NO RHYME OR REASON:

The 'Heads I Win, Tails You Lose' Bank Bonus Culture

Andrew M. Cuomo
Attorney General
State of New York

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Through various inquiries, the New York State Attorney General's Office has been examining the causes of last year's economic downturn. We have reviewed the failures of the credit rating agencies, the role of government regulators, the flaws of the credit default swap market, and the effects of over-leverage and fraud in the housing and mortgage markets, among others.

As part of this review we have also been examining the compensation structures employed by various banks and firms. Accordingly, over the past nine months this Office has been conducting an investigation into compensation practices in the American banking system. We have reviewed historic and current data on numerous banks' compensation and bonus plans. We have taken testimony from participants in all aspects of the process, including bank executives who set and administer the compensation process, members of boards of directors who review company salary and bonus structures, compensation consultants who advise the companies, and the recipients of bonuses.

As one would expect, in describing their compensation programs, most banks emphasize the importance of tying pay to performance. Indeed, one senior bank executive noted recently that individual compensation should not be set without taking into strong consideration the performance of the business unit and the overall firm. As this executive put it, "employees should share in the upside when overall performance is strong and they should all share in the downside when overall performance is weak."

But despite such claims, one thing is clear from this investigation to date: there is no clear rhyme or reason to the way banks compensate and reward their employees. In many ways, the past three years have provided a virtual laboratory in which to test the hypothesis that compensation in the financial industry was performance-based. But even a cursory examination of the data suggests that in these challenging economic times, compensation for bank employees has become unmoored from the banks' financial performance.

Thus, when the banks did well, their employees were paid well. When the banks did poorly, their employees were paid well. And when the banks did very poorly, they were bailed out by taxpayers and their employees were still paid well. Bonuses and overall compensation did not vary significantly as profits diminished.

An analysis of the 2008 bonuses and earnings at the original nine TARP recipients illustrates the point. Two firms, Citigroup and Merrill Lynch suffered massive losses of more than $27 billion at each firm. Nevertheless, Citigroup paid out $5.33 billion in bonuses and Merrill paid $3.6 billion in bonuses. Together, they lost $54 billion, paid out nearly $9 billion in bonuses and then received TARP bailouts totaling $55 billion.

For three other firms – Goldman Sachs, Morgan Stanley, and J.P. Morgan Chase – 2008 bonus payments were substantially greater than the banks' net income. Goldman earned $2.3 billion, paid out $4.8 billion in bonuses, and received $10 billion in TARP funding. Morgan Stanley earned $1.7 billion, paid $4.475 billion in bonuses, and received $10 billion in TARP funding. J.P. Morgan Chase earned $5.6 billion, paid $8.69 billion in bonuses, and received $25 billion in TARP funding. Combined, these three firms earned $9.6 billion, paid bonuses of nearly $18 billion, and received TARP taxpayer funds worth $45 billion. Appendices A and B, attached hereto, provide further information on the 2008 earnings, bonus pools, and TARP funding for the nine original TARP recipients. We note that some of the nine recipients maintain that they did not request or desire TARP funding.

Other banks, like State Street and Bank of New York Mellon, paid bonuses that were more in line with their net income, which is certainly what one would expect in a difficult year like 2008. For example, State Street earned $1.8 billion, paid bonuses totaling approximately $470 million, and received $2 billion in TARP funding. Thus, the relationship between performance of the firms and bonuses varied immensely and the bonus incentive system does not appear to have been tethered to any consistent principles tying compensation to performance or risk metrics.

