FINANCIAL SERVICES COMPENSATION

Third Quarter Trends and Year-End Projections 11/5/09

After three quarters, Johnson Associates broadly projects a growing divergence in incentive compensation across the financial services industry. Incentive compensation for major investment & commercial banking firms is projected to significantly increase year-over-year. While the asset management industry is stabilizing, incentive compensation will decrease further off of 2008 lows. The pace of economic recovery, industry activity, repayment of government funds, and evolving legislation are key bonus drivers for 2009.

NOTABLE TRENDS

- Incentive levels projected to be mixed and increasingly confusing for 2009
  - Variations by firm, business mix, results and level of government involvement
  - Firms unencumbered by government funds have greater ability to compensate
- Hiring moves from frozen to so-so in early to mid 2010
  - Increased client concerns surrounding non-compete clauses early indicator
  - Continuing retention challenge for complacent firms or those with less flexibility
- Asset management and hedge funds stabilizing
  - Even with continued rebound, market averages for 2009 will trail 2008 levels
  - Reduced AUM levels and high-water mark prolong downward pressure on incentives
  - Fiscal year-end creating larger performance and compensation variation by firm than typical (market environment evolving rapidly)
  - Mark-to-market impact from changing value of deferred compensation in funds skewing compensation expense
  - Market rebound creates misleading compensation expectations
- Significant improvement in investment and commercial banks
  - Industry consolidation, beneficial accounting treatment, and significantly improved trading performance
  - Outpacing recovery of broader economy
  - % increase off of low 2008 misleading; overall levels remain below 2007
- Regulatory pressure continues at unprecedented levels
  - Pressure on Boards and management to comply with evolving regulatory guidelines (written & unwritten) requires plan flexibility
  - Proactive management and transparent disclosure of compensation decisions crucial both internally and externally
  - Overhaul of pay paradigm focusing on risk and alignment of payouts and time horizons (higher base salaries with offsetting reduction to cash incentives, prevalence of clawback mechanisms)
  - Heavy 2008 deferral rates becoming market norm; expect increased rate and use of deferrals driven by regulatory guidance

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Projected 2009 Wall Street Incentive Funding

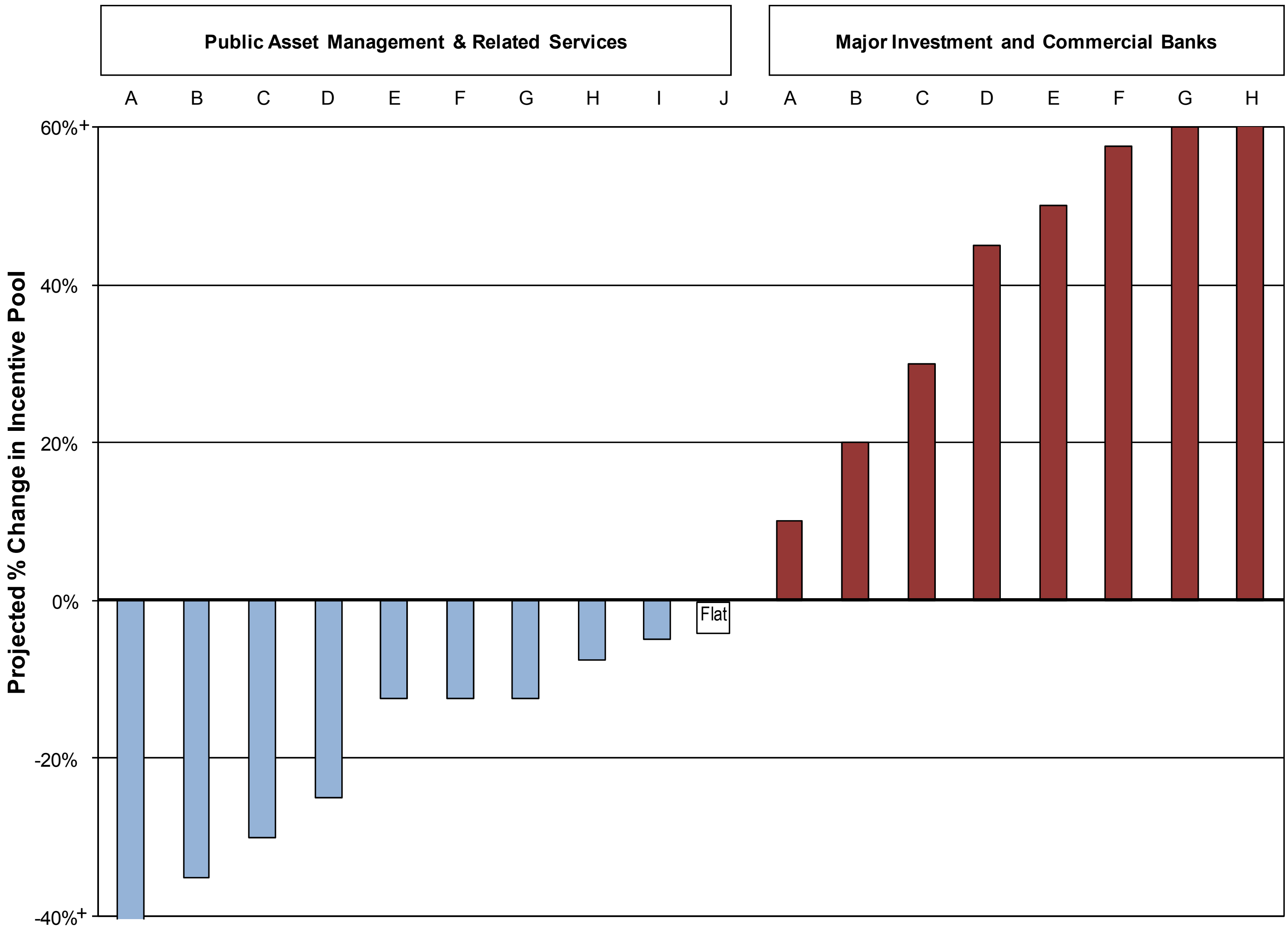
- ***Projections driven by firms expected to be less impacted by TARP restrictions***

