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Financial Services Workplace: Macro Trends, Current Update

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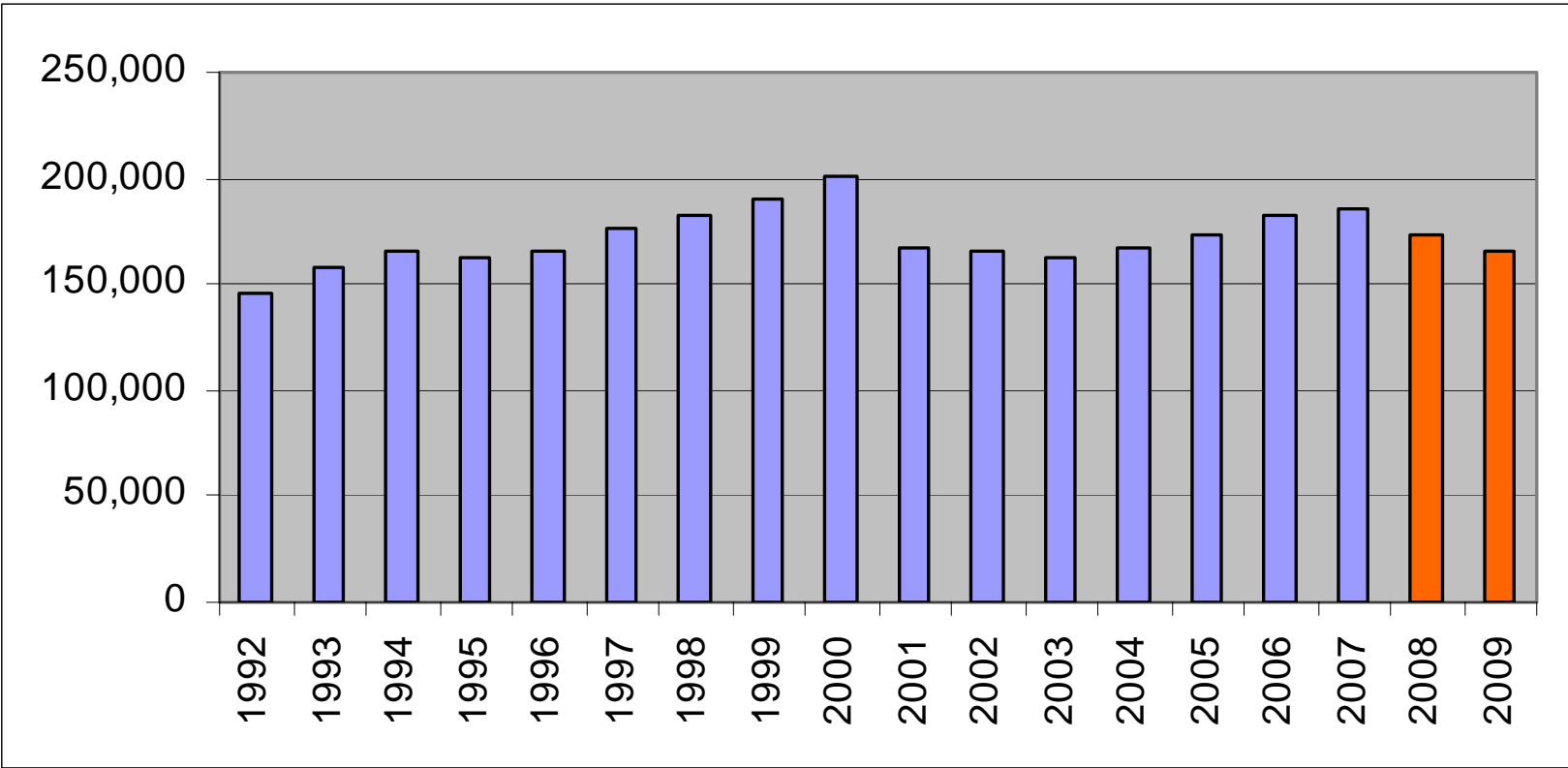
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I. Financial Industry in New York City