Historical financial filings support the same conclusions. At many banks, for example, compensation and benefits steadily increased during the bull market years between 2003 and 2006. However, when the sub-prime crisis emerged in 2007, followed by the current recession, compensation and benefits stayed at bull-market levels even though bank performance plummeted. For instance, at Bank of America, compensation and benefit payments increased from more than $10 billion to more than $18 billion in between 2003 and 2006. Yet, in 2008, when Bank of America's net income fell from $14 billion to $4 billion, Bank of America's compensation payments remained at the $18 billion level. Bank of America paid $18 billion in compensation and benefit payments again in 2008, even though 2008 performance was dismal when compared to the 2003-2006 bull market. Similar patterns are clear at Citigroup, where bull-market compensation payments increased from $20 billion to $30 billion. When the recession hit in 2007, Citigroup's compensation payouts remained at bull-market levels – well-over $30 billion, even though the firm faced a significant financial crisis. Appendix C, attached hereto, provides further historical data.

In some senses, large payouts became a cultural expectation at banks and a source of competition among the firms. For example, as Merrill Lynch's performance plummeted, Merrill severed the tie between paying based on performance and set its bonus pool based on what it expected its competitors would do. Accordingly, Merrill paid out close to $16 billion in 2007 while losing more than $7 billion and paid close to $15 billion in 2008 while facing near collapse. Moreover, Merrill's losses in 2007 and 2008 more than erased Merrill's earnings between 2003 and 2006. Clearly, the compensation structures in the boom years did not account for long-term risk, and huge paydays continued while the firm faced extinction.

Thus, rather than abiding by steady principles to guide compensation decisions year in and year out, bank executives did just the opposite by delivering high compensation every year. For

example, testimony from the head of Merrill Lynch's compensation committee revealed that in 2007, Merrill changed its compensation rationale resulting in huge bonuses in a difficult year:

Q: In 2008 was Merrill Lynch looking at the bonuses as a percent of revenue?

A: No. In 2007 we diverted from that for reasons. We set out in a proxy that Merrill had suffered substantial losses largely related to one unit of the corporation. Overall financial performance is usually a key ingredient. We had to balance that with the need to pay our employees in units that performed. . . .

Q: Did there come a time in 2008 when you revisited that approach that you need to consider having bonuses in some way reflect the economic performance of Merrill year to date?

A: I think we always looked at financial performance, but [beginning in 2007] I think we thought it would jeopardize the long-term health of the firm – and certainly later jeopardize the franchise value of Bank of America – if we didn't pay people who performed and contributed for their performance in the face of large losses on legacy assets in some units. . . .] .

The information contained in the three appendices attached hereto set out, in stark terms, the failure of the compensation structures at many of our nation's largest financial institutions to follow any objective and consistent principles. To the contrary, what these statistics portray is an ad hoc system that does not come close to meeting the goal of having employees share in the upside and the downside of their firm's performance. We emphasize that the problems we have found relate to problems with banking compensation system-wide and should not be taken as criticism of any particular individual's conduct.

We recognize, of course, that there can be situations where the distribution of profits to employees who created real profits would be appropriate even though the overall firm may have lost money. This might be the case, for example, where one division of a firm earned large profits but another division lost profits. A principled and consistent approach would, however, balance the need to reward and retain those who created profits with the need for bonuses to reflect the overall performance of the firm. In any event, our investigations have shown numerous instances where large bonuses were paid to individuals in money-losing divisions at firms who saw either substantially reduced profits or losses in 2008.

In sum, as we seek to learn lessons from this economic crisis and repair the damage it has wrought, it will be vital to develop and implement sound principles and rationales for executive compensation and bonuses that promote sustainable and rational economic growth. The repeated explanation from bank executives that bonuses are tied to performance in a manner designed to promote such growth does not appear to be accurate. Indeed, our investigation suggests a disconnect between compensation and bank performance that resulted in a "heads I win, tails you lose" bonus system. In other words, bank compensation structures lacked consistent principles and tended to result in a compensation system that was all "upside."

The private market place is, and should be responsible for setting compensation structures. However, compensation packages should be designed to promote long-term, sustainable growth and actual increases in value. This would drive firms towards decision-making that promotes long-term actual growth and performance rather than the dangerous combination of short-term booked profits and blow-up deferral caused by the current bonus culture. Moreover, if market participants begin following sounder and more principled bonus systems, firms would be less susceptible to the "poaching" of their employees by other firms offering unreasonably large compensation packages. Such poaching has too often resulted in irrational bonus bidding wars that harm the entire industry by forcing firms to continually increase bonus levels and leading to a compensation system that is simply a one-way ratchet up.

