

**For Immediate Release**

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## **WALL STREET INCENTIVE AWARDS WILL DECLINE SHARPLY IN 2008, JOHNSON ASSOCIATES ANALYSIS FINDS**

### ***Government Bailout, Mergers Helped “Prop up” Payouts***

NEW YORK, November 6, 2008 – The economic slump and the stock market’s dismal performance will result in sharply lower year-end incentive payouts to Wall Street professionals this year, according to a compensation analysis released today by Johnson Associates, Inc., a New York-based compensation consulting firm. Additionally, the outlook for any type of recovery next year remains dim.

“It was a miserable year for the industry and those professionals who were fortunate enough to keep their jobs will see the fallout when they get their year-end bonuses,” said Alan Johnson, managing director of Johnson Associates, and one of Wall Street’s leading compensation consultants. “However, thanks in part to the financial bailouts and mergers we’ve seen recently, the decline in incentive payments won’t be as drastic as first thought.”

Johnson Associates third quarter compensation analysis shows that year-end incentives, which include cash bonuses and equity awards, will decline by an average 20-35 percent this year compared to 2007. Investment bankers and fixed income professionals will be among the hardest hit, with their year-end incentives expected to decline by as much as 45 percent. The hardest hit will be proxy management professionals, whose incentives will be lower by 60 to 70 percent.

<b>Business Area</b>	<b>Percent Decline from 2007</b>
Proxy Management	Minus 60 – 70%
Fixed Income	Minus 40 – 45%
Investment Banking	Minus 35 – 45%
Hedge Funds	Minus 25 – 35%
Private Equity	Minus 25 – 35%
Corporate Staff	Minus 20 – 30%
Equities	Minus 20 – 25%

<b>Business Area</b>	<b>Percent Decline from 2007</b>
Asset Management	Minus 20 – 25%
Commercial Banking	Minus 20 – 25%
Retail Banking	Minus 20 – 25%
Prime Brokerage	Minus 15 – 20%
High Net Worth	Minus 10 – 15%

Johnson Associates regularly monitors compensation trends among a wide range of commercial and investment banks, and financial services companies. Its quarterly compensation analysis is based on the firm's ongoing monitoring of the financial services industry and public data from eight of the nation's largest investment and commercial banks and eight of the largest asset management firms.

“This is not the first time Wall Street compensation has taken a hit, but this year is different than previous years in which incentives have declined,” said Johnson. “Companies are genuinely worried about the uncertainty of the industry and how it has changed drastically this past year with the breathtaking collapse of major firms and the government stepping in to bail out others. Additionally, we expect executive compensation to remain under unprecedented scrutiny as the pressure from the government, politicians and the American people to minimize pay will continue over the next few years.”

### **Weak outlook for 2009**

The Johnson Associates analysis also noted that the difficult business and compensation environment is expected to continue well into next year and possibly beyond.

“There is simply no momentum as we move into next year. The trading environment is constrained, credit woes are continuing for several industries, and the investment banking pipeline is weak. Coupled with further staff reductions throughout the industry, we anticipate incentives will erode even further in 2009,” concluded Johnson.

### **ABOUT JOHNSON ASSOCIATES**

Johnson Associates is a boutique compensation consulting firm specializing in the design of annual and long-term incentive plans and establishing appropriate market pay levels. The firm is well-known for providing candid advice and for its expertise and in-depth knowledge of the financial services industry, including major investment and commercial banks, asset management firms, hedge funds and other alternative investments, insurance companies, and brokerages. For more information, visit [www.jaiconsulting.com](http://www.jaiconsulting.com)