NYC Annual Securities Industry Employment

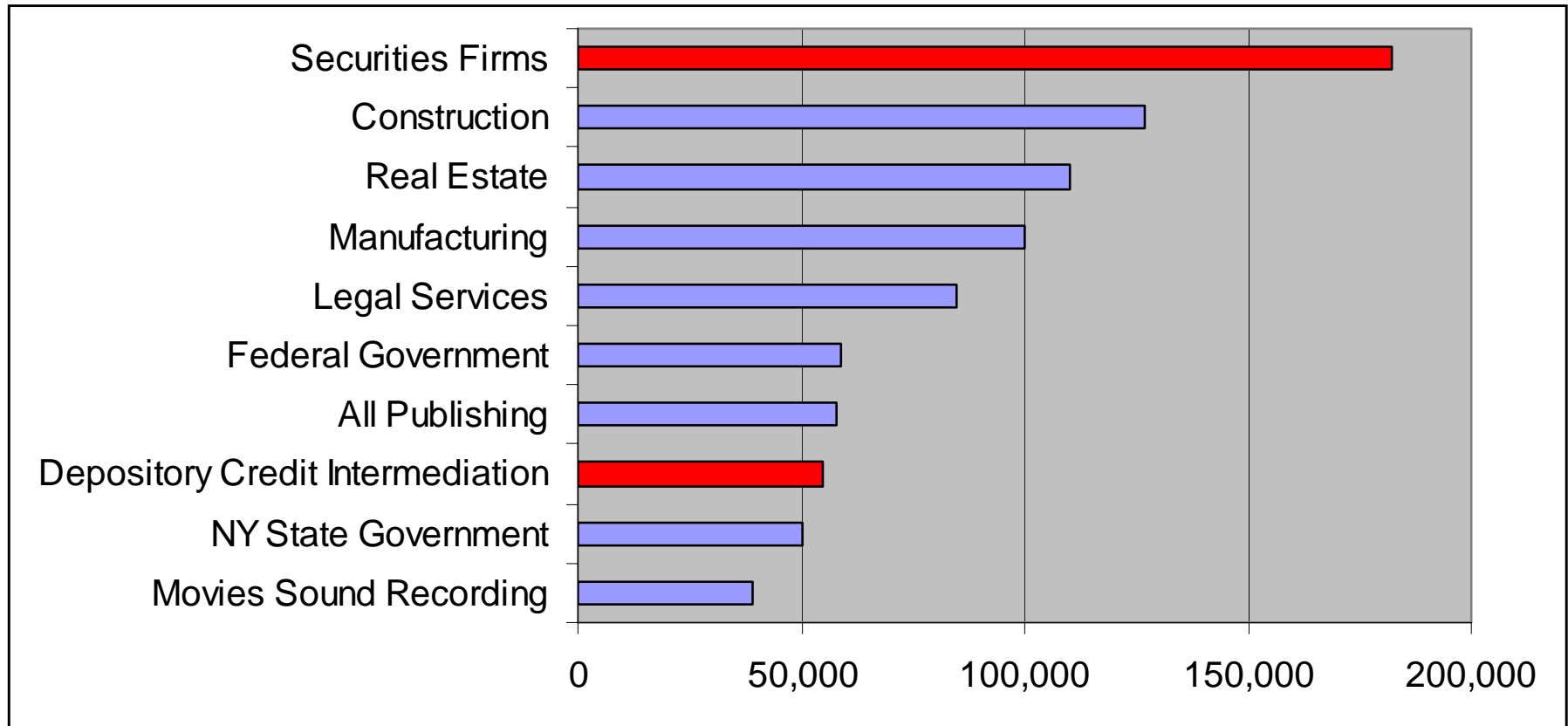
NYC Annual Securities Industry Employment



Source: US Dept. of Labor Bureau of Labor Statistics; New York State Dept. of Labor; 2008 and 2009 figures are predictions from NYC Independent Budget Office

NYC Average Employment by Industry in 2007

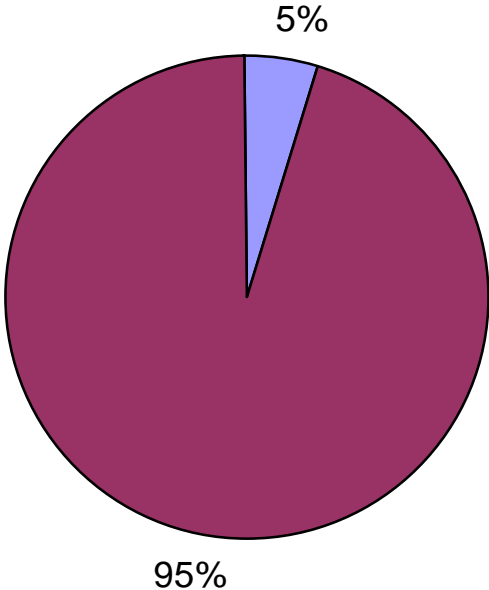
NYC Average Employment by Industry in 2007