This rationalization of the compensation and bonus system must be accomplished now. Hopefully, the private sector sees the problem and addresses it quickly. The private sector is the appropriate forum for such reform, and some firms have already taken steps in the right direction. If the private sector does not act, such reform should be discussed as part of the federal regulatory reform effort, and, where appropriate, taken into account by the Obama Administration's pay czar.

APPENDIX A

TARP RECIPIENTS' 2008 BONUS CHART

Below is a chart of the original nine TARP recipients for 2008 highlighting each banks earnings/losses, bonus pool, number of employees, earnings per employee, bonus per employee, amount of TARP funds received and the amount of bonus payments in excess of $3 million, $2 million and $1 million.

	Earnings/ (Losses)	Bonus Pool	# of Employees	Earnings/ Employees	Bonus/ Employees	TARP	≥$3 M	≥$2 M	≥$1M
Bank of America	$4,000,000,000	$3,300,000,000	243,000	$16,461	$13,580	$45 B	28	65	172
Bank of New York Mellon	$1,400,000,000	$945,000,000	42,900	$32,634	$22,028	$3 B	12	22	74
Citigroup, Inc.	**($27,700,000,000)**	$5,330,000,000	322,800	**($85,812)**	$16,512	$45 B	124	176	738
Goldman Sachs Group	$2,322,000,000	$4,823,358,763	30,067	$77,228	$160,420	$10 B	212	391	953
J.P. Morgan Chase & Co.	$5,600,000,000	$8,693,000,000	224,961	$24,893	$38,642	$25 B	>200		1,626
Merrill Lynch	**($27,600,000,000)**	$3,600,000,000	59,000	**($467,797)**	$61,017	$10 B	149		696
Morgan Stanley	$1,707,000,000	$4,475,000,000	46,964	$36,347	$95,286	$10 B	101	189	428
State Street Corp.	$1,811,000,000	$469,970,000	28,475	$63,600	$16,505	$2 B	3	8	44
Wells Fargo & Co.*	**($42,933,000,000)**	$977,500,000	281,000	**($152,786)**	$3,479	$25 B	7	22	62

* Wells Fargo & Company's 2008 losses include Wachovia's 2008 losses.

APPENDIX B

TARP RECIPIENTS' 2008 COMPENSATION SUMMARY WITH BONUS BREAKDOWN

Below is a summary of the original nine TARP recipients highlighting the total amount of TARP funds received by each bank, the total 2008 earnings, the total 2008 bonuses, the number of employees receiving a bonus over a $1 million, the total number of employees and a breakdown of the bonus payments.

1. Bank of America

TARP: $45 billion ($15 billion on 10/28/08 under the Capital Purchasing Program; $10 billion on 1/9/09 under the Capital Purchasing Program [for Merrill Lynch]); $20 billion on 1/16/09 under the Targeted Investment Program (1/16/09 Treasury and other government organizations agrees to backstop $118 billion in assets)

2008 Earnings: $4.0 billion, or $0.55 per diluted common share.

2008 Total Bonuses: $3.33 billion in cash and equity ($2.9 billion of the mixed cash and equity bonuses were discretionary and $337 million of the mixed cash and equity bonuses were guaranteed)

172 employees: at least $1 million

Total Workforce1: 243,000

Bonus Breakdown

The top four recipients received a combined $64.01 million.

The next four bonus recipients received a combined $36.85 million.

The next six bonus recipients received a combined $31.39 million.

Four individuals received bonuses of $10 million or more and combined they received $64.01 million.

8 individuals received bonuses of $8 million or more.

