VARIABLE COMPENSATION

Cash Awards

Discretionary variable compensation will continue to be paid in unrestricted cash for amounts below CHF 125,000 / USD 100,000 (or the local currency equivalent). For higher amounts, table will indicate the proportion of variable compensation subject to deferral. Deferred compensation will be split 50/50 between SISU and APPA.

SCALED INCENTIVE SHARE UNITS

Scaled Incentive Share Units (SISU) are similar to the existing Incentive Share Units (ISU) with a new element that increases or decreases in value based on Credit Suisse's average RoE. As with traditional ISU, the base share amount vests annually, in the case of SISU on a four-year, pro-rata basis. My additional shares will vest on the fourth anniversary of the award date, based on the price of Credit Suisse Group AG registered shares. A new feature will link the final number of additional shares to an additional factor: If Credit Suisse's average RoE over the four-year period is higher than a pre-set target, the number of additional shares will be adjusted upwards, and if it is below the target, the number of additional shares will decrease.

ADJUSTABLE PERFORMANCE PLAN AWARDS

Adjustable Performance Plan Awards (APPA) will have a notional cash value subject to a three-year, pro-rata vesting schedule. Awards adjust upward on an annual basis using Credit Suisse's RoE in the respective year as a multiplier. However, should a business area be loss-making, outstanding APP awards held by employees of that business area will be adjusted downwards. The metrics within the revenue divisions will be based on each business area's financial contribution. The metrics for Shared Services, Regional Management and embedded support functions within the divisions will be based on the financial performance of Credit Suisse Group.

[From Reuters, Oct. 22, 2009]

CZAR TO SUBSTANTIALLY CUT PAY: SUMMERS

(By Caren Bohan and Karey Wutkowski)

WASHINGTON (Reuters).—Top White House economic adviser Lawrence Summers said on Wednesday the administration's pay czar will ''substantially reduce'' the paychecks at firms that have received billions of taxpayer dollars.

''With respect to the companies that have been major recipients of federal support, Ken Feinberg is reviewing them . . . (and) will, I suspect, produce an outcome where they will be very substantially reduced,'' Summers told the Reuters Washington Summit.

Feinberg, the pay czar appointed by President Barack Obama in June, is expected to cut total compensation by an average of 50 percent for the top earners at seven bailed-out firms, sources familiar with the matter said on Wednesday.

The administration has faced public outrage, as Wall Street firms that were recently propped up by federal assistance have brought their bonuses back to pre-crisis levels even as the general population faces the highest unemployment level in 26 years.

Summers said Feinberg's rulings—which are expected to be publicly released in the coming days—will ensure taxpayers' interests come before those of shareholders and incumbent management at the beleaguered firms.

The seven bailed-out firms under Feinberg's jurisdiction are AIG, Bank of America, Citigroup, General Motors, Chrysler, GMAC and Chrysler Financial.

SEES FINANCIAL REFORM BY YEAR END

Summers also said he was still hopeful that legislation to broadly rewrite U.S. financial regulations would pass by the end of the year.

''I don't see any reason why it can't get done this year,'' Summers said.

Analysts following the debate on Capitol Hill have become increasingly skeptical that Obama can meet his goal of enacting it by year-end. Some say that early next year might be a more realistic time frame.

While some critics say the bill is not robust enough, Summers said he believed the changes would have a chance to have a major impact on financial stability for years to come.

He said that while the administration wants to guard against efforts by the financial industry to water down the bill, he said the main principles behind it were not at risk.

''I've always put this in terms of some core principles,'' Summers said.

If an institution is big enough and interconnected enough that its failure could damage the financial system, then it must have a regulator that is accountable, he said. ''And there has to be a plan in place for managing your failure if it comes.''

Summers said the proposals under consideration achieve that goal.

TAXPAYERS FIRST

The administration is also committed to fundamentally reforming pay, starting at the firms that have received multiple government bailouts, Summers said.

''It is important where taxpayers have made a central contribution to make sure that taxpayer interests are being put first rather than those of shareholders and certainly rather than those of incumbent management and that's why Ken Feinberg is involved in reviewing compensation levels at the companies where the TARP has made the most major investments.''

Officials have also proposed a broad crackdown on pay, including giving shareholders more say on compensation packages, forcing firms to disclose more on their pay practices and encouraging regulators to shut down risky compensation schemes.

''With respect to companies that are not currently recipients of major support, the focus is really going to be more on process and more on the incentives they create,'' Summers said.

Amid the rhetoric of a strong clampdown on compensation that encourages risk taking, the administration has been careful to say it does not believe in setting explicit caps.

Summers said the administration is sensitive to the need for firms to keep top talent and remain competitive, while not letting Wall Street return to its old ways.