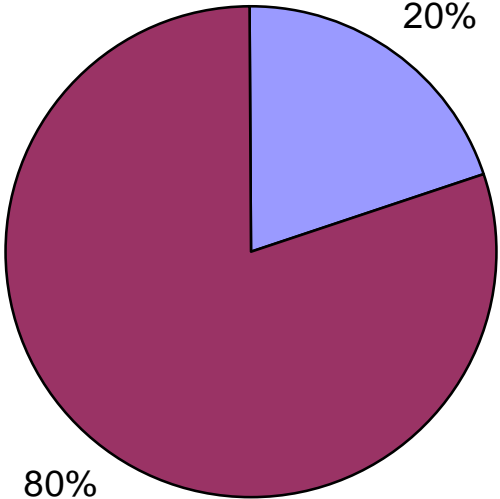
Source: New York State Dept. of Labor

Securities Industry Jobs vs. Wages

% of NYC Jobs in Securities Industry (2007)



% of NYC Wages from Securities Industry (2007)



Source: Office of the State Comptroller



II. Current Climate at Financial Institutions

Macro Trends

- **Continued growth of global capital markets** as investors pour more money into equities, debt securities, bank deposits, and other assets around the world
- **Emerging economies – and their financial markets – soar.** Ties grow between financial markets in developed and developing countries
- **China and other fast-growing emerging markets gain in importance** as financial weight in Asia shifts away from Japan
- **Eurozone countries and the euro gain in financial clout**
- **Oil-rich Middle Eastern countries rise as suppliers of capital to the world,** and new financial hubs in the Middle East complement rapidly growing hubs in London and Asia

Despite these shifts eroding the relative financial power from the United States, the size, depth and dynamism of the US market will underpin its leading role on the international financial stage for the foreseeable future.

Source: McKinsey

- **After the bursting of the Internet bubble in 2001, some 90,000 positions were eliminated in two years, according to The Securities Industry and Financial Markets Association.**

- **The current round may exceed 100,000, according to some estimates.**

Current Turmoil: Write-downs, Losses, Layoffs

Write-downs, Losses & Layoffs			
Firm	Positions Cut	As % of Headcount	Write-down, Losses (\$ Billions)
Citigroup	15,200	4.1%	41
Royal Bank of Scotland	7,200	3.2%	15
UBS	7,000	8.8%	38
Merrill Lynch	5,220	8.3%	32
Lehman Brothers	4,990	18.0%	3
Morgan Stanley	4,440	9.4%	13
Bank of America	3,650	1.7%	15
HSBC	1,650	0.5%	18
Bear Stearns	1,550	11.0%	3
Goldman Sachs	1,500	4.7%	3
Credit Suisse	1,320	2.7%	10
Wachovia	943	0.8%	7
Fortis	500	0.8%	5
Wells Fargo	500	0.3%	3
Deutsche Bank	450	0.6%	8
Mizuho	300	0.6%	5
JPMorgan Chase	100	0.1%	10
Royal Bank of Canada	40	0.1%	<1

Source: Bloomberg

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Silver Lining Department

- **Salvage Work: Oaktree Capital raises \$10.6 billion for the largest distressed debt fund ever. Former Goldman Sachs partner seeks \$5 billion for fund to purchase distressed debt.**
- **Commodities: Investors boost allocations to commodities. Wall Street, hedge funds enlarge units.**
- **Regional firms, boutiques see opportunity in Wall Street layoffs to acquire talent.**
- **Investment Grade, Government Fixed Income units benefit from flight to quality, spread volatility.**
- **Risk management, compliance personnel in demand as losses and calls for increased regulation mount.**