1 All Workforce numbers were taken from the companies' 10-K's for the year 2008.

10 individuals received bonuses of $5 million or more.

28 individuals received bonuses of $3 million or more.

65 individuals received bonuses of $2 million or more.

Overall, the top 28 bonus recipients received a combined $183.16 million.

2. Bank of New York Mellon

TARP:	$3 billion
2008 Earnings:	$1.4 billion, or $1.20 per diluted share.
2008 Total Bonuses:	$945 million
74 employees:	at least $1 million
Total Workforce:	42,900

Bonus Breakdown

The top five executives received no cash bonuses.

The remaining 12 members of the 17 member "Executive Committee" received a combined $16 million, which is an average bonus of $1,333,750 a person.

Other employees, totaling 30,521 individuals, received a combined $928.57 million, which is an average bonus of $30,424 a person.

12 individuals received bonuses of $3 million or more.

22 individuals received bonuses of $2 million or more.

3. Citigroup, Inc.

TARP:	$45 billion ($25 billion on 10/28/08 under the Capital Purchasing Program; $20 billion on 12/30/08 under the Targeted Investment Program) (11/23/08 Treasury and other government organizations agrees to backstop $306 billion in assets)

2008 Net Losses: $27.7 billion, or $5.59 per share

2008 Total Bonuses: $5.33 billion in cash and equity ($4.6 billion of the mixed cash and equity bonuses were discretionary and $704 million of the mixed cash and equity bonuses were formulaic)

738 employees: at least $1 million

Total Workforce: 322,800

Bonus Breakdown

11 executives received a combined $77.25 million in cash, deferred cash, performance vesting stock, and performance priced options.

The **Senior Leadership Committee** (excluding members who are also executives) received a combined $126.26 million in cash, deferred cash, and equity.

The top four recipients received a combined $43.66 million.

The next four bonus recipients received a combined $37.47 million.

The next six bonus recipients received a combined $49.81 million.

Three individuals received bonuses of $10 million or more and combined they received $33.88 million.

13 individuals received bonuses of $8 million or more.

44 individuals received bonuses of $5 million or more.

69 individuals received bonuses of $4 million or more.

124 individuals received bonuses of $3 million or more.

176 individuals received bonuses of $2 million or more.

Overall, the top 124 bonus recipients received a combined $609.10 million.

4. Goldman Sachs Group, Inc.

TARP: $10 billion

2008 Earnings: $2.322 billion, or $4.47 in diluted earnings per common share

2008 Total Bonuses: $4.82 billion ($2.24 billion in cash)

0 employees received more than $884,193 in cash, but combined cash and equity:

953 employees: at least $1 million

Total Workforce: 30,067

Bonus Breakdown

The top four recipients received a combined $45.90 million.

The next four bonus recipients received a combined $40.81 million.

The next six bonus recipients received a combined $56.40 million.

6 individuals received bonuses of $10 million or more and combined they received $67.70 million.

21 individuals received bonuses of $8 million or more.

78 individuals received bonuses of $5 million or more.

95 individuals received bonuses of $4 million or more.

212 individuals received bonuses of $3 million or more.

391 individuals received bonuses of $2 million or more.

Overall, the top 200 bonus recipients received a combined $994.68 million.

5. J.P. Morgan Chase & Co.

TARP: $25 billion

2008 Earnings: $5.6 billion, or $1.37 per share

2008 Total Bonuses: $8.693 billion ($5.908 billion in cash)

1,626 employees: at least $1 million

Total Workforce: 224,961

Bonus Breakdown

The top four recipients received a combined $74.80 million.

The next four bonus recipients received a combined $49.18 million.

The next six bonus recipients received a combined $60.96 million.

Ten individuals received bonuses in cash and equity of $10 million or more and combined they received $145.50 million.

29 individuals received bonuses of $8 million or more.

84 individuals received bonuses of $5 million or more.

130 individuals received bonuses of $4 million or more.

Over 200 individuals received bonuses of $3 million or more.

