Compensation

Overview

This Compensation report explains our compensation approach and provides our compensation disclosure for 2011. It is composed of the following sections:
- Objectives and governance;
- Compensation design;
- Executive Board compensation;
- Board of Directors compensation;
- Group compensation; and
- Compensation plans from prior years.

The Group is committed to fair, balanced, performance-oriented compensation practices that align long-term employee and shareholder interests. We believe in rewarding our employees for performing in a way that creates sustainable value for the Group and its shareholders over time. We strive to take a leadership position in the industry in implementing responsible compensation practices.

For 2011, we reduced discretionary variable incentive awards (variable compensation), reflecting the lower absolute performance of the Group compared to 2010. Variable compensation awarded for 2011 was down 41% compared to 2010. Aggregate variable compensation awarded for current members of the Executive Board was down 57% and for the Chief Executive Officer (CEO) was down 69% compared to 2010. We believe that the amount and form of variable compensation awarded for 2011 represents our senior management team taking real and direct accountability for the earnings level and share price performance, in alignment with shareholders.

As the business and market environment continued to be challenging in 2011, we implemented changes to our compensation plan that are consistent with our overall capital and risk management strategy and are responsive to additional regulatory requirements. The main changes include modifications to the eligibility and structure of our deferred awards.

For 2011, all deferred variable compensation was awarded in the form of share awards, performance share awards and 2011 Partner Asset Facility (PAF2) awards. We made no further grants of the cash-based Adjustable Performance Plan awards that were introduced in 2009. Consistent with past practice and in line with the expectations of regulators, we granted a substantial portion (approximately 65%) of deferred variable compensation for 2011 as share-based awards. The share awards granted for 2011 are similar to those granted for 2010, but the majority were granted as performance share awards, which now include claw-back provisions based on certain performance conditions for managing directors and other groups of employees. The vesting period for the share awards is three years (also applicable to the performance share awards), which has been shortened from four years to bring us more in line with peers. The PAF2 awards were granted to managing directors and directors and made up approximately 35% of the deferred variable compensation awarded in 2011. In addition to serving as a compensation instrument, the PAF2 plan contributes to the Group's risk reduction and capital efficiency objectives through its transfer of risk from the Group to employees.

Responsible approach to compensation

Performance based

- Reasonable compensation levels for 2011 in the context of the industry
- Group-wide variable compensation down 41%
- Variable compensation down 57% for the Executive Board and 69% for the CEO

Long-term

- Track record for using deferred instruments to align employee and shareholder interests
- 49% of Group-wide variable compensation deferred
- Zero cash variable compensation for Executive Board members

Risk aware and capital efficient

- Deferred awards with performance conditions for over 6,000 employees
- At least 50% of share awards subject to claw back for managing directors and certain other employees
- PAF2 plan contributes to risk reduction and capital efficiency

Taking the performance share and PAF2 plans together, over 6,000 employees received deferred compensation with performance conditions. For the Group overall, 49% of the variable awards for 2011 were deferred and subject to future performance and service provisions. For the fourth consecutive year, Executive Board members received no cash variable compensation; all of their variable awards for 2011 were deferred. The changes to our 2011 compensation plan and our 2011 compensation disclosures are in compliance with the requirements of our main regulators and are responsive to the feedback from our shareholders.

Given the continued focus of regulators on the impact of risk considerations on compensation, we refined the process of reviewing compensation and risk for certain groups of employees to ensure appropriate incentives and adequate controls designed to discourage excessive risk taking were in place. For 2011, we have provided more disclosure on risk and compensation, in line with the Basel Committee on Banking Supervision's (BCBS) new Pillar 3 disclosure requirements for remuneration and additional guidance issued by the Swiss Financial Market Supervisory Authority (FINMA).

In response to shareholder feedback, we also enhanced our disclosure, for example, to provide improved transparency regarding the link between compensation awarded to the Executive Board members and the Group's performance, and with regard to share issuance and shareholder dilution from our share-based compensation plans.

The Compensation Committee is satisfied that this report reflects the manner in which it has reviewed and set compensation for 2011. The activities of the Compensation Committee were executed in accordance with its mandate under the Organizational Guidelines and Regulations (OGR) and the Compensation Committee Charter.

The Board of Directors (Board) recognizes and supports the involvement of its shareholders within the compensation discussion. As in prior years, the Board has decided to submit this Compensation report to its shareholders for a consultative vote at the Annual General Meeting (AGM) in line with the recommendations in the Swiss Code of Best Practice for Corporate Governance.

Objectives and governance

Compensation objectives

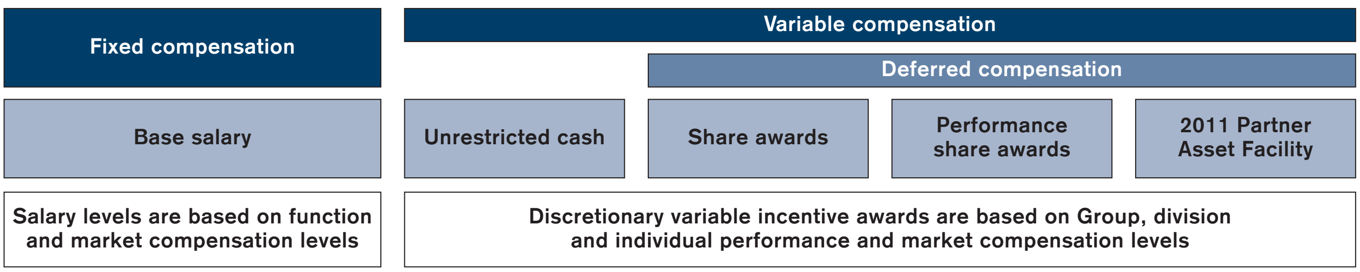
The Group's ability to implement a comprehensive human capital strategy and to attract, retain, reward and motivate talented individuals is fundamental to the Group's long-term success. Compensation is a key component of this strategy and aims to align employee and shareholder interests. The Group's objectives are to maintain compensation practices and plans that:

- support a performance culture that is based on merit and differentiates and rewards excellent performance, both in the short and long term, and recognizes our company values;
- enable the Group to attract and retain employees and motivate them to achieve results with integrity and fairness;
- balance the mix of fixed compensation and variable compensation to appropriately reflect the value and responsibility of the role the employees perform day to day and to influence appropriate behaviors and actions;
- are consistent with and promote effective risk management practices and the Group's compliance and control culture;
- foster teamwork and collaboration across the Group;
- take into account the long-term performance of the Group in order to create sustainable value for our shareholders; and
- are reviewed regularly and endorsed by an independent Compensation Committee.

Consistent with the objectives above, the Group applies a total compensation approach based on fixed compensation and variable compensation. The individual mix varies according to the employee's seniority, business and location. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice. Variable compensation is awarded annually at the discretion of the Group and varies depending on Group, business and individual performance. Variable compensation is awarded in the form of unrestricted cash and deferred awards, which are subject to various deferral provisions and performance criteria. The Group's total compensation approach is illustrated in the following chart, reflecting the compensation award structure for 2011.

▸ Refer to "Compensation design" for further information.

Total compensation approach



The Group is committed to responsible compensation practices and plans that balance the need to reward our employees fairly and competitively based on performance while promoting principled behavior and actions. The compensation design aims to contribute to the Group's objectives in a way that encourages prudent risk taking and adherence to applicable laws, guidelines and regulations and takes into account the capital position and economic performance of the Group over the long term.

Compensation governance

The Compensation Committee of the Board is the supervisory and governing body for compensation policy, practices and plans within the Group and is responsible for determining, reviewing and proposing compensation for approval by the Board. Consistent with its mandate stipulated in the Group's OGR and its charter (available on our website at *www.credit-suisse.com/governance*), the Compensation Committee proposes the overall pools for variable compensation, based on the outcome of its annual performance review for the Group and the businesses. The Compensation Committee also assesses the individual performance of, and proposes compensation for, members of the Executive Board and the Board and certain other members of senior management.

The Compensation Committee consists of not fewer than three independent members of the Board. The members of the Compensation Committee are Aziz R.D. Syriani (chairman), Robert H. Benmosche, Walter B. Kielholz and Jean Lanier. Based on the criteria for determining independence under the Swiss Code of Best Practice for Corporate Governance and the rules of the New York Stock Exchange, the Group has deemed all four members of the Compensation Committee to be independent. The length of tenure a Board member has served is not a criterion for determining independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital.

▸ Refer to "Independence" in Corporate Governance – Board of Directors for more information on how the Group determines the independence of its Board members.

The Compensation Committee has appointed Johnson Associates, Inc., a global compensation consulting firm, to assist it in ensuring that the Group's compensation program remains competitive and is responsive to regulatory developments and in line with its compensation approach. Johnson Associates, Inc. is independent from the Group's management and does not provide any services to the Group other than supporting the Compensation Committee. The Compensation Committee has appointed Nobel & Hug as external legal counsel.

The Compensation Committee meets at least four times per year. The Compensation Committee chairman decides on the attendance of management, the independent compensation consultant and external legal counsel at the committee meetings. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams for the previous year and determining and/or recommending to the Board for approval the overall compensation pools for the divisions and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. During its performance review, the Compensation Committee considers input from the Group's internal control functions, including Risk Management, Legal and Compliance and Internal Audit, regarding control and compliance issues, including any breaches of relevant rules and regulations or the Group's Code of Conduct. In line with the process established last year and in response to specific regulatory guidelines regarding compensation for employees engaged in risk-taking activities, the Compensation Committee also reviews and approves the compensation for Group employees collectively known as covered employees, who are employees whose activities are considered to have a potentially material impact on the Group's risk profile. The Risk Committee is involved in the review process.

The following table sets forth the approval authority for determining compensation policy and setting compensation for different groups of employees.

Approval authority

Approval grid	Authority
Establishment or amendment of the Group's compensation policy	Board upon recommendation by the Compensation Committee
Establishment or amendment of compensation plans	Board upon recommendation by the Compensation Committee
Setting variable compensation pools for the Group and the divisions	Board upon recommendation by the Compensation Committee
Board compensation (including the Chairman's compensation) [1]	Board upon recommendation by the Compensation Committee
Compensation of the CEO and other Executive Board members	Compensation Committee with information to the Board
Compensation for the Head of Internal Audit	Compensation Committee upon consultation of the Audit Committee Chairman
Compensation for covered employees	Compensation Committee
Compensation for other selected members of management	Compensation Committee

[1] Board members with functional duties (including the Chairman): the Board member concerned does not participate in the decision involving his own compensation. Other Board members: Compensation comprises a base fee plus a fee for committee activity which may differ from committee to committee. These fees are subject to a decision by the full Board.

During 2011, the Board, upon recommendation of the Compensation Committee, approved modifications to our compensation policy to bring our plans more in line with peers, contribute to the Group's risk reduction and capital efficiency measures and permit compliance with evolving regulations. Some of the Compensation Committee's focus areas during 2011 were:

- the development and approval of an amended compensation design for 2011 aimed at bringing elements of our compensation plans closer to peer practice, while retaining specific performance criteria and claw-back features and introducing the PAF2 plan;
- refinement of the review process for covered employees in respect of how risk and internal control considerations are reflected in the compensation process;
- maintaining an active dialogue and consultations with our main regulators about our compensation plans, as well as monitoring global regulatory and market trends with respect to compensation at financial institutions;
- continuing to engage with shareholders and shareholder groups regarding our compensation governance and plans; and
- increasing the transparency of our compensation disclosure, including how we link compensation to performance for members of the Executive Board.

▸ Refer to "Incorporating risk within the compensation process" for further information on covered employees.

Compensation policy

The vast majority of decisions about individual compensation awards are made by line managers at all levels throughout the organization. The Group strives to ensure that all line managers apply a consistent and high set of standards when assessing the performance and behavior of employees and that managers and employees fully understand the compensation processes and instruments that apply to them. To this end, we prepared a comprehensive compensation policy, that formalizes our compensation principles and related processes, which was approved by the Board in early 2011. In early 2012, we updated the policy to reflect the changes to the compensation plan, the annual process for reviewing performance in light of risk considerations for covered employees and to comply with a recent change in the Swiss Bank Law. The Group's Compensation Policy is available on its website at *www.credit-suisse.com/compensation*. The policy provides the foundation for sound compensation practices that support the Group's long-term strategic objectives. The following table summarizes the key features of the compensation policy.

The Group's compensation policy framework

Our vision:

Maintain a responsible, performance-based compensation policy that is aligned with the long-term interests of our employees and shareholders.

Our promise:

Strike the right balance between meeting shareholders' expectations, paying our employees competitively and responding appropriately to the regulatory environment.

Our approach:

Governance

Principles:
- Clearly defined and documented governance procedures.
- Independent Compensation Committee and committee advisors.
- Control functions have strategic and tactical participation in the design of compensation plans.
- Policies, processes and plans are understandable, transparent and auditable.
- The impact and performance of employees in roles that may expose the Group to significant risk are measured by the Risk Committee and the Compensation Committee.
- Mandatory shareholding requirements for executives.
- Compensation plans and overall compensation expenses approved by the Board.