Projected 2009 Wall Street Incentive Funding (Individual levels on a headcount adjusted basis)			
Business/Area		**% Change from 2008**	**Explanation**
Senior Firm Management (Excluding Proxy Executives)		Significant % Increase	• Legislative action and ability of firms to repay government funds causing significant variation by specific company circumstances • Meaningful increase off of zero or significantly reduced 2008 bonus; Proxy Executives pay to remain depressed for TARP recipients
Staff Positions		+30% to +40%	• Moves in line with entire firm • Differences by function (i.e., continued focus on importance of risk function) • Some increase for staff within large hedge funds and private equity firms providing subsidy
Investment Banking (Investment and Commercial Banks)	Advisory Underwriting	-10% to -15% +15% to +20%	• Industry-wide activity remains slow with reduced deal volumes; pipeline showing early signs of improvement but continue to be depressed • YoY improvements in underwriting partly offsetting decline in advisory
Equities excl Prime Brokerage (Investment and Commercial Banks)	Plain-Vanilla Derivatives	+40% +50%	• Market volatility and customer activity beginning to moderate but overall strong • Derivatives results solid
Fixed-Income (Investment and Commercial Banks)	Plain-Vanilla Derivatives	+50% +60%++	• Variation due to breadth of products. Strong performance in interest rate, currencies, and commodities • Write-downs significantly reduced
Prime Brokerage		-25% to -30%	• Reduced risk tolerance, fewer funds, and lower client balances impacting results
Asset Management (Independent and Captive)	Equities Fixed-Inc	-15% to -20%+ -15%	• Markets showing signs of stabilization but remain significantly below 2008 averages • Fixed-income (lower fee) assets greater proportion of total than historical but beginning to see some movement back into equities
High Net Worth		-15% to -20%	• Assets generally more stable • Fees impacted by market depreciation
Hedge Funds (Independent and Captive)		-15% to -20%*	• Considerable decline in assets reducing management fees • Performance fee pressures continue, as many firms still trail high-water mark
Private Equity (Independent and Captive)		-20% to -25%*	• Investing activity expected to be slow due to reduced leverage • Financing limited and expensive
Commercial Banking		-5% to -10%	• Increasing provisions for credit losses, increasing delinquencies, and reduced demand for loans
Retail Banking		0% to -10%	• Increasing delinquency rates and loan losses overshadow increasing revenues from deposit growth

