

Making a Difference At Bear Stearns, Giving Starts with 4 Percent

An Interview with James E. Cayne,
Chairman, The Bear Stearns Companies Inc.

EDITORS' NOTE James Cayne joined Bear Stearns in 1969 as a private client salesman, was named President of the company in 1985, served as its Chief Executive Officer from 1993 to early 2008, and as Chairman since June 2001. He attended Purdue University and holds honorary PhDs from both St. Mary's College and St. John's University.



COMPANY BRIEF Founded in 1923, The Bear Stearns Companies Inc. (NYSE: BSC; www.bearstearns.com) is a leading financial services firm, serving governments, corporations, institutions, and individuals worldwide. The company's core business lines include institutional equities, fixed income, investment banking, global clearing services, asset management, and private client services. Headquartered in New York, the company employs approximately 14,000 people worldwide.

How have you managed to engrain corporate responsibility into the Bear Stearns culture?

Philanthropy has a long history at Bear Stearns, and it's entrenched in the culture. Long before Bear Stearns was a public company, all of the senior managing directors were encouraged, and then required, to give 4 percent of their gross income to charities of their choice. I don't know of any other firm that has a mandatory giving policy like this one. Philanthropy is a basic component of our culture, and it starts with the senior people. However, the firm doesn't determine which charities individuals give to; it's their money, and they choose where they want it to go. When you give employees the personal freedom to decide how they give, they get excited about it and often end up giving much more than 4 percent. The 4 percent rule just starts the ball rolling, and it helps lay the foundation for a very strong culture of giving at Bear Stearns.

With that in mind, it seems that Bear Stearns' senior-most executives are setting an example for the entire company.

Top managers have long motivated employees at all levels to give through countless examples of philanthropy. Our senior managers have a steadfast commitment to giving and they have kept our 4 percent policy alive and well



for decades. We formalized the program in the '70s and when we went public, we even included language in our prospectus that said we intended to continue the practice of required giving. When I say it is part of the culture, I mean it is part of the fabric of the company. Senior managers inspire

others to support their cause. The people here feel good about giving, and when they give personally, they become more involved in their communities. It's good for our employees, and it's good for the communities. This is a win-win for everyone involved.

How have you identified the areas in which Bear Stearns should focus its philanthropic efforts?

We don't tell our people where to give their money – that's up to them. However, from time to time, the firm might support a specific need. For instance, in the aftermath of 9/11, the firm created the Bear Stearns Charitable Foundation, a \$10 million charitable fund, from monies contributed by the corporation and from Bear Stearns employees and clients. The fund donated money to those most seriously affected by the tragedy and addressed the unmet needs of the victims of 9/11 and their families. That kind of giving is incident-specific. But whether we're giving at the corporate or the personal level, giving is something we cherish.

How do you evaluate the success of your giving programs? Do you look at it like a business and track its results?

No, you don't have to. It's the giving that matters and we've been successful with it. Last year, our senior managing directors gave over \$45 million to the charities of their choice.

The public may not always be aware of all the good corporations do for their communities. How can corporations promote their philanthropic areas to increase the public's awareness of them?

I don't think the public is aware of all the good work that's done, but mostly because the giving we encourage is of a personal kind. That said, the *New York Times* wrote a nice feature on our 4 percent policy late last year. Obviously

anyone who interacts with and knows our employees is aware of our policy and understands it, but otherwise, there has been very little knowledge of it. People hear about our program and they think it can't possibly be true. It's a unique concept that I don't think anyone else has, and when people hear about it, they're really blown away.

Do recent college and university graduates look for career opportunities specifically with companies that offer corporate giving programs like yours?

Many of the people who are joining us out of college and business school are intrigued by the idea of a Wall Street firm that would require its senior people to give to charity. Many come here because, in addition to all the other benefits of working for Bear Stearns, they want to join a company that has philanthropy as one of its guiding principles.

It's a privilege to give, and in an industry where young people can make large sums of money, it's a way for them to keep a sense of perspective and be reminded of how fortunate they are. The enthusiasm to support charitable causes is infectious. The ability to be involved gives people an incredible sense of satisfaction. You'd be amazed at how many employees, who are required to give 4 percent, end up giving 10 or 15 percent to philanthropic causes. So I'd say giving is instilled in our culture. It's strong, and it's something we feel very proud of.

As cyclical as the financial market may be, the firm's commitment to giving seems to be unwavering. Bear Stearns seems to just stick to its principles in this area.

Definitely. You have it right.

It must feel very good to see so many of Bear Stearns' employees engaged in giving in these ways. You're leading a company that has made a true impact. Do you ever take the time to step back and appreciate that success?

I do so all the time. It's a blessing. ●

H.E.A.R.T. 9/11 volunteers pose in front of one of the homes they rebuilt, which was destroyed during Hurricane Katrina in 2005. The project was one of many sponsored by Bear Stearns.