Performance alignment

Principles:
- Reward Group annual performance measured relative to its planned key performance indicators, prior year performance and the performance of competitors.
- Business performance aligned: Strong correlation with the annual performance of a business, including risk-related metrics and the amount of compensation awarded to employees.
- Recognize and reward cross-divisional collaboration.
- Award and differentiate compensation based on individual performance and contributions.

Individual compensation determination

Principles:
- Total compensation-based approach.
- Facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance.
- Promote meritocracy by recognizing individual performance, with a particular emphasis on contribution, risk management, ethics and control.
- Equal compensation opportunity.

Compensation structure and instruments

Principles:
- Provide the appropriate balance of fixed and variable compensation consistent with risk alignment, position and role in the Group.
- Significant portion of variable compensation deferred and aligned with the long-term performance of the Group and its divisions.
- Promote sound risk management practices, and in particular, do not create incentives to expose the Group to inappropriate material risk.

The compensation policy also includes implementation standards, which provide managers and employees with a detailed description of our principles, programs and the defined standards and processes relating to the development, management, implementation and governance of compensation. For line managers, we focused on their responsibilities in managing, administering and communicating compensation, with an emphasis on risk awareness and compliance. For employees, we provided more transparency on what factors influence compensation decisions and on our various practices and plans. The compensation policy adheres to the compensation principles set out by FINMA and our other main regulators and applies to all employees and compensation plans of the Group.

Determination of performance-based compensation

Consistent with our vision to provide responsible, performance-based compensation, all employees are eligible to receive variable compensation. The amount is determined by the nature of the business, breadth of role, role location and performance of the employee and includes detailed performance measurements at the Group, division and employee level as an integral part of the compensation process. Decisions about the amounts for variable compensation for individual employees are made within the constraints of the variable compensation pools at the Group and divisional levels.

Determination of divisional variable compensation pools

Determination of the performance-based variable compensation pools is an annual process. It starts with a decision in October or November about the initial size of the variable compensation pool for the Group and each division within the context of the annual business planning cycle and the setting of business performance targets for the coming year. Appropriate accruals for the divisional and Group-wide variable compensation pools are made by the Group throughout the year. The Board regularly reviews the accruals and related financial information and makes adjustments at its discretion to ensure that the overall size of the pools is consistent with the Group's compensation principles. An accrual, at the Group or any other level, however, does not create legal rights or entitlements for employees to receive variable compensation.

The divisional variable compensation pools are not formula driven, but are subject to adjustments based on performance and other discretionary factors, and the final amounts are approved by the Board. The methodology to determine the initial size of the variable compensation pools varies by division.

For Private Banking, the basis for determining the variable compensation pool is the division's income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. Capital usage is calculated as the average cost of economic capital.

For Investment Banking, the basis for determining the variable compensation pool is income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. Capital usage is calculated from a combination of risk-weighted assets, economic capital and utilization of the Group's balance sheet. For Investment Banking, in light of the weak absolute net income performance in 2011, the variable compensation pool was determined based on more discretionary factors, taking into account the difficult market and competitive environment, and was 51% below the Investment Banking pool for 2010.

For Asset Management, the basis for determining the variable compensation pool for alternative investments is income before taxes and before the variable compensation accrual. For traditional investments, the basis for determining the variable compensation pool is the short-term and long-term performance against both peer groups and benchmarks.

For Shared Services and Group Corporate Center functions, a deduction is applied to the pool of each division to fund a variable compensation pool for these employees, the total amount of which is based on the Group-wide performance and qualitative measurements rather than the performance of any particular division they support.

The initial variable compensation pool for the Group and each division is subject to adjustment based on a detailed performance evaluation at the Group and divisional levels, taking into account key performance indicators and other absolute and relative performance criteria, including performance against peers. The pools, as computed or adjusted, are subject to Compensation Committee review and Board approval. In setting the final variable compensation pools, the Compensation Committee also considers discretionary factors, including non-financial metrics related to ethics, risk, compliance and control. Other discretionary factors such as business strategy, overall Group performance and the market and regulatory environment are also taken into account.

▸ Refer to the chart "2011 Peer groups and performance criteria" in Competitive benchmarking for specific peer performance criteria.

Allocation of variable compensation to individual employees

Once the variable compensation pools have been set at the Group and divisional levels, each division allocates its pool to business areas, with the same or similar performance metrics, which is then allocated further to individual line managers. Line managers award variable compensation to individual employees based on individual and business performance, subject to the constraints of the pool available. Performance measurement of individual employees varies widely across the firm and depends on each individual's specific function and scope of responsibility. To measure the performance of employees in revenue-generating areas, key quantitative factors such as revenue production and profitability will be considered, as well as qualitative factors, such as client satisfaction, compliance and contribution to teamwork. Other quantitative factors taken into account at the individual level include market trends and competitive levels of compensation.

With this approach, variable compensation is not formula driven, but based on financial and non-financial metrics including ethics, risk, compliance and control.

Incorporating risk within the compensation process

During 2011, we continued to refine our processes and governance to ensure that our approach to compensation discourages excessive risk taking and that significant attention is given to risk throughout the performance assessment and compensation processes.

Risk-adjusted variable compensation pools

At the divisional level, risk is taken into account through the risk adjustment applied to the divisional variable compensation pools. As described above, the variable compensation pools of the divisions are calculated based on the division's income before taxes reduced by a charge for capital usage in the case of Private Banking and Investment Banking, which reflects the risk-adjusted or economic contribution of the division.

The charge for capital usage is generally calculated based on three components:

- the value of risk-weighted assets, calculated in accordance with the Bank for International Settlements capital requirements, which measure credit, market and operational risk;

- the utilization of economic capital under our economic capital framework, which we use as a consistent and comprehensive tool for risk management, including off-balance sheet risk, capital management and performance measurement; and
- the utilization of the Group's balance sheet.

Risk and capital usage are taken into account when allocating the variable compensation pool for the various businesses within the division. The divisional variable compensation pools are split between the various sub-divisions, where applicable, based on similar factors used to determine the divisional pool. The economic contribution of the sub-divisions is a key input for determining this allocation. Within Investment Banking, for example, the fixed income and equities sub-divisions use economic contribution as one of the key metrics for sub-dividing their pools at the department and then at the sub-department level. Through this process, managers with responsibility for managing the business at the sub-department level recognize that capital usage is a significant factor in the establishment of the variable compensation pools and awards.

▸ Refer to "Capital management" in III – Treasury, Risk, Balance Sheet and Off-balance sheet – Treasury management for further information on total eligible capital, risk-weighted assets and our balance sheet statistics.

Process for determining variable compensation of covered employees

At the individual level, risk is taken into account in the performance assessment and setting of variable compensation for senior management and other employees classified as material risk takers and controllers (MRTCs), whose activities are considered to have a potentially material impact on the Group's risk profile. Together, these Group employees are referred to as covered employees. Regulators, in particular, have placed increased emphasis and requirements on the identification and management of employees who have the potential to take or manage risk at firms. The criteria for classifying individuals as covered employees for the Group are approved by the Board upon recommendation by the Compensation and Risk Committees. In 2011, the Group applied similar criteria for classifying covered employees as in 2010 and enhanced the specific review procedures to determine their variable compensation. Employees meeting one or more of the following criteria are identified as covered employees:

Members of senior management:

- members of the Executive Board; and
- employees who report directly to a member of the Executive Board, typically employees who are responsible for managing significant lines of business of the Group and are members of divisional management committees.

Employees classified as MRTCs:

- senior control function personnel – senior employees in the Shared Services functions of Finance, Risk Management, Legal and Compliance and Talent, Branding and Communications who have responsibility for monitoring individuals or groups of individuals who manage material amounts of risk for the Group;
- material risk takers – employees with the ability to put material amounts of the Group's capital at risk, such as traders and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on our financial results;
- top earners – the top 150 paid employees across the Group (based on total compensation), regardless of seniority or function; and
- others – other individuals, whose role has been identified as having a potential impact on market, reputational or operational risk.

At the beginning of 2011, a total of 514 employees or about 1% of all employees were classified as covered employees (487 as of the end of 2011, due to some employees having left during 2011). Given the nature of the investment banking business, a majority of the covered employees identified for 2011 were within the Investment Banking division. All covered employees were notified of their status. All covered employees received at least 50% of their deferred variable compensation as performance share awards.

In addition to the annual performance assessment conducted by their direct line managers, the covered employees were also subject to a separate feedback process by control functions, including Legal and Compliance, Risk Management and Finance and Audit, which are independent of the businesses. Feedback is presented to disciplinary review committees set up in each region, which are chaired by the regional CEOs and meet regularly. The disciplinary review committees assess and record infractions of employees including, but not limited to, covered employees. Based on the assessment by the control functions of the covered employees using predefined criteria, individual cases are referred to the disciplinary review committees to assess potential infractions or misconduct. The results of the disciplinary review committees' assessment and any disciplinary measures are communicated to line managers as a recommendation for their final performance assessment and individual compensation decision-making processes. The proposed variable compensation amounts for covered employees are then subject to final review and approval by the Compensation Committee.

Due to different regulatory requirements, the criteria for classifying employees as covered employees varies among some jurisdictions. As a result, we may adjust the definition of covered employees to comply with the requirements of these jurisdictions.

- Refer to the table "Approval authority" for further information on the review and approval process for variable compensation.

Claw-back and risk adjustments for deferred awards

Once employees' variable compensation has been granted for a given year, the deferred portion remains subject to risk adjustments based on explicit claw-back provisions during the vesting period. A claw-back event can be triggered by negative business performance or employee misconduct. Performance-related claw-back provisions included in deferred awards allow for all or a portion of the unvested amount of the deferred award to be taken away or "clawed back" from employees in the event of future negative business performance according to specific pre-defined performance criteria and other conditions. For 2011, claw-back provisions are included in the performance share awards.

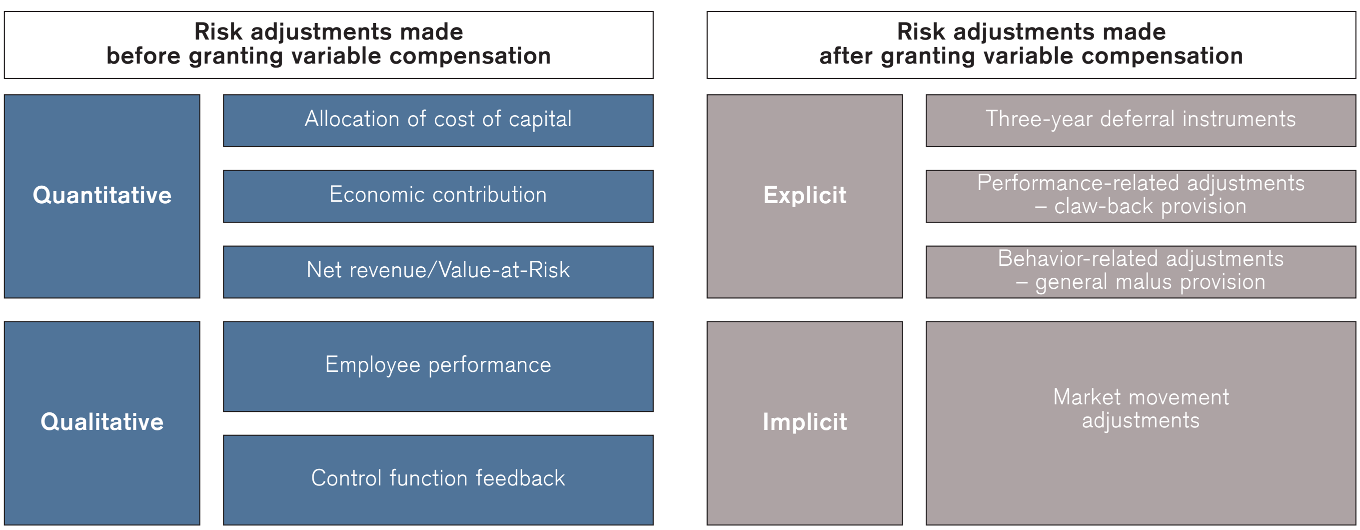
- Refer to the table "Potential downward adjustments of performance share awards" for specific downward adjustments to be applied.

All deferred awards also contain a general malus provision, which allows the Group to cancel or "claw back" unsettled awards in the event of serious employee misconduct. In addition to the explicit downward adjustments that may be made as a result of performance-related claw-back and general malus provisions, deferred awards are subject to implicit or fair value adjustments due to changing market conditions. Normal market fluctuations in the Group share price, for example, will give rise to implicit upward or downward adjustments in the value of the deferred share awards.

A summarized illustration of the forms of risk adjustments which may occur before and after the determination and granting of variable compensation levels for a given year is provided in the following chart.

- Refer to the table "Fair value of outstanding deferred compensation awards" for a quantitative disclosure of the explicit and implicit risk adjustments made in 2011 on the outstanding deferred awards.