* Applies to bonus and equity excluding carry

Projected % Change in Year-End Incentive Pool*

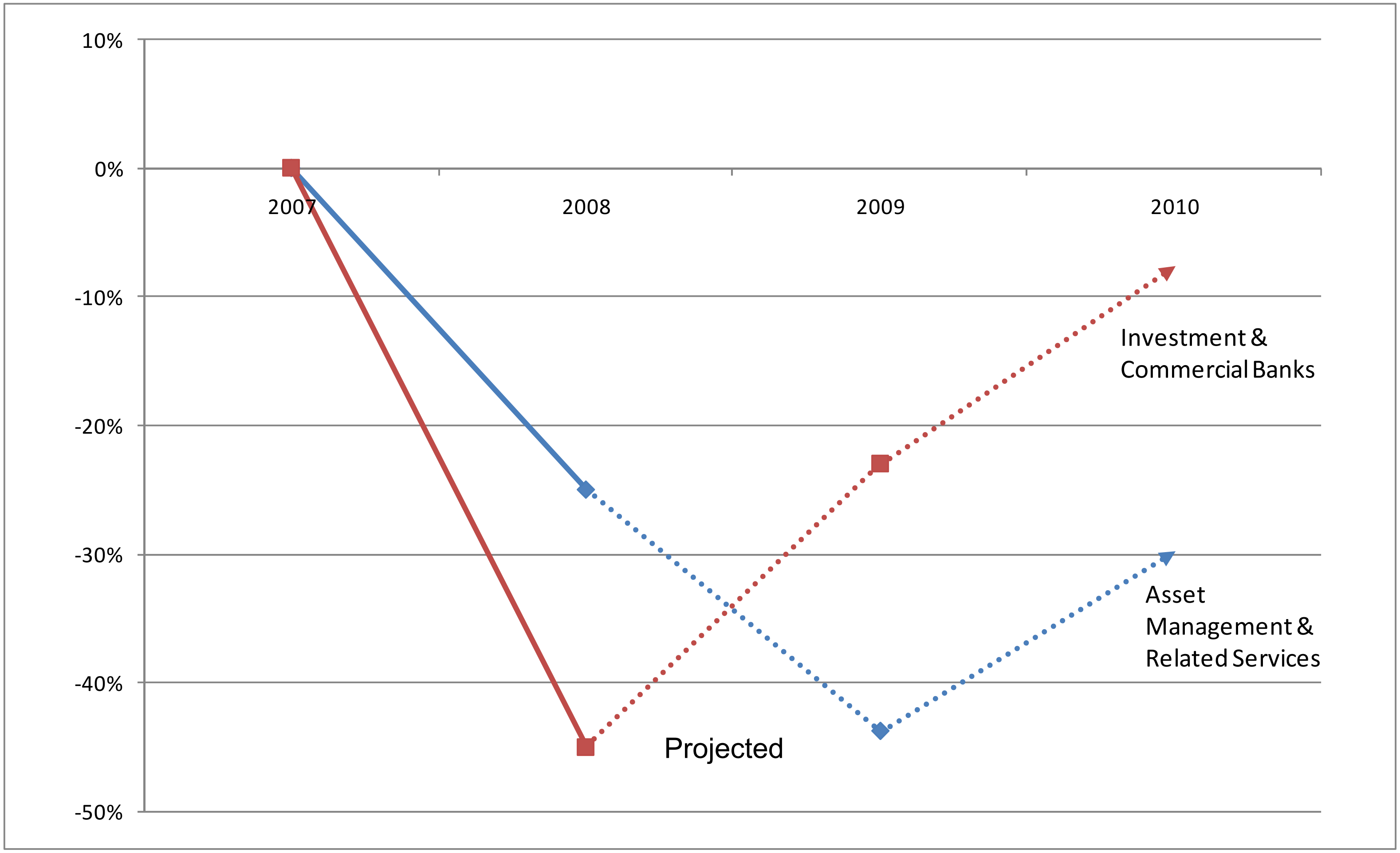
- Projections assume varying ability of firms to repay TARP capital; significant TARP recipients may be impacted more broadly due to uncertainty surrounding pending legislation