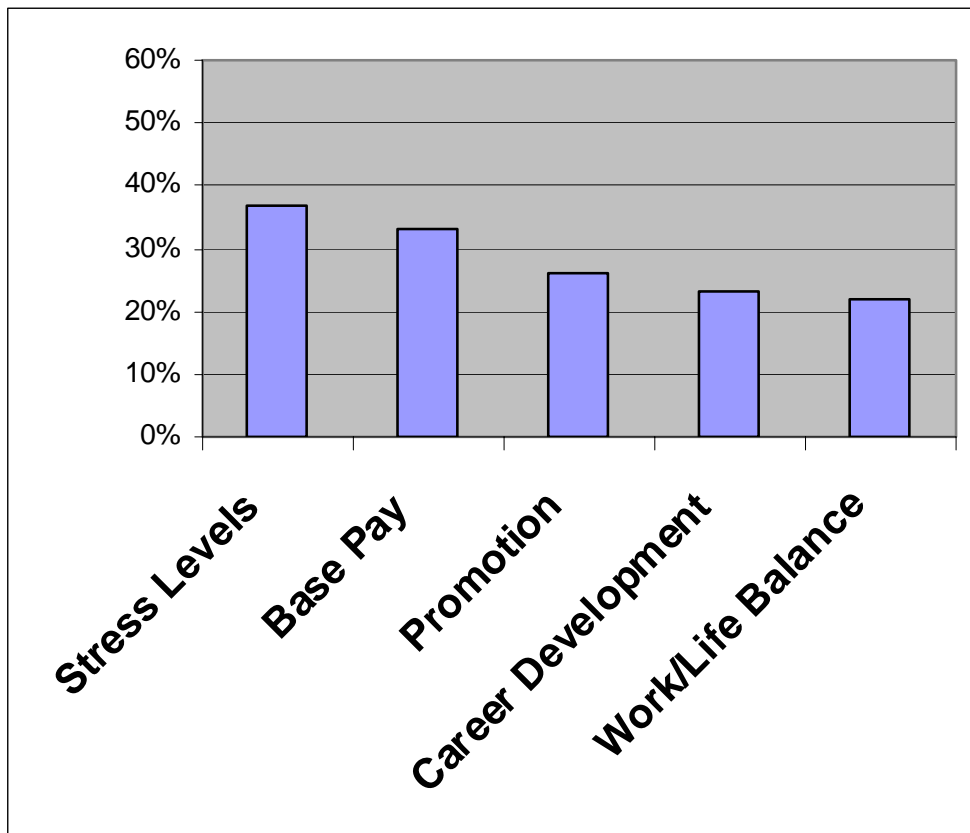


III. The Workplace

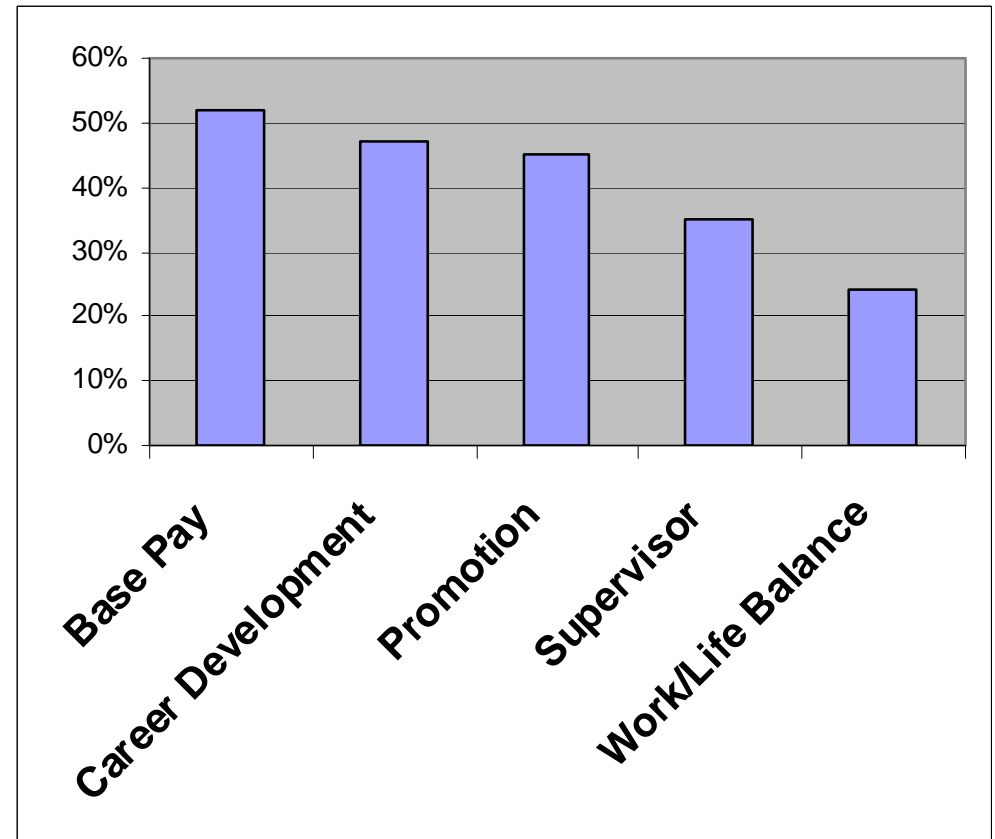
Why Employees Leave Organizations

Why Employees Leave Organizations

Employee View



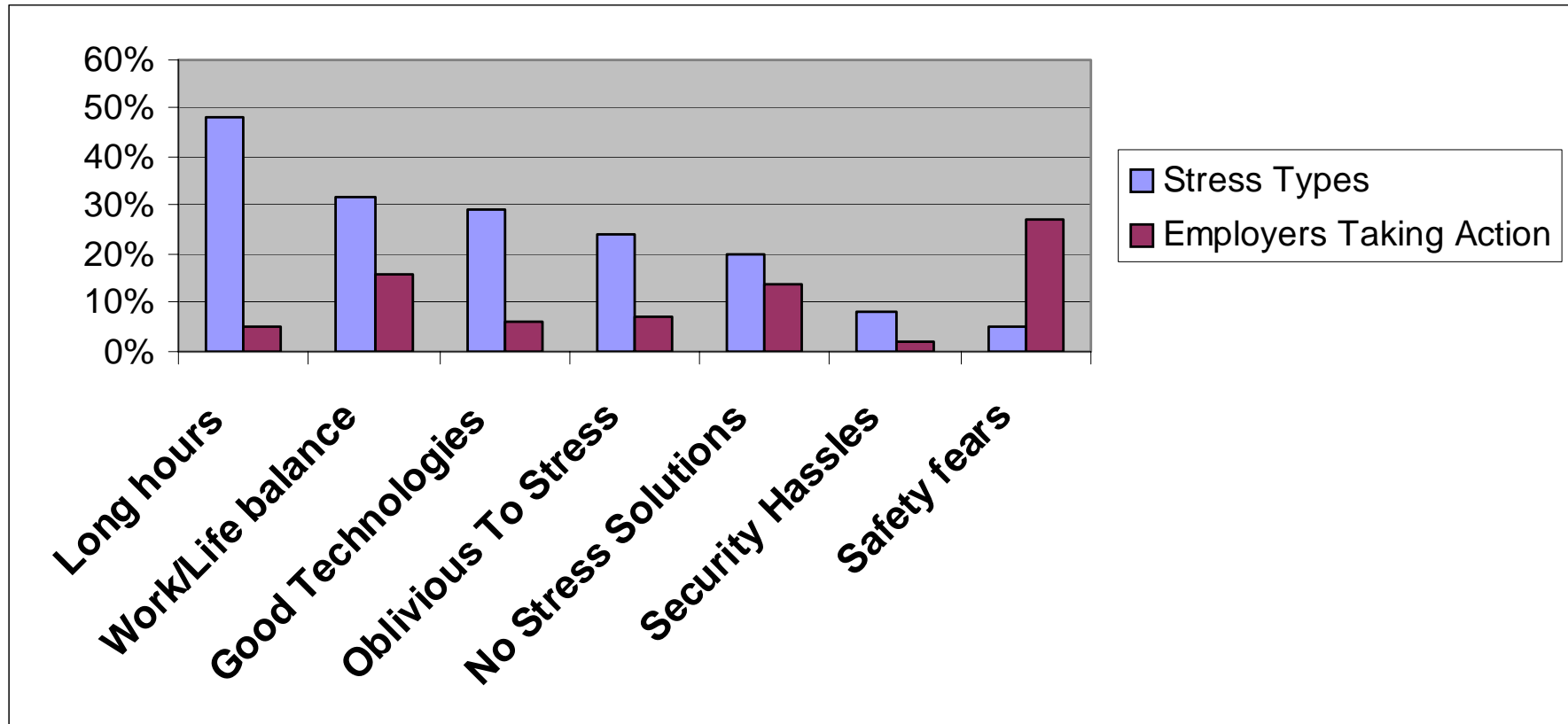
Employer View



Source: Watson Wyatt

