment
Guarantied payments @ AIG

Yes.
Yes.
4/9 - reviewed
whether I should clawback
Compensation pkg.

2008 - 2009

TARP - Fall 2008
Feb. 2009 - January
17 Cos. out of 150
"outrageous"

Nov. 1 TARP
Nov. 2 $100m given to
employees

6 Cos. - W M. illegal
ill advised -
I concluded - As to these 6 -
out of 4/9 - I don't think it's

John
Put brain provision - cr. & exec.
Contracts.

necessary to crisis provision

"bake" - anti-compet. Recruiting

& Compet from Wall Fruit farms -
Hedge funds - beggar

Pay these dollars (treating)
g to Credit Suisse
Banque
China

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

lots of reasons - ple not stay

I never believed it intuitively
WORLD as reason to pay ple,

& Blic of Dgni - Company Attese - Bds-
Actively tried to manage
Neil Westland - dep. secy - Corp. for Reform
622-1080 -
Gaps pay

Wall Street – GM

Top 3 Car

\[ \text{Top of } A \uparrow \text{ got more } \]
\[ \text{than top } 25 \]
\[ \text{AIG } \uparrow \]
\[ \text{plc @ GM & Chrysler} \]

Can’t say GM

lost good plc –

diff in company

in industrial America

\[ \text{modest in } \text{comparison} \]

\[ \text{est } 400,000 \]

ten months – 10.5 m

\[ \text{B of A} \rightarrow \text{only CEOs} \]

\[ \text{AIG} \rightarrow \]

double digit –

GM – Chrysler – silence

Congress – Congress will not do this again –

because of unpro.

Don’t think it will work

Calculate what each exec. was going to make –
Focus on the issue. Mrs. Adams is able to compete. If you don't play ball, shocking Am to compete by argument by corp. Armstrong.

Pat Gearhart

Officer of Tin Stadium