* 9 *months* actual data with projection for remainder of year

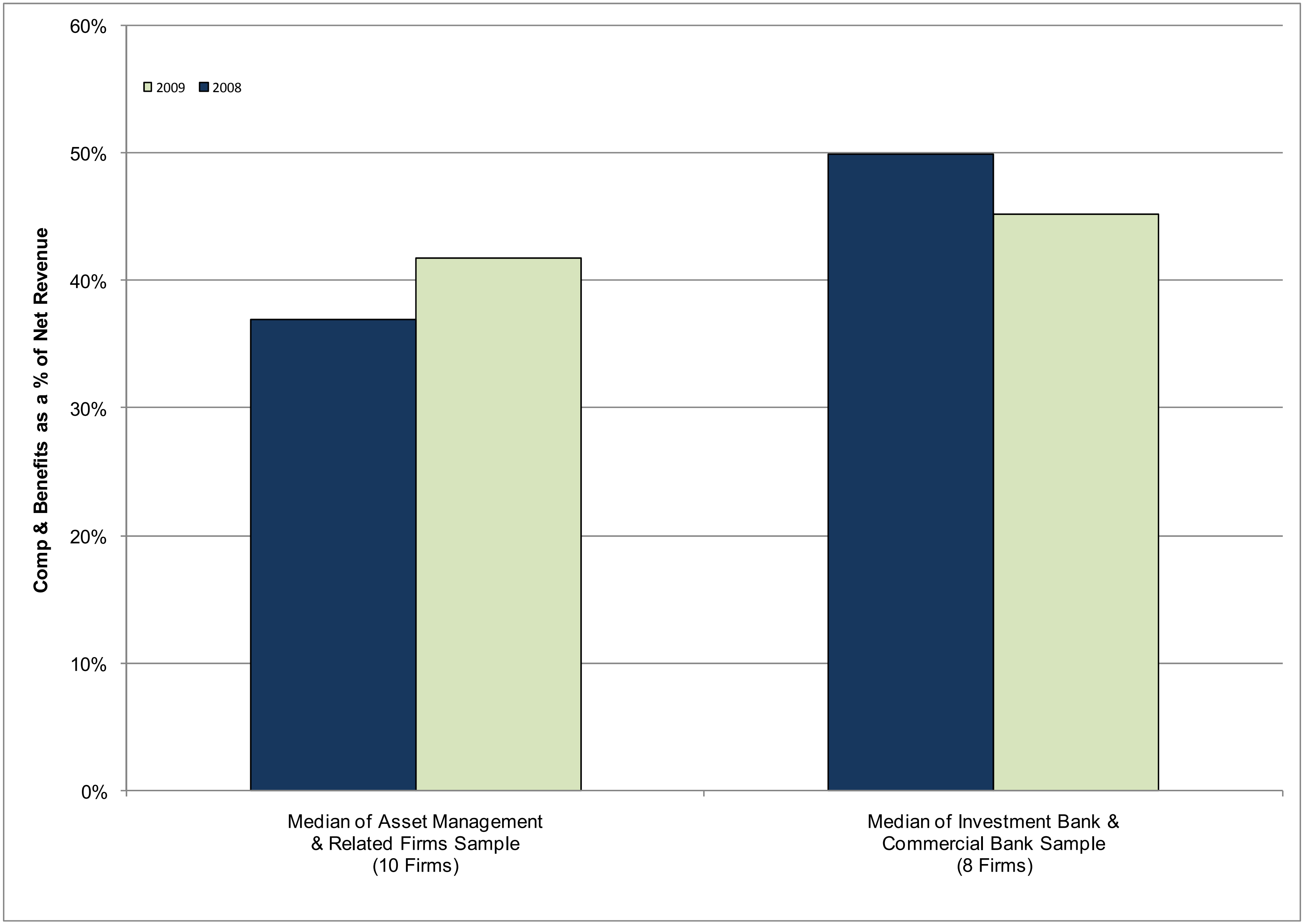
Incentive Trend

- Growing divergence in incentives across financial services creating confusing environment
- Percentage increase off of 2008 lows misleading; 2009 incentives remain below 2007 levels