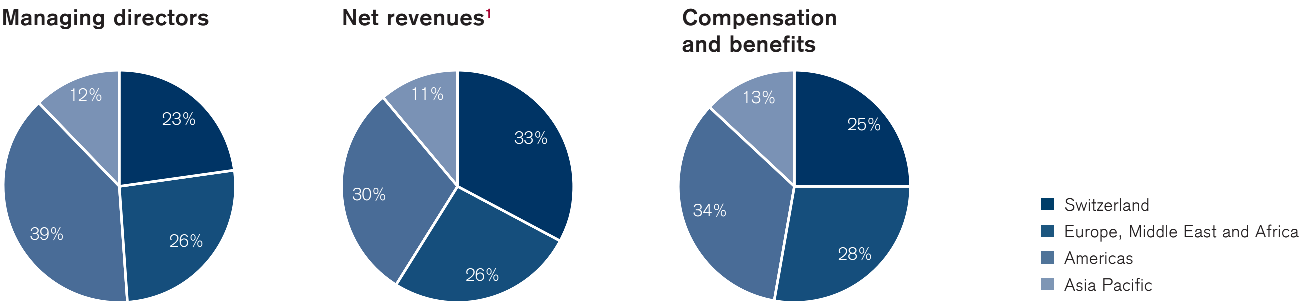
The Group's risk-based compensation framework



Competitive benchmarking

The assessment of the economic and competitive environment is another important element of our compensation process as we strive for market-informed, competitive compensation levels for comparable roles, experience and geographical location of employees. We use internal expertise and the services provided by compensation consulting firms to benchmark our compensation levels against relevant competitors. Given our global presence and the wide range of what is considered competitive pay in different regions, there is no single region or market against which we benchmark compensation levels. We adopt a differentiated approach, looking at pay levels and competitive market players in the various geographical regions where we do business.

Relative distribution by region



[1] Based on Core Results net revenues, excluding Corporate Center.

For key personnel of the Group and the divisions, we compete for talent primarily with major banks globally. To benchmark our compensation levels and as a key input for setting the variable compensation pools at the Group and divisional levels, we measure ourselves against a set of peer groups, including European and US banks. These peer groups and relevant metrics are reviewed annually in April by the Compensation Committee and tracked throughout the year. For the Group, the peer group for 2011 consisted of UBS, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura and Société Générale. Most of these peer companies explicitly mention Credit Suisse as one of their peers. The criteria used to define these peer companies include:

- comparable scope and complexity of the business platform;
- comparable business focus and mix;
- common geographical footprint; and
- companies with which we compete daily for business and talent.

The peer groups for the Group and the divisions are shown in the following table, followed by specific performance criteria that we review for assessing the relative performance against peers as part of the process to determine the divisional variable compensation pools.

2011 peer groups and performance criteria

Credit Suisse Group	
Peer group	Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura, Société Générale and UBS
Performance criteria	
Profitability and efficiency	Return on equity, pre-tax income margin and compensation/revenue ratio
Growth	Earnings per share growth, net revenue growth, net new assets growth and total assets under management growth
Capital and risk	Tier 1 ratio, core tier 1 ratio, leverage ratio, Value-at-Risk and risk-weighted assets development
Shareholder satisfaction	Total shareholder return over one year, total shareholder return over two years and book value per share growth
Private Banking	
Peer group	Barclays, Deutsche Bank, HSBC, Julius Bär Group, JPMorgan Chase and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin, pre-tax income on assets under management and gross margin
Growth	Net revenue growth, pre-tax income growth and net new assets growth
Investment Banking	
Peer group	Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax return on economic risk capital, pre-tax income margin and compensation/revenue ratio
Growth	Net revenue growth and pre-tax income growth
Capital and risk	Net revenue/Value-at-Risk
Asset Management	
Peer group	Allianz, Black Rock, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin and gross margin on assets under management
Growth	Pre-tax income growth, net revenue growth and net new assets growth

Market and regulatory trends

Market trends observed during 2011 included a decrease in levels of total compensation in most business areas, reflecting the general decrease in profitability and focus on cost reductions across the financial services industry. The total compensation awarded by the Group for 2011 has been reduced to take into account the reduced profitability, while continuing to observe the industry trends in compensation. The Group remains compelled to pay competitive levels of compensation in order to continue to attract, motivate and retain employees, particularly in growth businesses and regions where there has been continuous competition for talent despite the global economic slowdown.

Many regulators across the world, including FINMA, our regulator in Switzerland, and regulators in other jurisdictions relevant to the Group continue to focus on compensation. The requirements of FINMA apply to the Group on a global basis, while the requirements of other regulators generally only apply in respect of operations of the Group in a specific location. Several regulators, such as regulators in the US, the EU and the UK, impose provisions that diverge from the principles set forth in the Circular on Remuneration Schemes, which was issued by FINMA and which our plans comply with on a global basis. To the extent jurisdictional requirements diverge, we adapt our local plans in order to comply with local requirements, which generally results in additional terms, conditions and processes being implemented in the relevant locations.

The Group continuously monitors developments in industry compensation best practices and guidance issued by various bodies including the Financial Stability Board, the Committee of European Banking Supervisors, the Group of Twenty Financial Ministers and Central Bank Governors and the BCBS. We maintain a regular dialogue with FINMA and other regulators, particularly in the US and the UK regarding ongoing changes and developments in respect of compensation. In response to these regulatory developments, we continue to modify our compensation design and processes accordingly. Many of the modifications, such as the continuous effort to increase accountability for risk, greater scrutiny of the compensation for covered employees and introduction of additional terms and conditions to deferred awards were made specifically to address these requirements. During 2011, the BCBS also issued the new "Pillar 3 disclosure requirements for remuneration", which calls for enhanced qualitative and more granular quantitative disclosure in order for market participants to better assess banks' compensation practices and enhance the comparability of their remuneration disclosure. To reflect the new Pillar 3 requirements within their own jurisdictions, FINMA and other regulators have issued additional guidance to existing regulations or new regulations during 2011. In preparing this Compensation report for 2011, the Group has taken into account these new requirements.

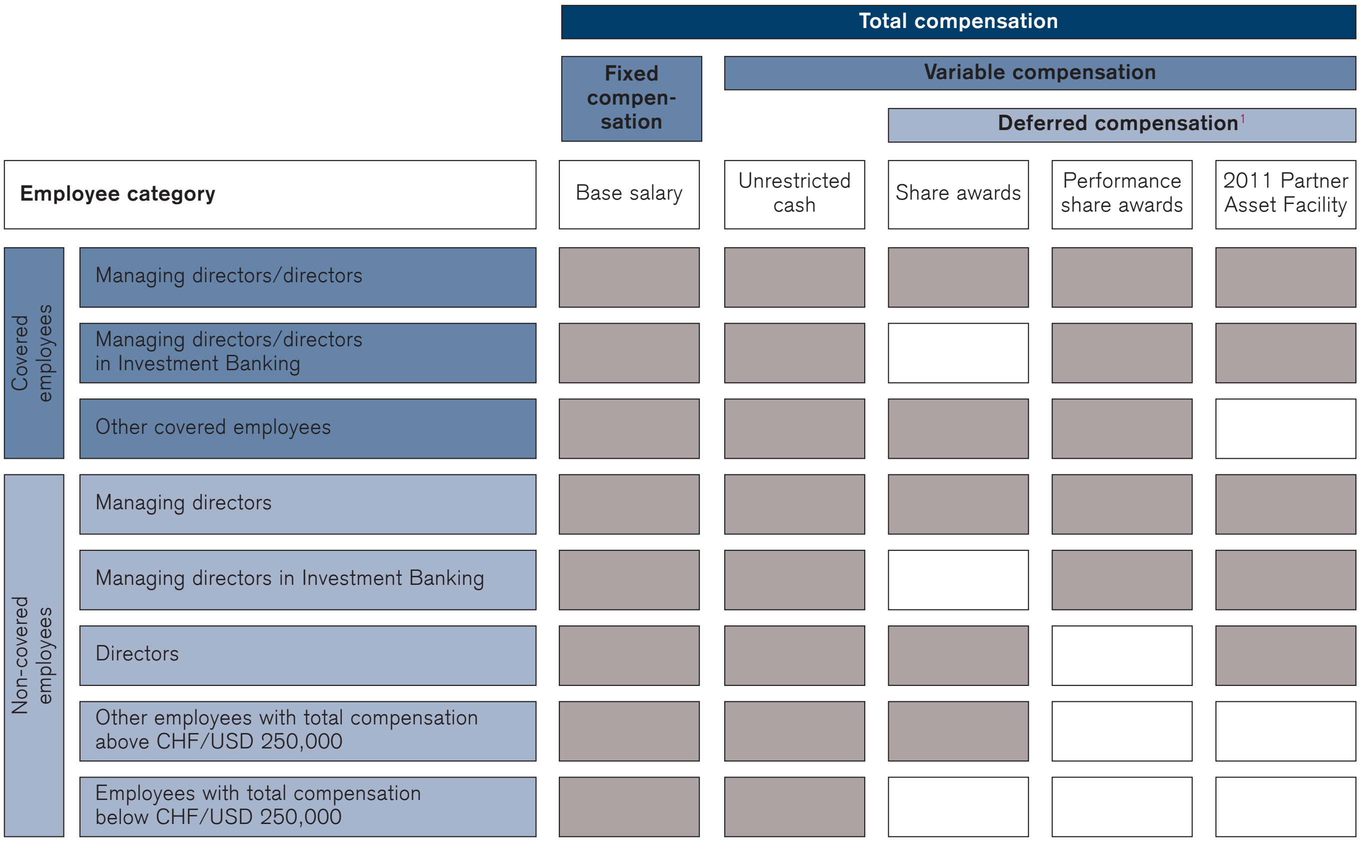
Compensation design

Compensation structure

The key features and modifications of the 2011 compensation design were:

- The threshold for participation in deferred variable compensation programs was changed from a CHF/USD 50,000 variable award to CHF/USD 250,000 (or local currency equivalent) total compensation. Moving to the total compensation threshold placed us more in line with our peers, and improved the competitiveness of our structure, in particular for more junior or lower compensated employees.
- Deferral rates were modified and the entry level deferral rate is now 15% for 2011 versus 35% for 2010. A number of highly compensated employees were subject to a higher deferral rate. Overall, the portion of variable compensation that was deferred for 2011 (49%) is in line with regulators' demands that a substantial portion of variable awards be subject to future performance and claw-back provisions.
- For all Group employees except for members of the Executive Board, managing directors and all other covered employees, all deferred variable compensation for 2011 was awarded in the form of share awards, with vesting over three years compared to four years in 2010. There was no leverage component to the share awards.
- For members of the Executive Board, managing directors and all other covered employees, at least 50% of their deferred variable compensation for 2011 was awarded in the form of performance share awards that are subject to a claw-back provision, which provides that the number of unvested shares will be adjusted downward in the event of a division loss or a negative Group return on equity (ROE). There will be no upward adjustment on unvested award balances. Non-managing director employees not classified as covered employees were excluded from this plan.
- For certain members of the Executive Board and all managing directors and directors, a portion of their deferred variable compensation for 2011 was awarded in the form of PAF2 awards, which are awards linked to a pool of assets representing a portfolio of positions where the Group has credit exposure to counterparties on swaps and other derivatives. The PAF2 plan is a transfer of risk from the Group to employees, thereby contributing to risk reduction and capital efficiency.
- All deferred awards contained a general malus provision, which enables the Group to cancel any unvested awards granted to any individual or individuals in the event that they engage in any activity that results in, or has the potential to result in, financial, reputational or other harm to the Group.
- We made no further grants of the Adjustable Performance Plan awards.

Employee categories and components of total compensation for 2011



[1] Deferred compensation is applicable to employees with total compensation of CHF/USD 250,000 or higher.

Unrestricted cash and deferred variable compensation

For 2011, 43,892 employees received some amount of variable compensation, of which 7,719, or 18%, received some portion of deferred variable compensation. Due to the changes implemented for deferral eligibility, approximately 4,000 fewer employees received a deferred award for 2011 compared to 2010. The number of employees, including members of the Executive Board, managing directors and other covered employees who received performance share awards subject to claw-back provisions was 1,732. Variable compensation was paid in cash unless total compensation granted for 2011 was CHF/USD 250,000 (or local currency equivalent) or more, in which case a portion was paid in cash and the balance was deferred. The portion that was deferred was determined by reference to a pre-established deferral table, which increases the deferred portion for higher levels of variable compensation awards. The amount of variable compensation paid as unrestricted cash was subject to a cap of CHF/USD 2 million (or local currency equivalent).

The following table shows the deferral rates of variable compensation awards for 2011.

2011 deferral rates for variable compensation[1]

Total compensation range (CHF/USD)	Deferral rate [2]
0 to 249,999	0%
250,000 to 300,000	15%
300,001 to 400,000	25%
400,001 to 500,000	30%
500,001 to 600,000	40%
600,001 to 750,000	45%
750,001 to 1,000,000	50%
1,000,001 to 1,500,000	60%
1,500,001 to 2,500,000	70%
2,500,001 or greater	80%

[1] Deferral rates apply to the amount of variable compensation awarded to determine the amount to be deferred. [2] Different deferral rates may apply depending on the division and subject to the approval of the Compensation Committee.

Deferred variable compensation instruments

Share awards

Our share awards align the interests of our employees with those of our shareholders and the performance of the Group and comply with the expectations of regulators to grant a substantial portion of variable compensation in the form of share awards. Over 6,300 employees received share awards for 2011. Each share award granted entitles the holder of the award to receive one Group share and does not contain a leverage component or multiplier effect. The number of share awards was determined by dividing the deferred component of variable compensation being granted as shares by the average price of a Group share over the twelve business days ended January 18, 2012. One third of the share awards vests on each of the three anniversaries of the grant date. The value of these share awards is solely dependent on the Group share price at the time of delivery.