Few Employers Addressing Workplace Stress

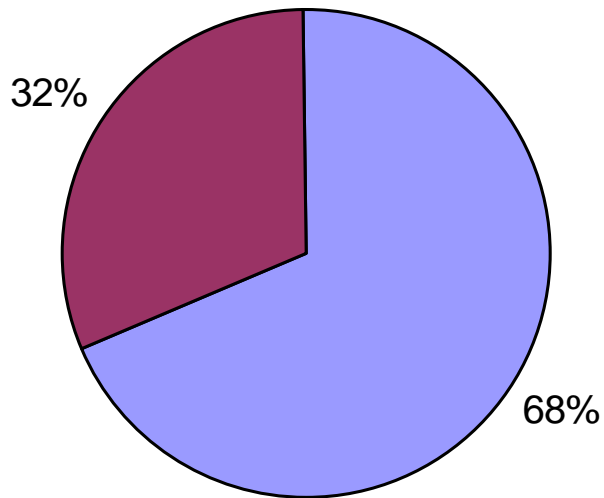
Few Employers Addressing Workplace Stress



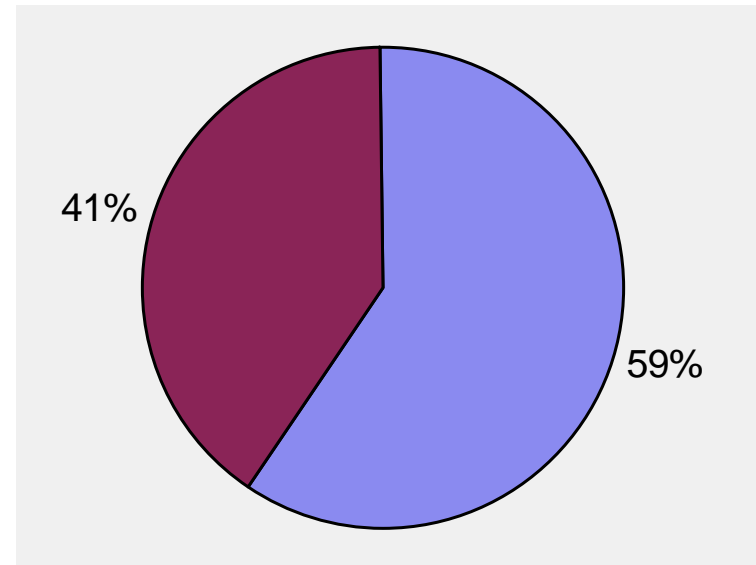
Source: Watson Wyatt

Shortage of Back-Office Personnel

68% of Companies Have Difficulty Holding On Top Back-Office Personnel



59% of Companies Do Not Have Enough People In The Back-Office



Source: Source: Rothstein Kass

Importance of Job Training

**Highly engaged workers
train an average 35 weeks**

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**Workers with low
engagement train an
average of 15 weeks.**