Overall, the top 200 bonus recipients received a combined $1.119 billion.

6. Merrill Lynch

TARP: $10 billion (was never drawn down by Merrill Lynch; instead, it was given to Bank of America on 1/09/09)

2008 Net Losses: $27.6 billion, or $24.82 per diluted share

2008 Total Bonuses: $3.6 billion

696 employees: at least $1 million

Total Workforce: 59,000

Bonus Breakdown

The top four recipients received a combined $121 million.

The next four bonus recipients received a combined $62 million.

The next six bonus recipients received a combined $66 million.

Fourteen individuals received bonuses of $10 million or more and combined they received $250 million.

20 individuals received bonuses of $8 million or more.

53 individuals received bonuses of $5 million or more.

149 individuals received bonuses of $3 million or more.

Overall, the top 149 bonus recipients received a combined $858 million.

7. Morgan Stanley

TARP:	$10 billion
2008 Earnings:	$1.707 billion, or $1.45 in diluted earnings per share
Total Bonuses:	$4.475 billion
428 employees:	at least $1 million
Total Workforce:	46,964

Bonus Breakdown

The top four recipients received a combined $73.04 million.

The next four bonus recipients received a combined $51.08 million.

The next six bonus recipients received a combined $59.62 million.

Ten individuals received bonuses of $10 million or more and combined they received $146.80 million.

15 individuals received bonuses of $8 million or more.

40 individuals received bonuses of $5 million or more.

59 individuals received bonuses of $4 million or more.

101 individuals received bonuses of $3 million or more.

189 individuals received bonuses of $2 million or more.

Overall, the top 101 bonus recipients received a combined $577 million.

8. State Street Corp.

TARP:	$2 billion
2008 Earnings:	$1.811 billion, or $4.35 per diluted share
Total Bonuses:	$469.97 million ($376.70 million in cash)
44 employees:	at least $1 million
Total Workforce:	28,475

Bonus Breakdown

The top four recipients received a combined $17.88 million.

The next four bonus recipients received a combined $8.52 million.

The next six bonus recipients received a combined $10.30 million.

0 individuals received bonuses of $10 million or more.

0 individuals received bonuses of $8 million or more.

1 individual received bonuses of $5 million or more.

2 individuals received bonuses of $4 million or more.

3 individuals received bonuses of $3 million or more.

8 individuals received bonuses of $2 million or more.

Overall, the top 3 bonus recipients received a combined $15.15 million.

9. Wells Fargo & Co.

TARP:	$25 billion
2008 Net Losses:	$42.933 billion (includes losses from Wachovia)
Total Bonuses:	$977.5 million
62 employees:	at least $1 million
Total Workforce:	281,000

Bonus Breakdown

The Senior Executive Officers of Wells Fargo did not receive any bonuses

The top four recipients received a combined $17.29 million.

The next four bonus recipients received a combined $12.63 million.

The next six bonus recipients received a combined $16.14 million.

1 individual received a bonus of $5 million or more.

7 individuals received bonuses of $3 million or more.

22 individuals received bonuses of $2 million or more.

Overall, the top 7 bonus recipients received a combined $27.12 million.

Overall, the top 209 bonus recipients received a combined $197.75 million

APPENDIX C

TARP RECIPIENTS' HISTORICAL COMPENSATION & BENEFITS AS A PERCENTAGE OF NET REVENUE & NET INCOME

Below are charts for the original nine TARP recipients from 2003 to the second quarter 2009 highlighting each bank's historical net revenue, compensation and benefits, compensation as a percentage of revenue, net income, and compensation as a percentage of net income.