In order to comply with regulatory requirements, the Group awarded an alternative form of share awards as a component of unrestricted cash to senior employees in a number of EU countries. For 2011, these employees received 50% of the amount they otherwise would have received in cash in the form of blocked shares. The shares remain blocked for a period of time, which ranges from six months to three years depending on location.

The Group prohibits employees from entering into transactions to hedge the value of unvested share awards. We also have continued to apply minimum share ownership requirements for members of the divisional and regional management committees and for the Executive Board.

▸ Refer to "Minimum share ownership requirements" in Executive Board compensation for further information.

Performance share awards

Members of the Executive Board, managing directors and all other covered employees (over 1,700 employees) received at least 50% of their deferred variable compensation in the form of performance share awards, which are subject to claw-back provisions. Performance 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. Unlike the share awards described above, however, the unvested performance share awards are subject to a downward adjustment in the event of a divisional loss or a negative Group ROE. For employees in Investment Banking, Private Banking and Asset Management, the unvested performance shares are subject to a downward adjustment in the event of a loss in that division, unless there is a negative Group ROE that would call for a downward adjustment greater than the divisional adjustment for the year, in which case the downward adjustment is based on the Group's negative ROE. For employees in Shared Services and other support functions, the downward adjustment only applies in the event of a negative Group ROE and is not linked to the performance of the divisions. The amount of potential downward adjustment for loss at the divisional level is shown in the following chart.

Potential downward adjustments of performance share awards

Negative adjustment if division incurs a loss

Division pre-tax income (in CHF billion)	Percentage performance adjustment on award balance
(1.00)	(15%)
(2.00)	(30%)
(3.00)	(45%)
(4.00)	(60%)
(5.00)	(75%)
(6.00)	(90%)
(6.67)	(100%)

2011 Partner Asset Facility (PAF2)

As part of the 2011 annual compensation process, we awarded a portion of deferred variable compensation to senior employees in the form of PAF2 units. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's derivative activities, including both current and possible future swaps and other derivative transactions. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. The Group will bear the first USD 500 million of such losses and the PAF2 holders will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded. As a result, the PAF2 plan is a transfer of risk from the Group to employees.

Over 5,500 employees at the managing director and director levels, including certain members of the Executive Board, received PAF2 awards. In order to fully effect risk transfer to employees, the PAF2 awards will vest in the first quarter of 2012. The award holders are subject to non-compete and non-solicit provisions that result in the cancellation of the award upon voluntary termination of employment for three years from 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 the Group or the holders acting collectively. This election will not be made later than the end of the third year following the grant date. PAF2 units are denominated in Swiss francs and US dollars. Holders will receive a semi-annual cash interest payment equivalent to an annual return of 5% (CHF-denominated awards) or 6.5% (USD-denominated awards) 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 Group can settle the PAF2 units in cash or an equivalent value in shares at its discretion.

The introduction of the PAF2 plan should be viewed within the overall context of the Group's risk profile, capital strategy and applicable regulatory capital requirements. As the Basel III framework will require higher minimum capital standards, to provide for additional flexibility in our capital management, we included the share settlement feature in the PAF2 plan when we developed it towards the end of 2011. We discussed this new compensation plan with FINMA in the course of its development and, as a result of those discussions, certain amendments were made prior to the approval of the PAF2 plan by the Compensation Committee in January 2012. The Group reserves the right to amend the terms of the PAF2 units or repurchase the units in response to regulatory or portfolio developments, subject to oversight procedures.

Other awards

In addition, we may, from time to time, employ other long-term incentive compensation plans or programs to assist in hiring at competitive levels and to support the retention of talent. These forms of variation from our standard approach to compensation are generally applied to small populations of employees within the Group where the specific circumstances warrant such compensation arrangements. For 2011, such compensation arrangements were applied to approximately 140 employees, including employees engaged in arbitrage trading in Investment Banking and alternative investments in Asset Management. Any and all variations from our standard approach must be approved by the Compensation Committee.

We may pay commissions to employees operating in specific areas of the business where such compensation practices are warranted and in line with market practice. The value of commissions paid is determined by formulas, which are reviewed regularly to ensure that they remain competitive.

Compensation at regulated Group subsidiaries

Compensation awarded to all employees at Group-regulated subsidiaries is subject to the Group's compensation policy and all related guidelines and generally follows the same compensation structure and design, with very few exceptions. Group subsidiaries that apply compensation plans that differ in some material aspects from the Group's overall compensation design for 2011 include Hedging-Griffo and Clariden Leu. For Hedging-Griffo, variable compensation is determined through an arrangement more focused on Hedging-Griffo's results. For Clariden Leu employees, the variable compensation award split between unrestricted cash and deferred variable compensation was based on the 2011 Group deferral table, however, all of the deferred compensation was granted in the form of deferred cash awards, which vest ratably over three years. The Clariden Leu compensation plan has been reviewed annually and approved by the Clariden Leu compensation committee and board of directors. In 2012, Clariden Leu will be fully integrated into the Group and the employees will be compensated in the same manner as other Group employees. Any and all variations from the Group's standard approach must be approved by the Compensation Committee.

Executive Board compensation

Objectives

In line with our overall approach to compensation, our executive compensation policies are designed to promote a long-term focus of all the actions of our executives, attract executives of the highest quality and foster retention by rewarding superior past performance and motivating outstanding future performance. We believe our executive compensation practices provide a meaningful alignment with the Group's performance, strategic goals and the interests of its shareholders and encourage strong teamwork.

Executive Board variable compensation pool framework

Since 2006, the Compensation Committee has applied a variable compensation pool framework to the Executive Board, including the CEO, which is linked directly to the Group's performance. The framework was designed and implemented in the context of our integrated bank strategy to support collaboration and encourage alignment across divisions. At the start of each year, a baseline variable compensation pool is set assuming specific goals relating to financial, non-financial and relative performance against peers criteria to be achieved by the end of the year. At the beginning of the following year, the Compensation Committee evaluates how well the performance goals were achieved and makes adjustments to the baseline pool. The Compensation Committee reviews the proposed final amount in relation to the Group's net income, with the objective that the final pool should generally not exceed 2.5% of the Group's net income, and approves a final amount for the variable compensation pool of the Executive Board.

Executive Board variable compensation pool 2011

At the beginning of 2011, the baseline variable compensation pool for 2011 was set assuming the achievement of 2011 performance targets. The 2011 baseline pool was lower than the 2010 baseline pool, reflecting the Group's expectation of a more difficult operating environment in 2011. The performance goals for 2011 in the three performance categories were defined according to the criteria set out below.

Financial performance

The financial performance objective reflects the extent to which we achieved the 2011 net income plan.

Non-financial performance

The non-financial objectives consist of the following sub-categories that are reviewed on a qualitative basis, taking into account a variety of factors in each category, including:

- client: net new asset increases in Private Banking and Asset Management and market share improvements in Investment Banking;
- quality of earnings and financial strengths: ROE, capital and liquidity position, development of risk-weighted assets and underlying profitability of business divisions;
- control environment: regulatory environment and compliance, operational losses from incidents and internal audit reports;
- people: employee retention, development and recognition, performance management and overall employee satisfaction; and
- corporate responsibility: contributions to the banking industry, society (focus themes, such as employee engagement, education and microfinance) and the environment.

Relative performance against peers

The relative performance against peers objectives were established based on an approved set of peer companies and performance criteria, which are determined for the Group by the Compensation Committee upon the recommendation of management and are reviewed and adjusted annually. The Group's relative performance in the following sub-categories was assessed in terms of the specific performance criteria included in each category:

- profitability and efficiency: ROE, pre-tax income margin and compensation/revenue ratio;
- growth: earnings per share growth, net revenue growth, net new assets growth and total assets under management growth;
- capital and risk: tier 1 ratio, core tier 1 ratio, leverage ratio, Value-at-Risk and risk-weighted assets development; and
- shareholder satisfaction: total shareholder return over one year, total shareholder return over two years and book value per share growth.

Executive Board performance evaluation

In January, the Compensation Committee performs a formal evaluation of the Group's performance versus the goals established for the previous year in each of the three performance categories and considers adjustments to the baseline pool in order to determine the final variable compensation pool for the Executive Board. Adjustments are made to the baseline pool based on the three performance categories described above: financial performance, non-financial performance and relative performance against peers. The impact on the baseline pool varies by performance in each category, as financial performance can increase or reduce the baseline pool up to 75%, and the non-financial and relative performance against peer performance categories can each increase or reduce the baseline pool up to 25%. After considering all adjustments to the baseline pool, the Compensation Committee approves the final variable compensation pool for the Executive Board. In the event that the maximum upward or downward financial performance adjustment of 75% is applied, the combined adjustment from the non-financial and relative performance against peers categories can only count for an additional 25%. Therefore, the final pool can range from zero to a maximum of 200% of the baseline pool. For 2011, the Compensation Committee also agreed that the total amount of variable compensation awarded to the Executive Board would be capped at a maximum of 2.5% of the 2011 net income achieved.

In the evaluation of the 2011 financial performance, the Compensation Committee acknowledged that the 2011 net income plan was not achieved.

In evaluating the performance of non-financial objectives, the Compensation Committee considered input from the Chairman, the CEO and senior managers from the internal control functions, which included risk management's assessment of Executive Board performance on risk mitigation and overall risk management. Comprehensive information on performance against control metrics, the quality of earnings and client feedback factored into the overall results.

The evaluation of the non-financial performance was that it was in line with expectations, reflecting achievements such as progress made in transitioning the business to the new environment, including accelerated Basel III risk-weighted asset reduction, the implementation of expense reduction measures with expected savings impact beginning in 2012, net new assets in Private Banking and market share gains in Investment Banking.

The evaluation of relative performance against peers was based on peer company data available at the time of assessment. The Compensation Committee concluded that, overall, this was in line with expectations, taking into account the Group's relative good performance on such criteria as tier 1 ratio and net new assets growth, but weaker performance in terms of pre-tax income margin and net revenue growth.

Based on the performance evaluation across the three performance categories and taking into account the ratio between net income and the value of the pool for the Executive Board, the Compensation Committee felt that a significant reduction in the variable compensation pool was warranted for 2011 versus 2010. Therefore, the final variable compensation pool approved for members of the Executive Board for 2011 was 51% lower than the baseline pool for 2011 and 57% lower than the approved pool for the Executive Board for 2010.

CEO performance evaluation

Based on the overall performance evaluation of the Group and the Executive Board as a whole, the Compensation Committee evaluated the performance of the CEO, Brady W. Dougan, for 2011. In what was a difficult year in terms of financial performance, the Compensation Committee decided to award the CEO variable compensation of CHF 3 million for 2011, which was 69% lower than the amount for 2010 and included no unrestricted cash (100% deferred). This level of compensation reflects the lower financial performance compared to the prior year and the lower share price and also recognizes Mr. Dougan's contribution to the long-term execution of the strategy and positioning of the firm in a changing regulatory and industry environment. The Compensation Committee therefore determined that the amount and form of variable compensation awarded to Mr. Dougan represents the CEO taking real and direct accountability for the earnings level and share price performance of the Group, in alignment with the interests of shareholders.

Individual Executive Board members performance evaluations

Variable compensation for 2011 awarded to members of the Executive Board by the Compensation Committee was based on individual performance evaluations of each Executive Board member. The committee reviewed the results of a balanced scorecard evaluation performed by the CEO in determining compensation for each member. The scorecard provided information on the 2011 results for the businesses led by the executive using objective metrics, including any percentage increases or decreases in the metric from the prior year, and reflected performance ratings across seven performance categories, as well as an overall performance rating, determined by the individual ratings in each category. These categories were:

- business: objectives defined in the operational business plans of the divisions and shared services departments, including financial and risk-related performance objectives

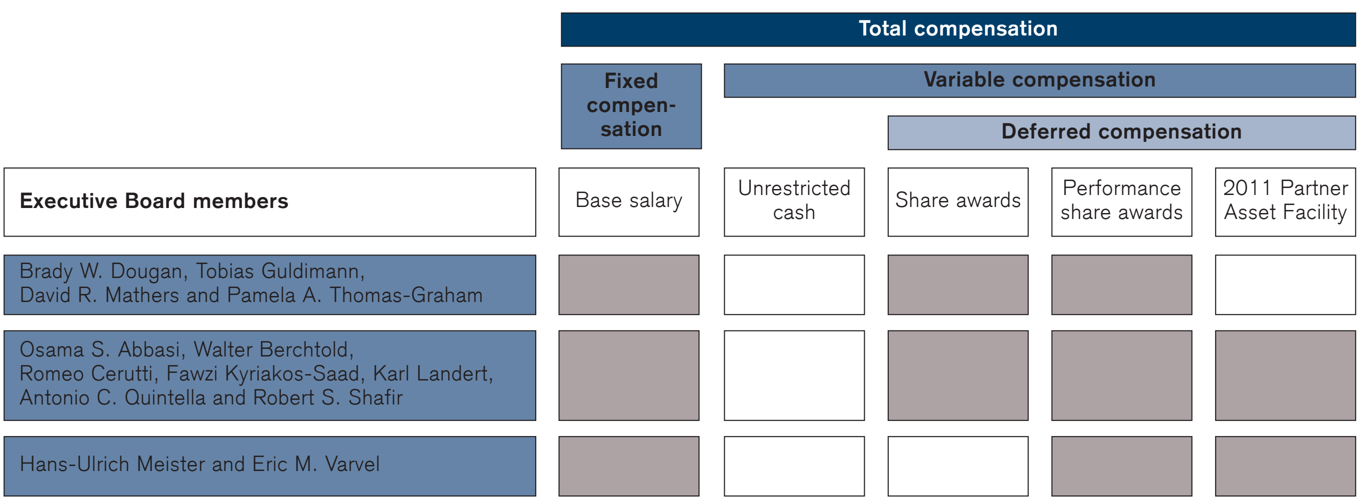
relating to the divisions, such as pre-tax income margin, net new assets and risk-weighted assets;
- strategic: strategic objectives as defined in the divisional strategic business plans;
- people: staffing of key positions, talent development, diversity and management of staffing levels;
- client: development and implementation of client coverage strategies and interaction with key clients;
- collaboration: achievement of revenue targets for collaboration across divisions and stewardship of integrated bank initiatives, in particular for regional CEOs;
- control and risk environment: management of regulatory issues and relationships, internal audit findings, operational incidents, and reputational issues; and
- personal development: achievement of personal goals relating to leadership effectiveness.