''We are concerned that some in the financial sector would like to go back to the regulatory nonculture and risk management nonculture of the recent past. That wouldn't be acceptable to us,'' he said. ''But the president's always said that we think it's very important that people succeed in America so framing this in terms of the goal being to reduce profits or to eliminate compensation, that would not be our approach.''

[From Financial Times, Oct. 21, 2009]

UK BANK GOVERNOR CALLS FOR LENDERS' BREAK-UP

(By Chris Giles)

Banks should be split into separate utility companies and risky ventures, governor of the Bank of England Mervyn King urged last night, saying it was a ''delusion'' to think tougher regulation would prevent future financial crises.

Mr. King's call for a break-up of banks to prevent them becoming ''too important to fail'' puts him sharply at odds with the direction of domestic and international banking reform.

Mr. King borrowed Churchillian language in a speech in Scotland to highlight the burden banks had placed on taxpayers. ''Never in the field of financial endeavour has so much money been owed by so few to so many. And, one might add, so far with little real reform.''

The forcefulness of Mr King's language reflects his belief that the structure of the banks needs to be put firmly on the international regulatory agenda, where focus has been on strengthening capital and regulating bankers' pay. The Bank governor wants to see the utility aspects of banking—payment systems and deposit taking—hived off from more speculative ventures such as proprietary trading. ''There are those who claim that such proposals are impractical. It is hard to see why,'' he said.

Although he said ideas to force banks to hold debt that automatically turns into equity in a crisis were ''worth a try'', he downplayed their likely effect. ''The belief that appropriate regulation can ensure that speculative activities do not result in failures is a delusion.''

Many experts believe the governor will get his way on separation but by default rather than by design, because proposals for tighter capital regulations on risky parts of banking will make these unprofitable and banks will choose to ditch them.

U.S.-COLOMBIA FREE TRADE AGREEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Mr. Speaker, I rise today to reaffirm my long-standing support for the Colombian people, the Colombian-American community in south Florida, and to urge my colleagues to approve the U.S.-Colombia Free Trade Agreement as soon as possible.

Colombia is one of our strongest allies in the fight against extremism and drug trafficking, not only in our hemisphere, but around the world.

When I was first elected, Colombia was under siege. Leftist rebel groups and drug cartels such as the FARC and the Medellin and Cali Cartels had taken over large areas of that country. Colombians were prisoners in their own land, fearful for their lives, and watching their country descend further into chaos and darkness. Now, however, after many years of bravery and sacrifice, the Colombian people and its government have taken back their country, and each year Colombia becomes more secure and more prosperous. Colombians have continued to do so despite the unrelenting attack and assault by known FARC sympathizers and supporters of Hugo Chavez and Fidel Castro to derail Colombia's progress. Well, the government and the people in Colombia have persevered.

At a time when U.S. interests throughout the hemisphere are under attack, Colombia has remained a steadfast ally, an indispensable partner in ensuring our security and freedom in the region. The pending U.S.-Colombia

Defense Cooperation Agreement will further strengthen that alliance and will serve as a major boost to our joint efforts to fight narcotraffickers and leftist rebels.

In discussing this agreement last month, Secretary of State Hillary Clinton highlighted, ''This agreement ensures that appropriate protections are in place for our servicemembers. It will allow us to continue working together to meet the challenges posed by narcotraffickers, terrorists, and other illegal armed groups in Colombia.''

Together, the U.S. and Colombia have had enormous success in battling those groups, but much more remains to be done. This agreement will ensure that we are fully equipped to do so.

The United States and Colombia also share growing economic ties. The U.S. is the largest source of foreign investment in Colombia, which has quadrupled over the past 7 years. My own district in Miami, Florida, had nearly $6 billion in total trade with Colombia in 1 year alone.

Colombia is Miami's number one trading partner in volume and second leading international market. But although U.S.-Colombian economic ties are strong, we have only just begun to tap their potential. That will require passage of the U.S.-Colombia Free Trade Agreement.

Unfortunately, the free trade agreement has been in limbo for 3 years, largely because of partisan opposition. But opponents fail to understand that the primary purpose of this trade pact is to eliminate Colombia's barriers to U.S. goods. Colombia would immediately eliminate a majority of its tariffs on U.S. exports, with all remaining tariffs eventually phasing out gradually. More exports means more sales, which means more jobs here in the U.S. The benefits would be felt immediately.

The U.S. International Trade Commission estimates that U.S. exports to Colombia would quickly increase by over $1 billion, and that's not even counting a major increase in service-related exports.

Given today's difficult economic climate, with so many hardworking Americans striving to make ends meet, it is unbelievable that Congress continues to refuse to take the simple step to expand trade and create jobs in this country.