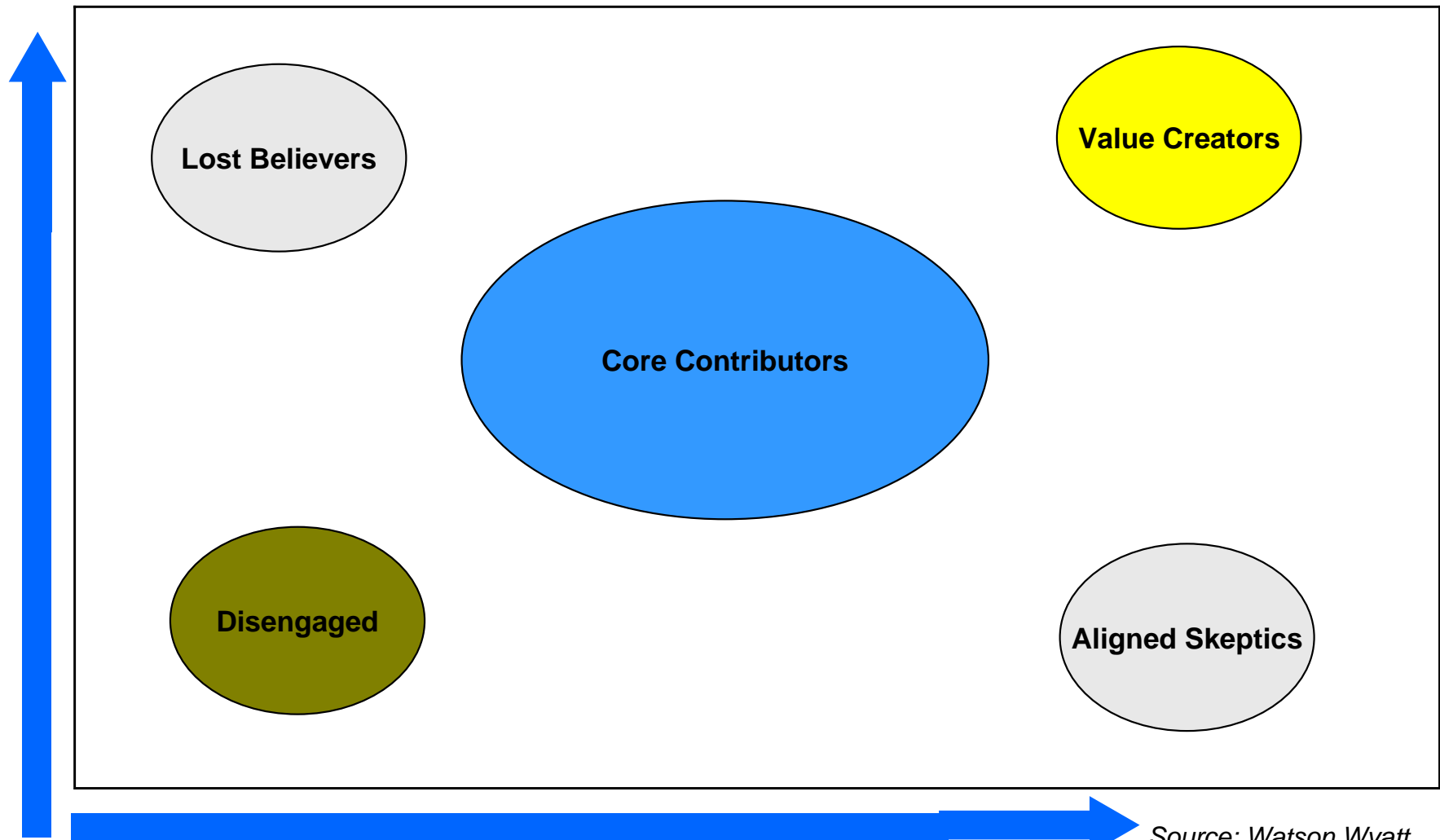
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Source: Watson Wyatt

Employee Commitment/Line of Sight

Commitment

Employee Commitment v. Line of Sight



Source: Watson Wyatt

Line of Sight



IV. Compensation

The Shape of Compensation

- **The new deal: No Deal**
- **Two-year bonus guarantees almost extinct.**
- **One-year guarantees become endangered species**
- **Sign-on bonuses survive.**

Sales & Trading Compensation for 2007

Large Increases

Investment Grade Desks			
Position	Base	Bonus	+/- '06
Vice President	\$125,000	\$450,000-550,000	+11%
Director	\$150,000	\$750,000-950,000	+6%
Managing Director	\$200,000	\$1.25-1.75 million	+20%

Commodities Desks			
Position	Base	Bonus	+/- '06
Vice President	\$125,000	\$550,000-700,000	+32%
Director	\$150,000	\$800,000-1 million	+29%
Managing Director	\$200,000-250,000	\$5 million-7 million	+50%

Source: Options Group

Sales & Trading Compensation for 2007

Large Decreases

Mortgage Backed Securities Desks			
Position	Base	Bonus	+/- '06
Vice President	\$100,000	\$300,000-400,000	-22%
Director	\$125,000	\$700,000-900,000	-36%
Managing Director	\$150,000-200,000	\$1.5 million	-40%

Structured Credit Desks			
Position	Base	Bonus	+/- '06
Vice President	\$130,000-150,000	\$400,000-500,000	-18%
Director	\$150,000	\$900,000-1.1 million	-10%
Managing Director	\$200,000	\$1.5 million-2 million	-36%