In addition to the individual performance assessment, the Compensation Committee also considered input from the independent compensation consultant with regard to competitive compensation levels for comparable roles in the market.

Executive Board compensation for 2011

In line with our total compensation approach, executive compensation consists of a fixed compensation (base salary) and a variable compensation component. Salaries for members of the Executive Board are reviewed annually. The variable compensation component can represent the most significant part of an executive's total compensation package and varies from year to year, depending on the Group's performance, the corresponding size of the variable compensation pool and the executive's performance. The percentage mix of compensation between fixed and variable compensation is also considered in determining the executive's total compensation.

2011 compensation structure for the Executive Board



Consistent with the lower performance of the Group in 2011 compared to 2010, the average total compensation for Executive Board members was CHF 5.4 million, or 46%, lower compared to 2010. Average variable compensation was CHF 3.5 million, 57% lower compared to the 2010 average variable compensation for the current Executive Board members. The base salary for all Executive Board members in 2011 remained unchanged versus 2010: CHF 2.5 million for the CEO and CHF 1.5 million (USD 1.5 million for those Executive Board members who are paid in US dollars) for all other Executive Board members. Executive Board members received no unrestricted cash awards; 100% of their variable compensation was deferred. Across the Executive Board, which consists of 13 individuals, all of whom were Executive Board members for the full year 2011, 28% of the total compensation was paid as base salaries, 47% as share awards (of which 70% was paid as performance share awards), 18% as PAF2 awards and 7% as other compensation, including pension and other benefits and dividend equivalents. All Executive Board members were awarded at least 50% of their share awards as performance share awards, which are subject to claw-back provisions in the event of future negative performance of the Group or one of the divisions. For the CEO, the shared services heads and the regional CEOs, any future adjustments to the amount of performance share awards will be based on the Group's performance. For the CEOs of Private Banking, Investment Banking and Asset Management, future adjustments to the performance share awards will be done in the same manner for employees in their divisions. The percentage adjustments that would apply in the event of negative Group or divisional performance are shown in the table "Potential downward adjustments of performance share awards". Of the thirteen Executive Board members, nine received PAF2 awards. CEO Brady W. Dougan and Executive Board members Tobias Guldimann, David R. Mathers and Pamela Thomas-Graham did not receive PAF2 awards due to their close involvement in determining the final structure and conditions of the PAF2 program.

Change in Executive Board compensation

	2011	2010	% change
CHF million			
Average total compensation	5.4	10.0	(46)
Average variable compensation for current Executive Board members	3.5	8.2 [1]	(57)

[1] Based on the 13 2011 Executive Board members.

Executive Board compensation for 2011

	Base salary	Unrestricted cash	**Total cash**	Value of share awards	Value of PAF2 awards	Pension and similar benefits and other benefits [1]	Dividend equiv- alents [2]	Payments and awards due to contractual agree- ments [3]	**Total compen- sation** [4]
2011 (CHF million, except where indicated)									
13 individuals	19.38	– [5]	**19.38**	32.83 [6]	12.48 [7]	2.66	2.85	–	**70.20**
% of total compensation	28%		28%	47%	18%				
of which highest paid: Robert S. Shafir	1.32	–	**1.32**	4.39	2.37	0.02	0.40	–	**8.50**
% of total compensation	16%		16%	52%	28%				
of which CEO: Brady W. Dougan	2.50	–	**2.50**	3.00	–	0.02	0.30	–	**5.82**
% of total compensation	43%		43%	52%					

[1] Other benefits consist of housing allowances, lump sum expenses and child allowances. [2] Share awards carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents were paid in respect of awards granted in prior years. [3] During 2011, there were no payments made to Executive Board members for contractual agreements. [4] Does not include CHF 13 million of charitable contributions made on behalf of Executive Board members. [5] As of December 31, 2011, no members of the Executive Board received unrestricted cash. [6] Includes CHF 22.8 million of performance share awards; the applicable Group share price was CHF 21.90. [7] The value of the 2011 Partner Asset Facility was the fair value as of the grant date of March 1, 2012.

2011 total compensation of the highest paid Executive Board member

The highest paid member of the Executive Board in 2011 was Robert S. Shafir, CEO Asset Management. Mr. Shafir's compensation amounted to CHF 8.5 million and was comprised of his base salary of CHF 1.3 million, variable compensation (share awards, performance share awards and PAF2 awards) of CHF 6.8 million and other compensation (pension and similar benefits, dividend equivalents and other benefits) of CHF 0.4 million.

Mr. Shafir's variable compensation in 2011 was awarded in consideration of his successful performance as CEO Asset Management. Under Mr. Shafir's leadership, Asset Management was successfully repositioned with a focus on growing stable fee-based revenue streams and achieving operating efficiencies. Asset Management posted improved performance in 2011, reporting an increase in pre-tax income of 10% compared to 2010. Mr. Shafir has demonstrated a disciplined and proactive management of risk.

Other aspects of Executive Board compensation

Charitable contributions

As in 2010 and 2009, a portion of the Executive Board variable compensation pool for 2011 was approved by the Compensation Committee to fund charitable contributions on behalf of Executive Board members. The total amount approved for charitable contributions was CHF 13 million for 2011. The contributions will benefit eligible registered charities. Some Executive Board members, including the CEO, will be able to make recommendations in respect of allocation of the contributions to various charities.

Minimum share ownership requirements

In 2009, the Board approved minimum share ownership requirements for members of the Executive Board and members of the divisional and regional management committees. The minimum share ownership threshold is 350,000 shares for the CEO and 150,000 shares for other Executive Board members. For members of the divisional and regional management committees, the thresholds are 50,000 shares for executives responsible for Investment Banking, Private Banking and Asset Management and 20,000 shares for the executives responsible for Shared Services and regional management functions. The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share awards. All affected executive employees are restricted from selling shares (including vested share awards) until they meet the minimum share ownership requirements.

Executive Board compensation for 2010

	Base salary	Unrestricted cash	**Total cash**	Value of share awards	Value of APP awards	Pension and similar benefits and other benefits [1]	Dividend equivalents [2]	Payments and awards due to contractual agreements [3]	**Total compensation**
2010 (CHF million, except where indicated)									
16 individuals [4]	20.50	4.21 [5]	**24.71**	64.65 [6]	58.65 [7]	3.90	5.70	2.73	**160.34**
% of total compensation	13%	3%	16%	40%	37%				
of which highest paid:									
Antonio C. Quintella	0.79	–	**0.79**	6.97	6.97	0.08	0.82	–	**15.63**
% of total compensation	5%		5%	45%	45%				
of which CEO:									
Brady W. Dougan	2.50	–	**2.50**	4.87	4.87	0.03	0.49	–	**12.76**
% of total compensation	20%		20%	38%	38%				

[1] Other benefits consist of housing allowances, lump sum expenses and child allowances. [2] SISUs and ISUs carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents disclosed were paid in respect of SISUs and ISUs granted in prior years. [3] Payments and awards under contractual commitments of CHF 2.73 million are comprised of cash of CHF 1.16 million and share-based awards of CHF 1.57 million. [4] Includes pro rata fixed compensation paid to Renato Fassbind and Kai S. Nargolwala, who left the Executive Board in 2010, but excludes advisory fees paid to them for their roles after leaving the Executive Board. Includes pro rata fixed compensation paid to Osama S. Abbasi, Fawzi Kyriakos-Saad, David R. Mathers and Antonio C. Quintella, who joined the Executive Board in 2010. Includes pro rata fixed compensation for Paul Calello, who passed away in November 2010. [5] Consists of unrestricted cash paid to former Executive Board member Paul Calello. No other members of the Executive Board as of December 31, 2010 received unrestricted cash. [6] The applicable Group share price as was CHF 41.40. [7] The value of the Adjustable Performance Plan awards was the value as of the grant date of January 20, 2011.

Contract lengths and termination provisions

All members of the Executive Board have employment contracts with the Group. The contracts do not specify a contract length and are valid until terminated. Members of the Executive Board are required by contract to give six months' notice of termination of employment. The Group must also give members of the Executive Board six months' notice of termination of employment. There are no other contracts, agreements or arrangements with the members of the Executive Board that provide for payments or benefits in connection with termination of employment that are not generally available to other employees of the Group. In the event of a termination, however, different conditions apply to the balances of outstanding compensation awards, depending on whether the termination was voluntary, involuntary or the result of a change of control. The different conditions are summarized in the following table "Executive Board termination of employment provisions".

In the event of the termination of an Executive Board member without cause, the amount and terms of a severance payment may be agreed between the Group and the respective Executive Board member. The Executive Board member, however, does not have a contractual right to a severance payment arising from forfeited awards.

Former Executive Board members

Generally, former members of our most senior executive body who no longer provide services to the Group are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group or related parties during 2011.

Executive Board termination of employment provisions

	Voluntary resignation	Retirement	Termination without cause	Termination with cause	Change in control
Compensation component					
Base salary	Ceases upon expiration of notice period	Ceases upon expiration of notice period	Statutory severance based on jurisdiction of employment	Ceases immediately	No incremental payment
Share award	Awards not vested at date of termination are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	Accelerated vesting, normal payout dates apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Performance share award	Awards not vested at date of termination are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates and metrics apply	Accelerated vesting, normal payout dates apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
2011 Partner Asset Facility award	Non-compete, non-solicit provisions apply until March 31, 2015	Non-compete, non-solicit provisions apply until March 31, 2015	Rights retained, normal payout dates apply	A portion is forfeited if termination occurs prior to March 31, 2015, normal payout dates apply	Treatment at discretion of Compensation Committee
Adjustable Performance Plan award	Awards not vested at date of termination are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates and metrics apply	Accelerated vesting, normal payout dates and metrics apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Scaled Incentive Share Unit	Awards not vested at date of termination are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	Accelerated vesting, normal payout dates apply, rights to additional shares are forfeited	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Incentive Share Unit	Awards not vested at date of termination are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	Accelerated vesting, normal payout dates apply, rights to additional shares are forfeited	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
2008 Partner Asset Facility award	Non-compete, non-solicit provisions apply until January 21, 2012, normal payout dates apply	Non-compete, non-solicit provisions apply until January 21, 2012, normal payout dates apply	Rights retained, normal payout dates apply	A portion is forfeited if termination occurs prior to January 21, 2012, normal payout dates apply	Treatment at discretion of Compensation Committee
Option	Expiration date accelerated to 30 days from issuance of notification from the Group if non-compete or non-solicit provisions are breached	Remains exercisable up to its original expiration date	Remains exercisable up to its original expiration date	Expires 30 days from date of termination	Treatment at discretion of Compensation Committee
Other cash award	Forfeited	Eligible to be considered for discretionary award	No contractual right to award	Forfeited	No contractual right to award