BANK OF AMERICA COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

(mil.)	Net Revenue	Comp. & Benefits	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$37,886.00	$10,446.00	27.57%	$10,762.00	97.06%
2004	$49,682.00	$13,435.00	27.04%	$13,947.00	96.33%
2005	$56,923.00	$15,054.00	26.45%	$16,465.00	91.43%
2006	$73,804.00	$18,211.00	24.67%	$21,133.00	86.17%
2007	$68,068.00	$18,753.00	27.55%	$14,982.00	125.17%
2008	$73,976.00	$18,371.00	24.83%	$4,008.00	458.36%
20091Q	$35,758.00	$8,768.00	24.52%	$4,247.00	206.45%
20092Q*	$32,774.00	$7,790.00	23.77%	$3,224.00	241.63%

* As reported by BAC. 10-Q not yet filed with SEC.

BANK OF NEW YORK COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

(mil.)	Net Revenue	Comp. & Benefits	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$4,880.00	$2,002.00	41%	$1,157.00	173.03%
2004	$5,551.00	$2,324.00	42%	$1,440.00	161.39%
2005	$6,055.00	$2,310 or[2] $2,549	38% or 42%	$1,571.00	147.04% or 162.52%
2006	$6,838.00	$2,640.00	39%	$2,847.00	92.73%
2007	$11,331.00	$4,120.00	36%	$2,039.00	202.06%
2008	$13,365.00	$5,115.00	38%	$1,386.00	369.05%
20091Q	$32,060.00	$1,169.00	36%	$370.00	315.95%
20092Q*	$32,130.00	$1,153.00	36%	$410.00	281.22%

Effective July 1, 2007, The Bank of New York Company, Inc. and Mellon Financial Corporation merged into The Bank of New York Mellon Corporation. Data for prior periods reflects only the Bank of New York.

* As reported by BNY. 10-Q not yet filed with SEC.

2 2007 10-K versus 2005 10-K

CITIGROUP COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$71,594.00	$20,719.00	28.94%*	$17,853.00	116.05%
2004	$79,635.00	$22,934.00	28.80%*	$17,046.00	134.54%
2005	$83,642.00	$25,772.00	30.81%	$24,589.00	104.81%
2006	$89,615.00	$30,277.00	33.79%	$21,538.00	140.57%
2007	$81,698.00	$34,435.00	42.15%	$3,617.00	952.03%
2008	$53,692.00	$32,440.00	60.42%	$(27,684.00)	N/A
20091Q	$24,521.00	$6,419.00**	26.18%	$1,593.00	403.95%
20092Q***	$29,969.00	$6,359.00	21.22%	$4,279.00	149.61%

* Before adjustment to align with other numbers of income statements the percentages were 26.15%, 26.75%, and 26.61%, respectively.

** $6,419 reported in 10-Q. $6,235 reported in Second Quarter financial release.

***As reported by Citi. 10-Q not yet filed with SEC.

GOLDMAN SACHS COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2002	$13,986.00	$7,037.00	50.31%	$2,114.00	332.88%
2003	$16,012.00	$7,515.00	46.93%	$3,005.00	250.08%
2004	$20,550.00	$9,652.00	46.97%	$4,553.00	211.99%
2005	$25,238.00	$11,758.00	46.59%	$5,626.00	208.99%
2006	$37,665.00	$16,457.00	43.69%	$9,537.00	172.56%
2007	$45,987.00	$20,190.00	43.90%	$11,599.00	174.07%
2008	$22,222.00	$10,934.00	49.00%	$2,322.00	470.89%
20091Q	$9,425.00	$4,712.00	49.99%	$1,814.00	259.76%
20092Q*	$13,760.00	$6,650.00	48.32%	$3,440.00	193.31%

* As reported by GS. 10-Q not yet filed with SEC.

JP MORGAN COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2002	$29,614.00	$10,693.00	36.11%	$2,114.00	505.82%
2003	$33,191.00	$11,387.00	34.31%	$6,719.00*	169.47%
2004	$42,736.00	$14,506.00	33.94%	$4,466.00	324.81%
2005	$54,248.00	$18,065.00	33.30%	$8,483.00	212.96%
2006	$61,999.00	$21,191.00	34.18%	$14,444.00	146.71%
2007	$71,372.00	$22,689.00	31.79%	$15,365.00	147.67%
2008	$67,252	22,746.00	33.82%	$5,605.00	405.81%
20091Q	$25,025.00	$7,588.00	30.32%	$2,141.00	354.41%
20092Q**	$25,623.00	$6,917.00	27.00%	$2,721.00	254.21%

* Heritage JP Morgan Chase Only
** As reported by JPM. 10-Q not yet filed with SEC.

