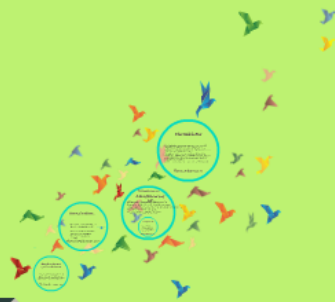


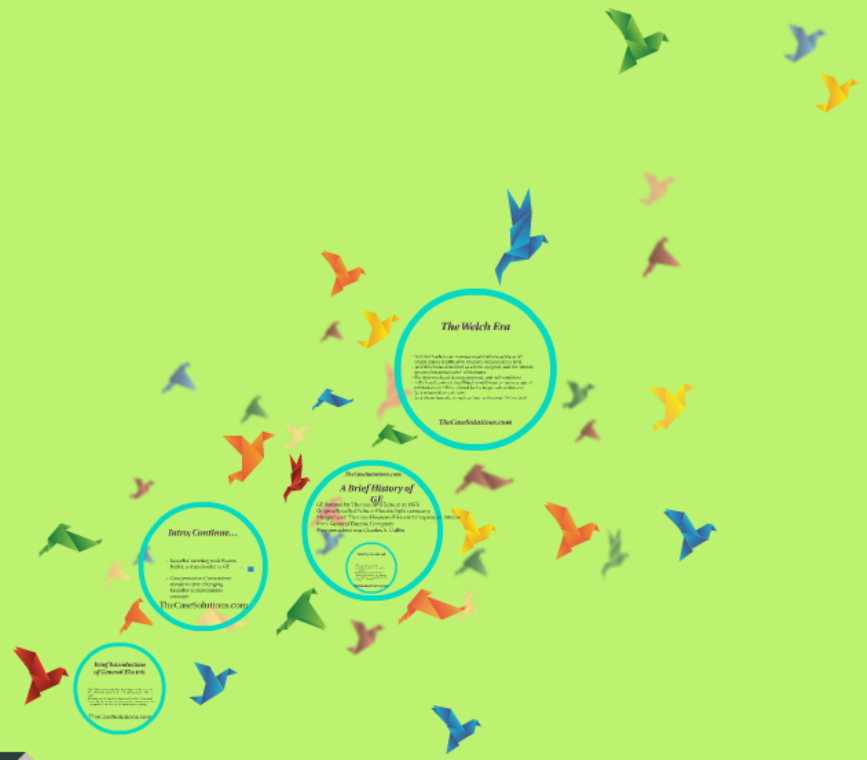
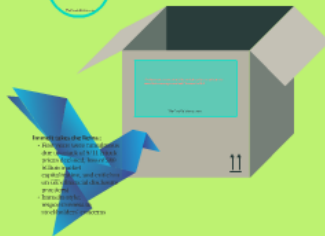
Post-Crisis
Compensation at Credit
Suisse (B)



TheCaseSolutions.com



Post-Crisis Compensation at Credit Suisse (B)



TheCaseSolutions.com

“Delivery of carrots should be tied directly to results in the area that a manager controls” Warren Buffett

TheCaseSolutions.com

Brief Introduction of General Electric

- Jack Welch, former CEO, left the company in the year 2001
- New CEO, Jeffery Immelt, joined only days before 9/11 in 2001
- Immelts' arrival: period of slow growth of GE, falling stock prices, slipping reputation, criticism on 'treating executives like royalties', and adversarial stockholders' meetings

TheCaseSolutions.com

Intro; Continue...

- Immelts' meeting with Warren Buffet, a shareholder at GE
- Compensation Committees' concerns over changing Immelts' compensation package.

TheCaseSolutions.com

TheCaseSolutions.com

A Brief History of

GE

GE formed by Thomas Alva Edison in 1878
Originally called Edison Electric light company
Merged with Thomas-Houston Electric Company in 1892 to
form General Electric Company
First president was Charles A. Coffin

history continued

GE had the largest market
capitalization of any company in
the world
Company paid dividends to its 4
million shareholders every quarter
since 1899 and increased dividends
every year since 1975

TheCaseSolutions.com

history continued

GE had the largest market capitalization of any company in the world

Company paid dividends to its 4 million shareholders every quarter since 1899 and increased dividends every year since 1975

TheCaseSolutions.com

The Welch Era

- Very few leaders can manage organizations as big as GE which makes it difficult to evaluate compensation level
- Jack Welch was described as a hero, a legend, and the 'worlds' greatest business leader' of his times.
- His style was hard driving, imperial, and self-confident
- GE's board anxious that Welch would want to retire at age of 60 like former CEOs, offered Jack a large cash settlement
- Jack refused the cash offer
- Jack chose Immelt, to replace him as the next CEO in 2001

TheCaseSolutions.com

Immelt takes the Reins :

First years were tumultuous due to attack of 9/11 (stock prices declined, loss of \$80 billion market capitalization, and criticism on GE's financial disclosure practices)

Immelt's style; responsiveness to stockholders' concerns

TheCaseSolutions.com