Executive Board holdings and values of deferred share-based awards by individual

	Number of vested shares	Number of unvested share awards	Number of unvested ISUs	Number of unvested SISUs	Number of options	Number of PIP II units [1]	Value of unvested awards at grant (CHF)	Current value of unvested awards (CHF)
December 31, 2011								
Brady W. Dougan	870,586	117,754	–	114,153	–	–	12,538,963	5,118,187
Osama S. Abbasi	233,801	75,354	3,771	44,232	–	–	6,218,957	2,804,282
Walter Berchtold	700,040	157,005	42,023	106,473	–	–	15,093,404	7,653,886
Romeo Cerutti	37,543	66,426	7,260	34,908	–	–	5,343,325	2,554,139
Tobias Guldimann	20,124	66,426	8,399	43,635	–	–	5,968,402	2,796,587
Fawzi Kyriakos-Saad	199,942	75,354	35,973	34,425	–	–	6,667,886	3,997,001
Karl Landert	96,248	66,426	34,039	45,381	–	–	6,967,319	3,957,127
David R. Mathers	16,420	78,503	17,588	22,695	14,960	–	5,547,285	3,003,091
Hans-Ulrich Meister	46,676	108,696	39,751	69,819	–	–	10,554,425	5,679,330
Antonio C. Quintella	112,323	37,677	–	–	–	–	1,559,828	831,531
Robert S. Shafir	190,489	127,522	84,480	93,480	–	–	14,460,480	8,574,359
Pamela A. Thomas-Graham	4,583	46,372	–	21,573	–	–	3,368,158	1,499,546
Eric M. Varvel	–	139,810	39,183	83,205	–	–	12,721,715	6,636,589
Total	**2,528,775**	**1,163,325**	**312,467**	**713,979**	**14,960**	**–**	**107,010,147**	**55,105,655**
December 31, 2010								
Brady W. Dougan	951,114	–	90,956	152,207	368,400	78,102	31,145,014	9,261,929
Osama S. Abbasi	233,801	–	50,193	58,977	–	26,110	9,215,028	4,429,732
Walter Berchtold	688,210	–	163,197	141,967	–	104,167	25,704,435	14,685,664
Romeo Cerutti	19,456	–	19,420	46,547	–	–	3,982,362	3,050,911
Tobias Guldimann	903	–	28,798	58,183	15,640	20,834	7,228,240	3,934,143
Fawzi Kyriakos-Saad	119,177	–	127,142	45,902	–	49,849	13,177,674	9,198,782
Karl Landert	82,718	–	83,060	60,511	–	31,250	9,748,212	7,955,834
David R. Mathers	26,617	–	59,008	30,260	14,960	5,375	5,538,189	4,735,645
Hans-Ulrich Meister	1,720	1,720	88,538	93,093	–	–	9,724,068	9,896,890
Antonio C. Quintella	234,685	–	–	–	–	26,002	1,872,144	0
Robert S. Shafir	131,239	–	168,960	124,641	–	71,213	19,305,533	17,365,460
Pamela A. Thomas-Graham	–	–	–	28,764	–	–	1,931,143	1,102,812
Eric M. Varvel	5,614	–	157,085	110,940	–	56,953	19,995,068	13,056,709
Total	**2,495,254**	**1,720**	**1,036,357**	**951,992**	**399,000**	**469,855**	**158,567,110**	**98,674,511**

[1] The PIP II units were settled in March 2011 in accordance with the terms and conditions of the plan. The PIP II units did not have a value at settlement because the Group share price performance was below the minimum predefined target of CHF 47 per PIP II unit.

The vested shareholdings of Executive Board members include the holdings of the respective members of the Executive Board, their immediate family members and companies where they have a controlling interest. The unvested share-based awards do not include awards granted after December 31, 2011.

The value of share-based compensation awards granted to members of the Executive Board in prior years, but not yet fully vested, varies depending on the Group share price and other factors influencing the fair value of the award. The table "Executive Board holdings and values of deferred share-based awards by individual" shows the value of the unvested share-based compensation awards held by members of the Executive Board as of December 31, 2011. The aggregate cumulative value of these unvested share-based awards as of December 31, 2011 decreased 49% compared to the value of the awards as of their respective grant dates.

The value of cash-based compensation awards granted to members of the Executive Board in prior years, but not fully vested, varies depending upon Group ROE (for the 2010 and 2009 Adjustable Performance Plan awards), the value of the underlying assets (for the 2008 Partner Asset Facility (PAF) awards) and the remaining vesting period. The aggregate value of such cash-based awards at their grant dates and the current value was CHF 117 million and CHF 133 million, respectively. The increase in the current value was primarily due to the upward ROE adjustment applied to the unvested Adjustable Performance Plan awards and the increased value of PAF awards granted for 2008.

Executive Board option holdings by individual

December 31, 2011	David R. Mathers	Expiry date	Exercise price in CHF
Year of grant			
2003	1,095	January 22, 2013	30.60
2002	13,865	December 3, 2012	34.10
Total	**14,960**	**–**	**–**

December 31, 2010	Brady W. Dougan	Tobias Guldimann	David R. Mathers	Expiry date	Exercise price in CHF
Year of grant					
2003	–	–	1,095	January 22, 2013	30.60
2002	–	–	13,865	December 3, 2012	34.10
2001	368,400	15,640	–	January 25, 2011	84.75
Total	**368,400**	**15,640**	**14,960**	**–**	**–**

All options on shares were granted as part of the previous years' compensation. As of December 31, 2011 and 2010, none of the members of the Executive Board hold options purchased from personal funds.

Executive Board loans

A large majority of loans outstanding to members of the Executive Board are mortgages or loans against securities. Such loans are made on the same terms available to third-party clients or pursuant to widely available employee benefit plans. As of December 31, 2011, 2010 and 2009, outstanding loans to the members of the Executive Board amounted to CHF 22 million, CHF 18 million and CHF 19 million, respectively. The number of individuals with outstanding loans at the beginning and the end of the year was six and the highest loan outstanding was CHF 11 million to Executive Board member Walter Berchtold.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees.

Board of Directors compensation

Compensation to members of the Board is set in accordance with the Articles of Association and the Compensation Committee Charter. The annual compensation paid to members of the Board is set by the Board based on the recommendation of the Compensation Committee. All members of the Board receive a base board fee plus an additional fee that reflects the respective Board member's role and scope of responsibility on the Board. For the purposes of compensation, the Group distinguishes between Board members with functional duties (the full-time Chairman and the three committee chairmen) and Board members without functional duties (ten individuals). Fees paid to all Board members are in the form of cash and Group shares, which are blocked for a period of four years.

Members of the Board without functional duties received an annual base board fee for 2011 of CHF 250,000 and an annual committee fee for serving on the Audit, Risk or Compensation Committees. The committee fees were CHF 150,000 for the Audit Committee, CHF 100,000 for the Risk Committee and CHF 100,000 for the Compensation Committee. Members of the Chairman's and Governance Committee do not receive a committee fee. Peter Brabeck-Letmathe, in the role of Vice-Chairman, received an annual base board fee of CHF 400,000. The base and committee fee amounts are set by the Compensation Committee for the 12-month period from the current AGM to the following year's AGM.

Members of the Board with the functional duty of serving as a committee chairman receive an annual base board fee plus a variable component, a special compensation fee for functional duties, which reflects the greater responsibility and time commitment required to perform the role of committee chairman. The annual base board fee for the chairmen of the Audit and Risk Committees for 2011 was CHF 400,000 and the annual base board fee for the chairman of the Compensation Committee was CHF 350,000. The base board fees for the committee chairmen are set by the Compensation Committee for the 12-month period from the current AGM to the following year's AGM. The special compensation fee for functional duties for the three committee chairmen varies according to their overall time commitment and is determined and paid for the current year, in alignment with the annual management variable compensation cycle.

The Chairman is paid a base board fee plus variable compensation, which is proposed by the Compensation Committee and approved by the Board. The base board fee for Chairman Urs Rohner for 2011, who assumed the role of Chairman as of the 2011 AGM, was CHF 2.1 million. The level of variable compensation awarded to the Chairman depends on both the performance of the Group and personal performance. Such compensation is paid in the form of cash and Group shares, blocked for a period of four years.

By compensating Board members to a significant degree in the form of blocked Group shares, we ensure alignment of their interests with the interests of our shareholders. The value of the shares held by our Board members as of the end of 2011 decreased 41% from the beginning of 2011.

Board compensation for 2011

	Base board fee	Committee fee	Compen-sation for functional duties	Other compen-sation categories [1]	**Total compen-sation**	Awarded in cash	% of total compen-sation	Awarded in Group shares	% of total compen-sation	Number of Group shares [2]
2011/2012 (CHF)										
Urs Rohner, Chairman [3, 4]	2,100,000	–	2,000,000	234,881	4,334,881	3,334,881	77%	1,000,000	23%	45,663
Hans-Ulrich Doerig, former Chairman [3]	750,000	–	666,667	–	1,416,667	1,416,667	100%	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	400,000	–	–	–	400,000	200,000	50%	200,000	50%	5,088
Jassim Bin Hamad J.J. Al Thani [5]	250,000	–	–	–	250,000	125,000	50%	125,000	50%	3,180
Robert H. Benmosche [5]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Noreen Doyle [5, 6]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Walter B. Kielholz [5]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Andreas N. Koopmann [5]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Jean Lanier [5]	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	6,360
Anton van Rossum [5]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Aziz R.D. Syriani, Chairman of the Compensation Committee [4]	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	10,389
David W. Syz [5]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	5,088
Richard E. Thornburgh, Chairman of the Risk Committee [4]	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	22,832
John Tiner, Chairman of the Audit Committee [4]	400,000	–	666,666 [7]	–	1,066,666	733,333	69%	333,333	31%	15,221
Peter F. Weibel [5]	250,000	150,000	465,000 [7]	–	865,000	665,000	77%	200,000	23%	5,088
Total	**6,650,000**	**1,050,000**	**5,198,333**	**234,881**	**13,133,214**	**9,222,381**	**70%**	**3,910,833**	**30%**	**141,169**

[1] Other compensation included lump sum expenses, child and health care allowances and pension benefits. [2] The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. [3] Hans-Ulrich Doerig and Urs Rohner served in the roles of full-time Chairman and full-time Vice Chairman, respectively, from January 2011 until the AGM in April 2011. As of the 2011 AGM, Urs Rohner succeeded Hans-Ulrich Doerig in the role of full-time Chairman. [4] Members of the Board with functional duties received an annual base board fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. Generally, variable compensation awarded for 2011 was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 21.90. [5] Members of the Board without functional duties were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 29, 2011 to April 27, 2012. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for the Risk and Compensation Committees. For 2011, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2011 AGM was CHF 39.31. [6] In July 2011, Noreen Doyle was appointed as a non-executive director and audit committee chair of the Group's UK subsidiaries Credit Suisse International and Credit Suisse Securities Europe Limited and was paid a total of GBP 50,000 in fees. [7] Peter F. Weibel was the Chairman of the Audit Committee until the 2011 AGM, at which time John Tiner took over the role.

Compensation of the Chairman for 2011

For 2011, the Chairman received total compensation of CHF 4.3 million, of which CHF 2.1 million was the base board fee and CHF 2.0 million was variable compensation, of which CHF 1.0 million was awarded in cash and CHF 1.0 million was awarded in Group shares, blocked for a period of four years. The remaining CHF 0.2 million was other compensation, consisting mainly of pension-related benefits.

The variable compensation of the Chairman in 2011 was 50% lower and the 2011 total compensation was 31% lower than the variable and total compensation of the Chairman in 2010.

Additional fees and compensation for the Board

Three former members of the Board are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to current or former members of the Board or related parties during 2011.

Board compensation for 2010

	Base board fee	Committee fee	Compensation for functional duties	Other compensation categories [1]	**Total compensation**	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares [2]
2010/2011 (CHF)										
Hans-Ulrich Doerig, full-time Chairman [3]	2,250,000	–	4,000,000	24,000	6,274,000	4,274,000	68%	2,000,000	32%	48,310
Urs Rohner, full-time Vice-Chairman [3]	1,800,000	–	4,000,000	234,881	6,034,881	4,034,881	67%	2,000,000	33%	48,310
Peter Brabeck-Letmathe, Vice-Chairman [4]	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	5,031
Jassim Bin Hamad J.J. Al Thani [4]	250,000	–	–	–	250,000	125,000	50%	125,000	50%	2,516
Robert H. Benmosche [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	3,522
Noreen Doyle [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	3,522
Walter B. Kielholz [4]	250,000	100,000	–		350,000	175,000	50%	175,000	50%	3,522
Andreas N. Koopmann [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	3,522
Jean Lanier [4]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	4,025
Anton van Rossum [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	3,522
Aziz R.D. Syriani, Chairman of the Compensation Committee [3]	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	5,496
David W. Syz [4]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	4,025
Richard E. Thornburgh, Chairman of the Risk Committee [3]	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	12,078
John Tiner [4]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	4,025
Peter F. Weibel, Chairman of the Audit Committee [3]	400,000	–	1,395,000	10,000	1,805,000	1,205,000	67%	600,000	33%	14,493
Total	**7,700,000**	**1,200,000**	**10,795,000**	**268,881**	**19,963,881**	**12,786,381**	**64%**	**7,177,500**	**36%**	**165,919**

[1] Other compensation included lump sum expenses, child and health care allowances and pension benefits. [2] The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. [3] Members of the Board with functional duties received an annual base board fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. Generally, variable compensation awarded for 2010 was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 41.40. [4] Members of the Board without functional duties were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 30, 2010 to April 29, 2011. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for the Risk and Compensation Committees. For 2010, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 49.70.

Board share and option holdings

The shareholdings as disclosed in the following table include the holdings of the respective member of the Board, their immediate family members and companies where they have a controlling interest. As of December 31, 2011, there were no Board members with outstanding options.

Board shareholdings by individual

December 31	**2011**	2010
Number of shares [1]		
Urs Rohner	221,056	144,870
Hans-Ulrich Doerig	–	223,800
Peter Brabeck-Letmathe	108,820	103,732
Jassim Bin Hamad J.J. Al Thani	5,696	2,516
Robert H. Benmosche	23,304	20,252
Noreen Doyle	31,837	27,385
Walter B. Kielholz	281,891	323,734
Andreas N. Koopmann	21,400	16,948
Jean Lanier	30,912	24,552
Anton van Rossum	38,831	34,379
Aziz R.D. Syriani	66,385	60,889
David W. Syz	81,193	76,105
Richard E. Thornburgh	283,600	296,522
John Tiner	8,625	8,625
Peter F. Weibel	72,232	52,651
Total	**1,275,782**	**1,416,960** [2]

[1] Includes Group shares that are subject to a blocking period of up to four years. [2] As of April 30, 2011, Hans-Ulrich Doerig stepped down from the Board.