MERRILL LYNCH COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$19,548.00	$9,814.00	50.20%	$3,836.00	255.84%
2004	$21,500.00	$10,599.00	49.30%	$4,436.00	238.93%
2005	$25,277.00	$12,314.00	48.72%	$5,116.00	240.70%
2006	$33,781.00	$16,867.00	49.93%	$7,499.00	224.92%
2007	$11,250.00	$15,903.00	141.36%	($7,777.00)	N/A
2008	($12,593.00)	$14,763.00	N/A	($27,612.00)	N/A

MORGAN STANLEY COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2002	$19,127.00	$7,933.00	41.48%	$2,988.00	265.50%
2003	$17,621.00	$7,892.00	44.79%	$3,787.00	208.40%
2004	$20,319.00	$9,320.00	45.87%	$4,486.00	207.76%
2005	$23,525.00	$10,749.00	45.69%	$4,939.00	217.64%
2006	$29,839.00	$13,986.00	46.87%	$7,472.00	187.18%
2007	$28,026.00	$16,552.00	59.06%	$3,209.00	515.80%
2008	$24,739.00	$12,306.00	49.74%	$1,707.00	720.91%
20091Q	$3,042.00	$2,082.00	68.44%	($190.00)	N/A
20092Q*	$5,400.00	$3,900.00	72.22%	$149.00	2,617.45%

* As reported by MS. 10-Q not yet filed with SEC.

STATE STREET COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

(mil.)	Net Revenue	Comp. & Benefits	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$4,734.00	$1,731.00	36.57%	$722.00	239.75%
2004	$4,951.00	$1,957.00	39.53%	$798.00	245.24%
2005	$5,473.00	$2,231.00	40.76%	$838.00	266.23%
2006	$6,311.00	$2,652.00	42.02%	$1,106.00	239.78%
2007	$8,336.00	$3,256.00	39.06%	$1,261.00	258.21%
2008	$10,693.0	$3,842.00	35.93%	$1811.00	212.15%
20091Q	$2,002.00	$731.00	36.5%	$476.00	153.57%
20092Q*	$2,122.00	$696.00	32.8%	($3,182.00)**	N/A

* As reported by STT. 10-Q not yet filed with SEC.

** Extraordinary loss as a result of the previously reported consolidation of the ABCP conduits.

WELLS FARGO COMPENSATION & BENEFITS STATISTICS

Compensation as % of Net Revenue & Net Income

	Net Revenue (mil.)	Comp. & Benefits (mil.)	Comp. % of Revenue	Net Income	Comp. % of Net Income
2003	$28,389.00	$8,924.00	31.43%	$6,202.00	143.89%
2004	$30,059.00	$8,446.00	28.10%	$7,014.00	120.42%
2005	$32,949.00	$10,455.00	31.73%	$7,671.00	136.29%
2006	$35,691.00	$12,027.00	33.70%	$8,420.00	142.84%
2007	$39,390.00	$13,368.00	33.94%	$8,057.00	165.92%
2008	$41,897.00	$12,940.00	30.88%	$2,655.00*	487.38%
20091Q	$21,000.00	$6,494.00**	30.92%	$3,050.00	212.92%
20092Q***	$22,500.00	$6,725.00**	29.89%	$3,170.00	212.15%

* Does not include 2008 losses from Wachovia.

** Includes "salaries, commission and incentive compensation, and employee benefits," as reported by the company.

*** As reported by Wells Fargo. 10-Q not yet filed with SEC.