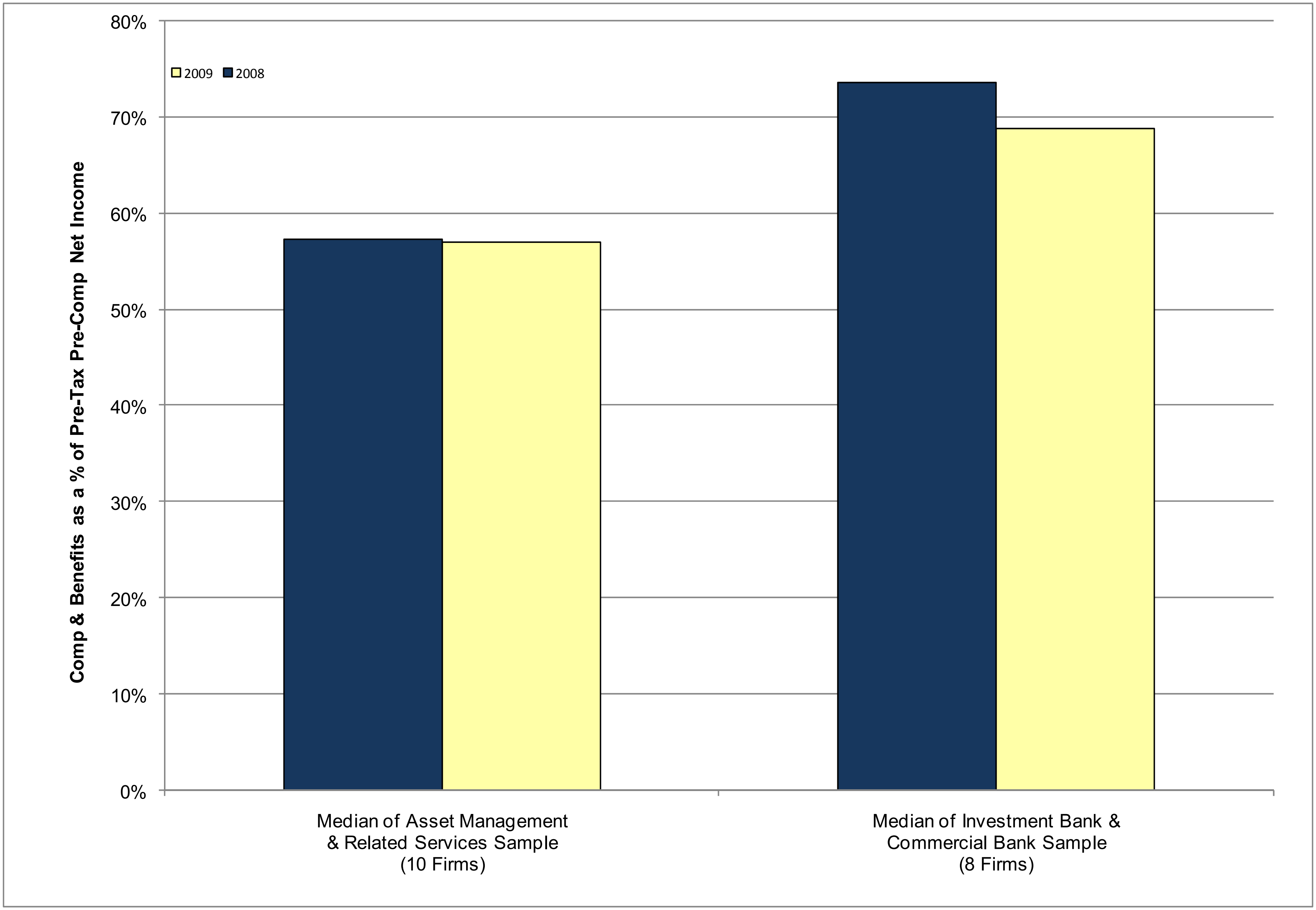
Year-to-Date Compensation & Benefits as % of Net Revenue