Board loans

A large majority of loans outstanding to members of the Board are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party clients. As of December 31, 2011, 2010 and 2009, outstanding loans to the members of the Board amounted to CHF 34 million, CHF 35 million and CHF 25 million, respectively.

Members of the Board with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Members of the Board who were previously employees of the Group may still have outstanding loans, which were extended to them at the time that employee conditions applied to them. In addition to the loans listed above, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current members of the Board have a significant influence as defined by the US Securities and Exchange Commission.

Board loans by individual

	2011 [1]	2010 [1]
December 31 (CHF)		
Urs Rohner	5,090,650	5,590,000
Hans-Ulrich Doerig	–	1,800,000
Peter Brabeck-Letmathe	15,833,928	14,163,528
Walter B. Kielholz	5,050,000	5,000,000
Andreas N. Koopmann	2,775,000	3,500,000
David W. Syz	1,500,000	1,500,000
Richard E. Thornburgh	14,266	93,186
Peter F. Weibel	3,950,000	3,850,000
Total	**34,213,844**	**35,496,714** [2]

[1] Includes loans to immediate family members. [2] As of April 30, 2011, Hans-Ulrich Doerig stepped down from the Board.

As of December 31, 2011 and 2010, there was no exposure to such related parties. As of December 31, 2009, the total exposure to such related parties amounted to CHF 50,000, including all advances and contingent liabilities. The highest exposure to such related parties for any of the years in the three-year period ended December 31, 2011 did not exceed CHF 10 million in aggregate.

In February 2011, the Group entered into definitive agreements with affiliates of Qatar Investment Authority (QIA) and The Olayan Group, which have significant holdings of Group shares, to issue Tier 1 Buffer Capital Notes for cash or in exchange for tier 1 capital notes issued in 2008. The Group determined that this was a material transaction and deemed QIA and The Olayan Group to be related parties of Jassim bin Hamad J.J. Al Thani and Aziz R.D. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the transaction. The Group and the Board (except for Jassim bin Hamad J.J. Al Thani and Aziz R.D. Syriani, who recused themselves) determined that the terms of the transaction, given its size, the nature of the contingent buffer capital, for which there was no established market, and the terms of the tier 1 capital notes issued in 2008 and held by QIA and The Olayan Group, were fair.

▸ Refer to "Capital issuances and redemptions" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital Management for further information about the terms of the agreements with QIA and The Olayan Group.

We, together with our subsidiaries, are a global financial services provider and have major corporate banking operations in Switzerland. We, therefore, typically have relationships with many large companies including those in which our Board members assume management functions or board member responsibilities. Except for the deemed related party transaction with QIA and The Olayan Group and the related party loans as of December 31, 2011, 2010 and 2009 described above, all relationships between us or our banking subsidiaries and members of the Board and their affiliated companies or related parties are in the ordinary course of business and at arm's length.

Group compensation

Total compensation awarded

The following table shows the value of total compensation awarded to employees for 2011 and 2010, including awards granted to employees as variable incentive compensation for 2011 and 2010 granted in January 2012 and 2011, respectively. The deferred awards contain future service and performance criteria that will determine the final payout to employees upon settlement and may be forfeited or reduced if future service or performance criteria are not achieved.

Total compensation awarded

For			2011			2010
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
Fixed compensation (CHF million)						
Salaries	6,319	–	6,319	6,532	–	6,532
Social security	865	–	865	928	–	928
Other	874 [1]	–	874	1,189 [1]	–	1,189
Total fixed compensation	**8,058**	**–**	**8,058**	**8,649**	**–**	**8,649**
Variable incentive compensation (CHF million)						
Unrestricted cash	1,519	–	1,519	1,995	–	1,995
Share awards	11	438	449	35	1,430	1,465
Performance share awards	–	516	516	–	–	–
2011 Partner Asset Facility awards	–	499 [2]	499	–	–	–
Adjustable Performance Plan awards	–	–	–	–	1,102	1,102
Restricted cash awards	–	–	–	–	465	465
Other cash awards	–	5	5	–	19	19
Total variable incentive compensation	**1,530**	**1,458**	**2,988**	**2,030**	**3,016**	**5,046**
Other variable compensation (CHF million)						
Cash severance awards	405	–	405 [3]	102	–	102
Sign-on awards	25	142	167	72	304	376
Cash-based commissions	143	–	143	161	–	161
Total other variable compensation	**573**	**142**	**715**	**335**	**304**	**639**
Total compensation awarded (CHF million)						
Total compensation awarded	**10,161**	**1,600**	**11,761**	**11,014**	**3,320**	**14,334**
of which guaranteed bonuses	–	–	172 [4]	–	–	295 [4]

[1] Includes pension and other post-retirement expense of CHF 610 million and CHF 483 million in 2011 and 2010, respectively, and the UK levy on variable compensation of CHF 404 million in 2010. [2] Represents the fair value of 2011 Partner Asset Facility awards as of the grant date. The notional value was CHF 751 million. [3] Includes CHF 182 million relating to cash severance awards for terminations effective as of December 31, 2011. [4] Awarded to 332 and 483 employees in 2011 and 2010, respectively. Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

All variable compensation was approved by the Board, based on senior management's recommendation and the thorough assessment of the Group's performance in 2011 against predefined absolute and relative performance criteria. In addition, other factors were taken into consideration, such as the overall economic and competitive environment, the capital and risk position of the Group and returns to shareholders. Total compensation awarded for 2011, which reflected the weaker absolute performance of the Group in 2011 in a challenging market environment, was CHF 11.8 billion, down 18% compared to 2010, and down 17% on an average basis per person. The overall variable incentive compensation awarded for

2011 was CHF 3.0 billion, down 41% compared to 2010. 49% of the total variable incentive compensation awarded across the Group for 2011 was deferred and subject to future performance and service criteria. A total number of 43,892 employees received some form of variable incentive compensation for 2011, of which 487 were classified as covered employees.

Employees awarded variable compensation[1]

For	Covered employees [1]	Other employees	2011 Total
Variable incentive compensation			
Unrestricted cash	470	43,359	43,829
Share awards	163	6,204	6,367
Performance share awards	455	1,277	1,732
2011 Partner Asset Facility awards	442	5,150	5,592
Other cash awards	–	139	139
Total variable incentive compensation	**487**	**43,405**	**43,892**
Other variable compensation			
Cash severance awards	2	1,697	1,699 [2]
Sign-on awards	5	39	44
Cash-based commissions	3	–	3
Guaranteed bonuses	7	325	332

[1] Excludes individuals who may be classified as covered employees according to regulatory requirements of jurisdictions outside of Switzerland (e.g., US, UK). [2] Includes employees who received cash severance awards for terminations as of December 31, 2011.

Compensation awarded to covered employees

Of the 514 employees initially classified as covered employees, 27 employees left the Group during 2011 or were not awarded any variable compensation. The remaining 487 covered employees (includes members of senior management and employees classified as MRTC) were awarded total compensation of CHF 928 million and variable incentive compensation of CHF 688 million for 2011, of which CHF 552 million, or 80%, was deferred. Covered employees received at least 50% of their deferred compensation for 2011 in the form of performance share awards, which are subject to claw-back provisions.

Compensation awarded to covered employees

For	Unrestricted	Deferred	2011 Total
Fixed compensation (CHF million)			
Total fixed compensation	**231**	**–**	**231**
Variable incentive compensation (CHF million)			
Unrestricted cash	136	–	136
Share awards	–	73	73
Performance share awards	–	278	278
2011 Partner Asset Facility awards	–	201	201
Other cash awards	–	–	–
Total variable incentive compensation	**136**	**552**	**688**
Other variable compensation (CHF million)			
Cash severance awards	5	–	5
Sign-on awards	2	–	2
Cash-based commissions	2	–	2
Total other variable compensation	**9**	**–**	**9**
Total compensation (CHF million)			
Total compensation	**376**	**552**	**928**
of which guaranteed bonuses [1]	4	10	14

[1] Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

2011 share, performance share and PAF2 awards

The recognition of compensation expense for the share, performance share and PAF2 awards granted in early 2012 began in 2012 and had no impact on the 2011 consolidated financial statements.

On January 19, 2012, we granted 20.0 million share awards with a total value of CHF 438 million. The fair value of each share award was CHF 23.90, equivalent to the Group's closing share price on the grant date. The estimated unrecognized compensation expense of CHF 464 million was determined based on the fair value of the award on the grant date, including the current estimate of future forfeitures, and will be recognized over the three-year vesting period, subject to early retirement rules.

On January 19, 2012, we granted 23.5 million performance share awards with a total value of CHF 516 million. The fair value of each performance share award was CHF 23.90, equivalent to the Group's closing share price on the grant date. The estimated unrecognized compensation expense of CHF 546 million was determined based on the fair value of the award as of the grant date, including the current estimated outcome of the relevant performance criteria and estimated future forfeitures, and will be recognized over the three-year vesting period, subject to early retirement rules.

We awarded PAF2 units with a fair value of CHF 499 million. As of the grant date, March 1, 2012, the estimated unrecognized compensation expense was CHF 540 million, which will be recognized in the first quarter of 2012 as the awards will have fully vested as of March 31, 2012. Compensation expense will continue to be updated at each reporting period date to reflect any change in the underlying fair value of the PAF2 awards until the awards are finally settled.

Group compensation and benefits expense

Compensation and benefits expense recognized for a given year in the consolidated statement of operations includes salaries, variable compensation, the amortization of share-based and other awards that were granted as deferred variable compensation in prior years, benefits and employer taxes on compensation. Variable compensation mainly reflects the unrestricted performance-based compensation for the current year and deferred variable compensation, as well as severance, sign-on and commission payments. Deferred variable compensation granted for the current year is expensed in future periods and subject to restrictive features such as continued employment with the Group, vesting, forfeiture and blocking rules.

Compensation expense for share-based and other awards that were granted as deferred variable compensation in prior years is recognized in accordance with the specific terms and conditions of each respective award and is primarily recognized over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees, moratorium periods and certain other terms. Compensation expense for share-based and other awards that were granted as deferred variable compensation in prior years also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Compensation and benefits expense recognized in the consolidated statements of operations for 2011 and 2010 is shown in the following table. The amounts shown below for severance and sign-on payments in 2011 were awarded to 1,699 and 44 individuals, respectively.

Group compensation and benefits expense

	2011			2010		
December 31	Current compen- sation	Deferred compen- sation	**Total**	Current compen- sation	Deferred compen- sation	**Total**
Fixed compensation expense (CHF million)						
Salaries	6,319	–	6,319	6,532	–	6,532
Social security [1]	865	–	865	928	–	928
Other	874 [2]	–	874	1,190 [2]	–	1,190
Total fixed compensation expense	**8,058**	**–**	**8,058**	**8,650**	**–**	**8,650**
Variable incentive compensation expense (CHF million)						
Unrestricted cash	1,519	–	1,519	1,995	–	1,995
Share awards	11	767 [3]	778	35	294 [3]	329
Adjustable Performance Plan awards	–	1,106	1,106	–	963 [4]	963
Restricted cash awards	–	253	253	–	–	–
Scaled Incentive Share Units	–	415	415	–	561	561
Incentive Share Units	–	174	174	–	723	723
Cash Retention Awards	–	–	–	–	578	578
2008 Partner Asset Facility awards [5]	–	3	3	–	45	45
Other cash awards	–	334	334	–	421	421
Total variable incentive compensation expense	**1,530**	**3,052**	**4,582**	**2,030**	**3,585**	**5,615**
Other variable compensation expense (CHF million)						
Severance payments	405	–	405	102	–	102
Sign-on payments	25	–	25	72	–	72
Commissions	143	–	143	160	–	160
Total other variable compensation expense	**573**	**–**	**573**	**334**	**–**	**334**
Total compensation expense (CHF million)						
Total compensation expense	**10,161**	**3,052**	**13,213** [6]	**11,014**	**3,585**	**14,599**

[1] Represents the Group's portion of employees' mandatory social security. [2] Includes pension and other post-retirement expense of CHF 610 million and CHF 483 million in 2011 and 2010, respectively, and the UK levy on variable compensation of CHF 404 million in 2010. [3] Includes CHF 43 million and CHF 76 million of expenses associated with other share awards granted in 2011 and 2010, respectively. [4] Includes CHF 41 million of expenses associated with special Adjustable Performance Plan awards. [5] Represents the change in the underlying fair value of the indexed assets during the period. [6] Includes severance and other compensation expense relating to headcount reductions of CHF 715 million.

Group estimated unrecognized compensation expense

The following table shows the estimated unrecognized compensation expense for deferred compensation awards granted for 2011 and prior years outstanding as of December 31, 2011 and for 2010 and the prior years outstanding as of December 31, 2010. These estimates were based on the fair value of each award on the grant date taking into account the current estimated outcome of relevant performance criteria and estimated future forfeitures. No estimate has been included for future mark-to-market adjustments.

The decrease in the estimated unrecognized compensation expense for deferred compensation for 2011 compared to deferred compensation for 2010 was primarily due to the significant decline in deferred compensation awarded for 2011.

