For Immediate Release

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WALL STREET YEAR-END INCENTIVE AWARDS EXPECTED TO INCREASE MODERATELY, JOHNSON ASSOCIATES ANALYSIS FINDS

Closely-Watched Barometer Shows Largest Increases Expected for Asset Management Industry, Lower Payments for Fixed-Income Traders

NEW YORK, November 7, 2013 — Wall Street professionals can expect to receive moderately larger year-end incentive payouts compared to 2012, according to an annual compensation analysis released today by Johnson Associates, Inc., a New York-based compensation consulting firm. This marks the second consecutive year of larger year-end awards for the industry. The closed-watched industry report notes however that some professionals, especially fixed-income traders, can expect to see their payments trimmed compared to last year.

“Most, but clearly not all, Wall Street professionals should expect to deposit modestly larger payouts this season,” said Alan Johnson, managing director of Johnson Associates and one of the nation’s foremost authorities on Wall Street compensation. “This year is shaping up to be a relatively strong one for the asset and wealth management industries. However, ongoing cost cutting initiatives across the financial services industry, combined with continued uncertainty and an uneven economic recovery are keeping incentives somewhat in check. All eyes will be on the fourth quarter results, which could impact actual payments one way or the other.”

The Johnson Associates third quarter compensation analysis shows that overall year-end incentives, which include cash bonuses and equity awards, will increase moderately (5 to 10%) this year compared to last year. However, there will be significant variation by firm and business, the analysis noted.

Indeed, asset management and high net worth professionals, along with underwriting investment bankers, can expect to see the largest increase in year-end incentives – a jump of 10 to 15% over last year’s payouts. On the other hand, fixed income traders, who received the largest increases last year, will be the hardest hit in 2013 with their payments expected to decline roughly 5 to 15%. Investment bankers on the advisory side will also see smaller payments compared to last year. Incentive payouts for the rest of the financial services industry, including hedge funds, equities, private equity, and prime brokerage will increase modestly, anywhere from 5 to 15% compared to last year.

Business Area	Percent Change from 2012
Asset Management	+10 to +15% or more
High Net Worth	+10 to +15%
Investment Banking (Underwriting)	+10% to +15%
Hedge Funds	+5% to +15%
Equities	+5% to +15%
Private Equity	+5% to +10%
Prime Brokerage	+5% to +10%
Senior Management	0% to +5%
Commercial/Retail Banking	0% to +5%
Staff Positions	0%
Investment Banking (Advisory)	Minus 5% to Minus 10%
Fixed-Income	Minus 5% to Minus 15% or more

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 ten of the largest asset management firms.

Outlook for 2014

"Looking ahead to 2014, we expect to see continued improvement in many segments of the financial services industry. Most are optimistic about the business going into 2014, but European firms in particular, planning for underlying uncertainty. Within banking, incentives may increase 15 percent or higher next year. After successive years of strong growth, asset management year-over-year increases may taper somewhat to up about 10%. Additionally, firms will continue to contain costs with strategic hiring in the United States, but will be more aggressive internationally, where many companies are expanding or shifting their business operations," 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