Notes:
Inclusive of writedowns



Year-to-Date Compensation & Benefits as % of Pre-Tax Pre-Comp Net Income

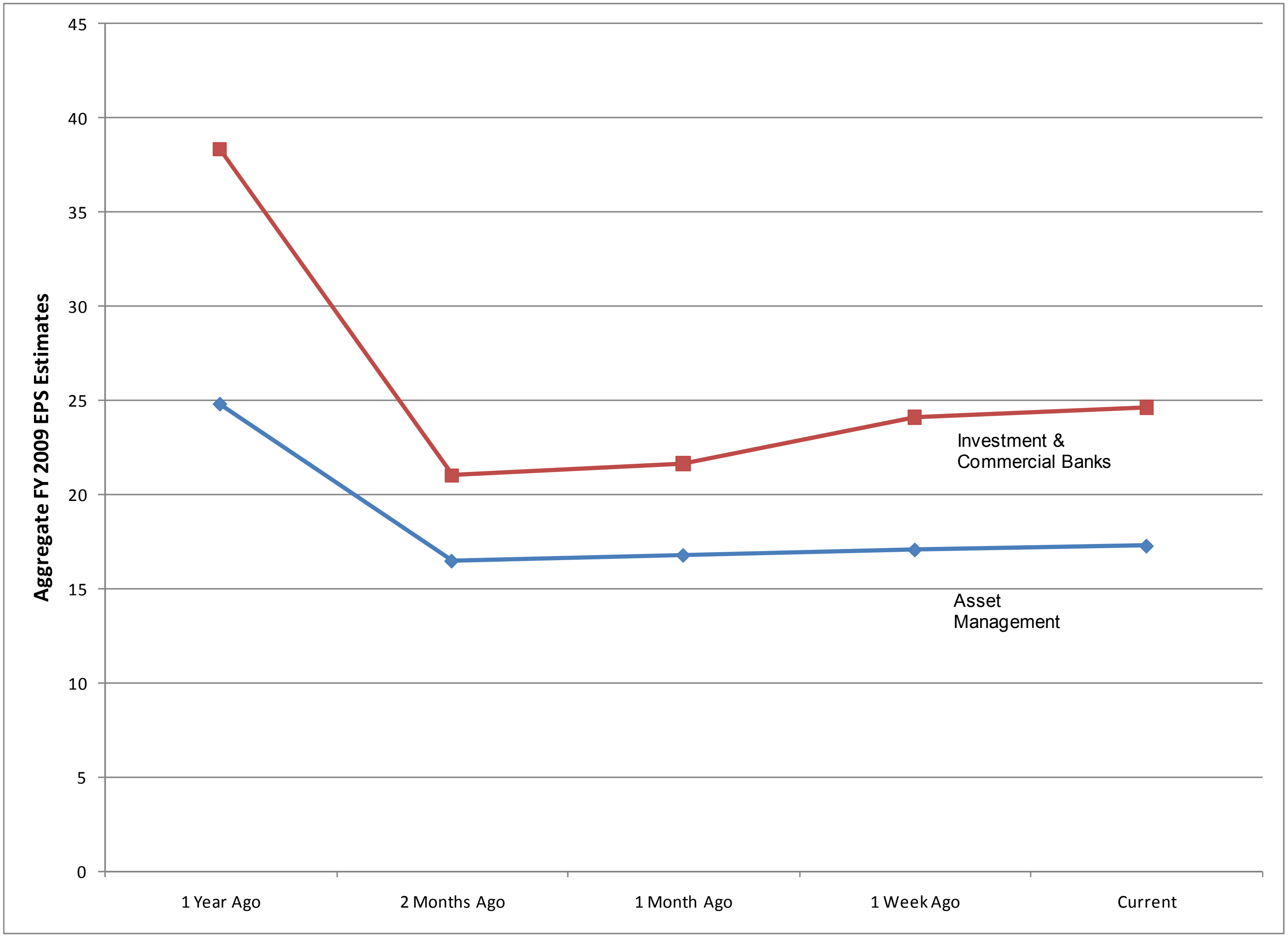
Notes:
Inclusive of writedowns



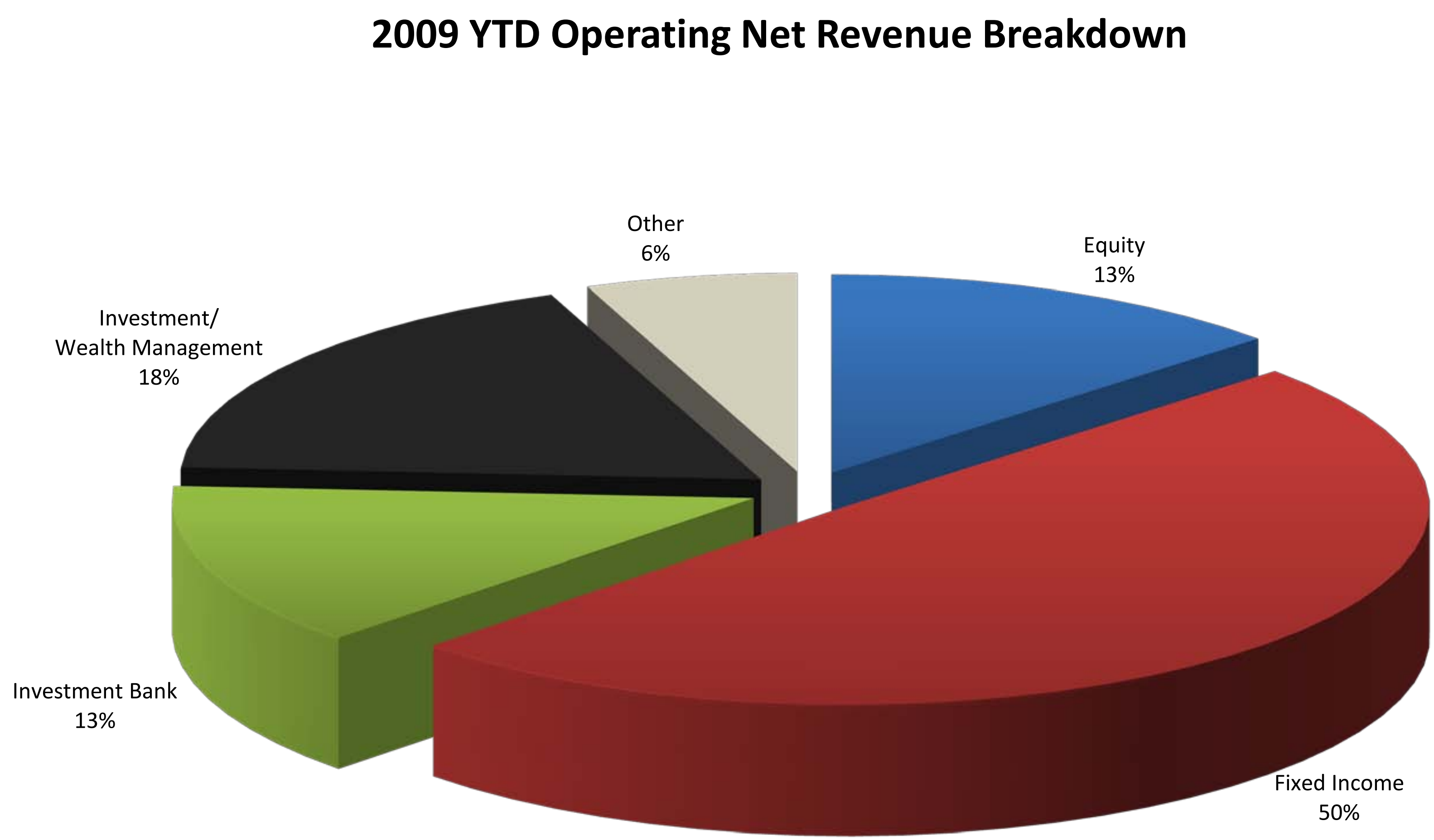
Analyst Estimated EPS Trend

- With ten months into fiscal year, the outlook has begun to stabilize. However, cyclical downturn continuing to weigh on firm results as indicated by significant change in estimates from one year ago
- Chart reflects a sample of 8 investment and commercial banks and 9 asset management and related services firms

2009 EPS Estimate Trend



Year-to-Date Investment Bank Net Revenue Breakdown



**Data represents median of sample set and excludes impact of writedowns*