Group estimated unrecognized compensation expense

	Deferred compensation		2011	Deferred compensation		2010
	For 2011	For prior-year awards	Total	For 2010	For prior-year awards	Total
Estimated unrecognized compensation expense (CHF million)						
Share awards	464	1,100 [1]	1,564	1,424	496 [1]	1,920
Performance share awards	546	–	546	–	–	–
2011 Partner Asset Facility awards	540	–	540	–	–	–
Adjustable Performance Plan awards	–	569 [2]	569	1,669	613 [2]	2,282
Restricted cash awards	–	167	167	465	–	465
Scaled Incentive Share Units	–	211	211	–	782	782
Incentive Share Units	–	85	85	–	334	334
Other cash awards	5	87	92	19	48	67
Estimated unrecognized compensation expense	**1,555**	**2,219**	**3,774**	**3,577**	**2,273**	**5,850**

[1] Includes CHF 93 million and CHF 218 million of estimated unrecognized compensation expense associated with special share awards which were granted to new employees in 2011 and 2010, respectively. [2] Includes CHF 16 million and CHF 126 million of estimated unrecognized compensation expense associated with special Adjustable Performance Plan awards which were granted to new employees in 2011 and 2010, respectively.

- Refer to "Note 27 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for information about the fair value assumptions used to estimate the unrecognized compensation expense of unvested awards.
- Refer to "Note 7 – Share capital, conditional and authorized capital of Credit Suisse Group" in VI – Parent company financial statements – Credit Suisse Group for more information.

Impact of share-based compensation on shareholders' equity

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense, which is generally based on fair value at the time of grant, reduces equity; however, the recognition of the obligation to deliver shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards, including through the issuance of shares from approved conditional capital. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Shareholders' equity also includes, as additional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards.

Share issuance

As we move toward meeting the increased standards for regulatory capital under the Basel III and the Swiss "Too Big to Fail" framework, we have decided to settle outstanding share-based compensation awards in 2011 and 2012 primarily through the issuance of shares from conditional capital rather than buying shares in the market as we did in prior years.

As of December 31, 2011, the balance in the number of outstanding share and share-based awards, including options, was 93.0 million. For 2011, we granted 43.5 million share awards and performance share awards in January 2012, and we will settle 41.7 million share-based awards in the first half of 2012. Of the 16.9 million options outstanding as of December 31, 2011, 8.7 million expired without value in January 2012 and a majority of the remaining 8.2 million options (currently out of the money) are due to expire during 2012. Considering the granting and settlement of share-based awards, as well as the option expiries in the first quarter of 2012, the number of outstanding share-based awards was

7% of the total shares issued as of the end of 2011. Comparing the number of total shares issued as of the end of 2011 versus 2007, the Group has increased the total shares issued over the past four years by 5%. Granting a substantial part of variable compensation in share awards brings us in line with expectations of regulators and our capital strategy, which has not significantly diluted shareholders since 2008.

▸ Refer to "Capital strategy" in III Treasury, Risk, Balance sheet and Off-Balance sheet – Treasury measurement – Capital management for more information.

Compensation plans from prior years

Compensation practices in the banking industry have evolved over recent years, reflecting business and regulatory trends. For example, prior to 2004, options and other share-based awards were used as standard instruments for the industry. For the Group, leveraged share awards under the Performance Incentive Plans (PIP I and PIP II) were granted to selected groups of senior management in early 2005 and 2006 as part of compensation for 2004 and 2005, respectively, reflecting the restructuring of the Group and in order to ensure retention of key senior personnel at the time. These awards vested and were deferred over five years. PIP I settled in April 2010 with the delivery of 4.8 shares per unit, which was largely driven by the outperformance of the Group share price against peers, whereas PIP II lapsed in March 2011 with no value, as the Group share price performance was below the pre-defined share price performance target.

Reflecting the integrated bank strategy implemented in 2006, the Group granted the more widely distributed and moderately leveraged Incentive Share Unit (ISU) awards between 2007 and 2010. The Group share price was the main performance criterion but thresholds and leverage multipliers varied from year to year, reflecting market conditions at the time of grant. In 2010, senior management was granted Scaled Incentive Share Units (SISUs), a long-term incentive plan with an extended vesting period of four years and with the ROE of the Group as a further performance condition. In the aftermath of the market turmoil, from 2009, the Group started to award cash-based instruments. Cash Retention Awards were designed to retain employees over the vesting periods of two years. The PAF was designed to transfer risks from the Group to senior employees in Investment Banking. The Adjustable Performance Plan awards were designed to align compensation with future performance and included a claw-back mechanism. The Adjustable Performance Plan awards were effective for 2009 and 2010, but were discontinued for 2011. The claw-back feature of the Adjustable Performance Plan awards is now a feature of the performance share awards.

▸ Refer to "Overview of formerly used compensation plans" for a more detailed description of these prior-year awards.

Employees experience changes to the values of their deferred compensation awards during the vesting period due to both implicit and explicit value changes. Implicit value changes primarily reflect market driven effects, such as changes in the Group share price or foreign exchange rates. Explicit value changes reflect adjustments triggered by specific performance criterion, which include claw-back provisions. The final value of an award will only be determined at settlement.

The following table provides a comparison of the fair values of outstanding deferred compensation awards as of the beginning and the end of 2011, indicating the value of changes due to implicit and explicit adjustments. For 2011, the change in fair value for all outstanding deferred compensation awards was primarily due to implicit adjustments driven by the changes in the Group share price and the foreign exchange rate movements during the period.

Fair value of outstanding deferred compensation awards

		Change in value		
in / end	2010	Implicit [1]	Explicit [2]	2011
Share-based awards (CHF per unit)				
Incentive Share Units granted for 2008	62.2	(18.5)	0.0	43.8
Incentive Share Units granted for 2009	37.9	(15.8)	0.0	22.1
Scaled Incentive Share Units granted for 2009	38.3	(16.3)	0.0	22.1
Share awards granted for 2010 [3]	41.4	(19.3)	0.0	22.1
Cash-based awards (CHF per unit)				
Adjustable Performance Plan awards granted for 2009	1.14	(0.03)	0.07	1.18
Adjustable Performance Plan awards granted for 2010 [3]	1.00	(0.01)	0.06	1.05
Partner Asset Facility granted for 2008	1.57	(0.02)	0.00	1.55

[1] Driven by the change in the underlying Group share price and the foreign exchange rate movements during the period. [2] Includes performance-based, claw-back and other similar adjustments. [3] Represents awards granted in January 2011.

While we believe that the evolution of our compensation instruments over recent years provides a track record of innovation and responsiveness, we also acknowledge that the complexity of our compensation instruments gave internal and external stakeholders concerns with regard to transparency and excess potential leverage. These issues were taken into account as we have discontinued compensation instruments with leverage components and have provided more comprehensive disclosure around our compensation practices and plans in recent years.

A summary of the forms of awards granted in prior years is shown in the following overview.

Overview of formerly used compensation plans

Adjustable Performance Plan awards

Cash-based, deferred variable compensation

Vesting start 2010-2011
Vesting end 2013-2015

Applied to
Performance in 2009-2010, which included the Executive Board, managing directors and directors.

General award conditions
Adjustable Performance Plan awards link awards to future performance through positive and negative adjustments. Vesting ratably over a three-year period for 2009 awards and a four-year period for 2010 awards.

Other award conditions or restrictions
For revenue-generating employees in the divisions, Adjustable Performance Plan awards are linked to financial performance of the specific business areas in which the employees work and the Group ROE. For employees in Shared Services and other support functions and all Executive Board members, the awards are linked to the Group's adjusted profit or loss and the Group ROE.

Program objective/rationale
Promoting retention of Executive Board members, managing directors and directors.

Scaled Incentive Share Unit (SISU)

Basis Share-based, deferred variable compensation

Vesting start 2010
Vesting end 2014

Applied to
Performance in 2009, which included half of the variable cash compensation awarded to all managing directors and directors across all divisions.

General award conditions
Vesting ratably over a four-year period.

Other award conditions or restrictions
Value of SISUs is linked to the long-term development of the Group share price and the Group average ROE.

Program objective/rationale
Promoting retention of managing directors and directors.

Incentive Share Unit (ISU)

Basis Share-based, deferred variable compensation

Vesting start 2007-2010
Vesting end 2010-2013

Applied to
Performance in 2006 to 2009 for all employees.

General award conditions
Vesting ratably over a three-year period.

Other award conditions or restrictions
An ISU is similar to other share-based awards, but offers additional upside depending on the development of the Group share price.

Program objective/rationale
An ISU links employee performance awards to the long-term performance of the Group, with an additional incentive to increase Group share value for the benefit of employees and shareholders.

Restricted Cash Awards

Basis Cash-based, restricted variable compensation

Vesting start 2011
Vesting end 2013

Applied to
Performance in 2010, which included managing directors in Investment Banking.

General award conditions
Vesting ratably over a two-year period and other restrictive covenants and provisions. Paid in the first quarter of 2011.

Other award conditions or restrictions
Subject to repayment in part or in full if a claw-back event occurs, such as voluntary termination or termination for cause during the vesting period.

Program objective/rationale
Promoting retention of senior management.

Cash Retention Award (CRA)

Basis Cash-based, restricted variable compensation

Vesting start 2009
Vesting end 2011

Applied to
Performance in 2008, which included all variable cash compensation awarded to all managing directors across all divisions and directors in Investment Banking; variable cash compensation in excess of CHF 300,000 awarded to directors in all other divisions.

General award conditions
Vested ratably over a two-year period.

Other award conditions or restrictions
Unvested portion subject to repayment if claw-back event occured, such as voluntary termination or termination for cause.

Program objective/rationale
Promoting retention of senior management.

Overview of formerly used compensation plans (continued)

Performance Incentive Plan (PIP II)

Basis Share-based, deferred variable compensation

Vesting start PIP II 2006
Vesting end PIP II 2011

Applied to
Performance in 2005, which included all managing directors in Investment Banking and selected managing directors and directors in other divisions.

General award conditions
PIP II units were incentive awards requiring continued employment with the Group. PIP II units vested ratably over a five-year period. At grant, PIP II units were equivalent to a Group share price of CHF 72.00. The PIP II program included a two-year moratorium period for early retirement eligibility.

Other award conditions or restrictions
PIP II units were settled in March 2011 and did not have a value at settlement. This was due to the Group share price performance being below the minimum predefined target of CHF 47 per PIP II unit.

Program objective/rationale
PIP II linked employee performance awards to the long-term performance of the Group, with an additional incentive to increase Group share value for the benefit of employees and shareholders.

2008 Partner Asset Facility (PAF)

Basis Cash-based, deferred variable compensation

Vesting start 2008. 66.7% vested upon grant
Vesting end 33.3% vested in March 2009

Applied to
Performance in year 2008, which included all managing directors and directors in Investment Banking.

General award conditions
The contractual term of a PAF award is eight years. PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool as of December 31, 2008, and those assets cannot be substituted throughout the contractual term of the award or until liquidated.

Other award conditions or restrictions
PAF holders will receive a semi-annual cash interest payment of the London Interbank Offered Rate plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. They will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool.

Program objective/rationale
PAF awards were designed to incentivize senior managers in Investment Banking to effectively manage assets which were a direct result of risk taking in Investment Banking during this period. As a result of the PAF program, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

Other share-based awards

Basis Share-based, non-deferred or deferred variable compensation

Applied to
Blocked shares: granted to members of the Board. For performance prior to 2006, granted to employees in Switzerland. Special share awards: granted to employees in limited circumstances.

General award conditions
Blocked shares: entitle participants to receive Group shares that are vested at the time of grant but blocked for a four-year period. Special share awards: mostly granted to new employees.

Other award conditions or restrictions
Blocked shares: restricted from selling until block period has lapsed. Special share awards: may contain vesting conditions, depending on the terms of employment or other factors.

Program objective/rationale
Blocked share awards made up the Group's early share-based deferred compensation for employees based in Switzerland and continue to be granted to Board members, with the objective of aligning the interest of the recipients to the creation of overall shareholder value. Special share awards are typically granted to new employees to compensate for deferred awards at a previous employer forfeited as a result of the individual taking up employment with the Group.

Other cash awards

Basis Cash-based, deferred compensation

Applied to
Voluntary deferred compensation plans: certain employees which met predefined income requirements; arbitrage trading plans: directors and managing directors of Investment Banking arbitrage trading desks; employee investment plans: various employees depending on level of variable cash compensation.

General award conditions
Voluntary deferred compensation plans: depending on conditions of the respective plans, allowed employees to defer a portion of their bonus for payout at either retirement age or a pre-determined payout date agreed at the time of deferral; arbitrage trading plans: participation within the plan awarded at the discretion of senior management based on the performance of the global arbitrage trading group and the employee's individual group; employee investment plans: allowed employees to defer a portion of their bonus in investment plans with the Group.

Other award conditions or restrictions
Plans are either fully vested or contain future service requirements. For certain plans, the Group recognizes both market and performance adjustments until awards are settled.

Program objective/rationale
Voluntary deferred compensation plans are, in general, special retirement plans; arbitrage trading plans align the performance of arbitrage traders with the results of the Group; employee investment plans provide employees with opportunity to invest alongside the Group.