But there is more at stake, Mr. Speaker. By strengthening Colombia's ability to fight drug traffickers and fight leftist guerrillas, and by demonstrating that the U.S. will stand by its loyal ally, passage of this trade agreement will advance U.S. security and economic interests not only in that country, but throughout the hemisphere. That is why, Mr. Speaker, I urge my colleagues to approve the U.S.-Colombia Free Trade Agreement and to do so as soon as possible.

Again, I would like to commend the people of Colombia for their remarkable progress that they have achieved and express my ongoing support for the strong ties between our countries. We are blessed in south Florida to have a wonderful, robust, patriotic, American-loving, Colombian-American community. They have, indeed, enriched our area.

DEMOCRATS' PLANS TO REFORM HEALTH CARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. GARRETT) is recognized for 5 minutes.

Mr. GARRETT of New Jersey. Mr. Speaker, I rise today to talk about the Democrats' plans to ''reform'' our health care system.

You know, many promises have been made by the other side of the aisle about what these reforms would actually do, but now we actually have a definitive analysis, performed by the chief government actuary of the Centers for Medicare and Medicaid Services, to look at the consequences of these reforms. Well, Mr. Speaker, the diagnosis is not that good.

Both the President and his economic advisors have said that whatever bill the President signs he wants to make sure that he bends the cost curve. Well, how does the Democrat health care stack up to that pledge?

□ 1215

According to that chief actuary whom I just mentioned, total spending on health care would actually increase by $750 billion more than if we did nothing at all. That's right. The Democrats' plan would bend the cost curve all right, but it would bend it in the wrong direction. You see, the real overall cost of this bill would be $1.2 trillion. That's with a T. By 2019, the annual cost of the entitlement expansion would be $236 billion, and that would be rising at an annual rate of 9 percent every year. After all of this spending, there would still be around 20-some-odd million uninsured Americans. So, for those folks who are trying to keep score of all of this, that comes out to be about $35,000 per uninsured person out there.

Now, another promise that the President made was that he said, ''if you like your current coverage, you keep it.'' Well, again, look back to that government actuary whom we talked about before. According to that chief actuary, that's not true if you're a senior on Medicare, because 8.5 million seniors on Medicare today would lose their current coverage, and they would be forced into some different coverage.

Also contained in the bill are what we call arbitrary, across-the-board payment cuts to hospitals, to nursing homes and to home health agencies. Again, let's see what the chief actuary says. The chief actuary says the cuts could force such organizations, such as nursing homes and home health agencies, to leave the Medicare program and, thus, ''possibly jeopardizing access to care for beneficiaries.'' That doesn't really sound like keeping the coverage you want, does it?

So maybe now, finally, the Democrat leadership in Congress will start to listen to at least a few of the ideas put forward by the Republicans. What we want to do is try to increase the access to health care coverage, to increase access to the health care delivery system and to make insurance more portable and affordable. What we want to do is try to reduce those long-term spending plans and to reduce the curve downward in order to bring down the cost of medical liability and to create a sustainable health care system.

Finally, at the end of the day, Republicans stand today, as we have always in the past, ready to work with the Democrats to enact real reform to our health care delivery system as soon as they are ready to work with us.

UNCLE SAM IS GOING BROKE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. WOLF) is recognized for 5 minutes.

Mr. WOLF. Mr. Speaker, this is a poster of Uncle Sam going broke. America is going broke, and we are taking away the future economic security of our children, grandchildren and of everyone listening.

The national debt is racing toward $12 trillion, and it is growing at rates that haven't been matched since World War II. It will double over the next 10 years.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, hit the nail on the head in this week's National Journal when she said, ''It's like fiscal jenga, where people are piling on more and more debt, and finally, something's going to be the cause of it collapsing, but no one believes their thing is going to be the tipping point.''

Why is this Congress, Mr. Speaker, willing to keep piling on the debt? Why are we turning a blind eye toward our children and grandchildren?

The FY 2009 fiscal year ending September 30 registered a $1.4 trillion deficit, leaving red ink as far as the eye can see, and leaving trillion dollar deficits as far as the eye can see. Medicare and Social Security add up to a massive $57 trillion in promises Uncle Sam has made but can't keep.

Make no mistake. Unsustainable spending has far-reaching implications for the United States. It touches every sector from health care to job creation, and it gives the foreign investors who hold America's debt more control.

What is this administration doing? Is Congress prepared to let America sink? How can this Congress stand by record joblessness that is almost reaching 10 percent? Does Congress care?

Our manufacturing base is crumbling. The state of the dollar is falling. Foreign lenders own nearly 40 percent of our domestic economy, and China