Source: Options Group

Corporate Finance Compensation for 2007

Corporate Finance Compensation

Years Experience	Title	Low Payers	Median Payers	High Payers
0.5	MBA Class of 2007	-	\$215,000	-
1.5	1st Year Associate	\$230,000	\$290,000	\$360,000
2.5	2 nd Year Associate	\$270,000	\$340,000	\$430,000
3.5	3 rd Year Associate	\$340,000	\$440,000	\$550,000
4.5	4 th Year Associate	\$405,000	\$545,000	\$695,000
5.5	VP Class of 2002	\$480,000	\$660,000	\$895,000
6.5	VP Class of 2001	\$515,000	\$730,000	\$995,000
7.5	VP Class of 2000	\$555,000	\$805,000	\$1,105,000
7+	SVP, Principal, Director	\$640,000	\$920,000	\$1,400,000
8+	Managing Director	\$855,000	\$1,375,000	\$2,400,000
10+	Group Head	\$1,075,000	\$2,150,000	\$4,205,000

Source: Johnson Associates

Finance, Operations & Administration Compensation for 2007

Finance, Operations & Administration Compensation (Middle-Office & Back-Office Hedge Fund Survey)

Position	Salary	Bonus	Total	Range
CFO	\$251,000	\$987,000	\$1,238,000	\$506,000-2,006,000
Senior Accountant	\$71,000	\$36,000	\$106,000	\$96,000-124,000
Controller	\$124,000	\$145,000	\$269,000	\$241,000-531,000
Assistant Controller	\$93,000	\$70,000	\$163,000	\$131,000-207,000
			b	
COO	\$248,000	\$738,000	\$986,000	\$581,000-1,738,000
Director of Operations	\$190,000	\$243,000	\$434,000	\$298,000-988,000
Operations Manager	\$129,000	\$123,000	\$252,000	\$188,000-391,000
Director Marketing/Sales	\$224,000	\$705,000	\$929,000	\$284,000-1,448,000
Investor Relations	\$112,000	\$89,000	\$200,000	\$168,000-384,000

Source: Rothstein Kass

- Wall Street overhires in good times and overfires in bad. Hiring will pick up.
--Gary Goldstein, Whitney Group CEO



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Overview

About Whitney Group

- Whitney Group, founded in 1983, is an executive search firm specializing in financial services. Industry practice areas include Global Banking & Finance, Global Markets, Asset Management, Real Estate and Insurance/Actuarial.
 - Largest Wall Street specialist executive search practice.
 - Voted the #1 global financial services executive search firm in the most recent Economist Intelligence Unit survey of over 2,500 financial services professionals.
 - Focus upon core clients, offering dedicated specialist coverage to local centers with the ability to leverage geographically diverse relationships.
 - Consultants have successful and relevant industry experience. This allows for in-depth understanding of our clients' needs, credibility in the marketplace and the ability to comprehensively assess candidate capabilities.
 - Headquartered in New York with offices in London, Hong Kong, Boston and Philadelphia.
- The Whitney Intelligence Group provides strategic marketplace intelligence on a customized basis for clients looking to gain a competitive advantage in selected markets and product areas.
- Whitney's proprietary technology platform enables all consultants to share an integrated global candidate database and to collaborate across time zones. Through our Web site password area, both clients and candidates have access to customized, proprietary information.
- Our Knowledge Management unit tracks the latest market and product trends for our consultants and clients worldwide.
- Whitney Advisors (through a joint venture with Whitney Group) provides M&A consulting services and advice to both traditional and alternative investment management companies.

Biographies



Gary Goldstein

- Chairman & CEO
- Location: New York
- Client Service Areas: Alternative Investments, Asset Management, Global Banking & Finance, Global Markets, Real Estate, Strategic Coaching & Career Transition Services

Gary Goldstein is a founder and CEO of Whitney Group, the leading global executive search firm in the financial services industry. Considered to be an expert in his field, Mr. Goldstein has extensive experience in human resources recruitment within all areas of the financial services industry and has appeared in a number of articles and television programs ranging from The Wall Street Journal to CNN's Moneyline discussing trends in the financial services sector. He has also been qualified and has served as an expert witness in a number of arbitrations related to compensation and other matters of employment in the securities business. He was also a founder, chairman and CEO of a public human resource staffing and consulting company serving the financial services industry.

Prior to entering the executive search industry, Mr. Goldstein was on the audit and consulting staffs of Arthur Andersen & Co. in New York. Mr. Goldstein is an active member of Young President's Organization, Inc. (YPO), The Brookings Council of the Brookings Institution and The Presidents Association of the American Management Association. Mr. Goldstein also serves on the Boards of Junior Achievement of New York and Aish HaTorah of New York.

Gary has a BS in accounting and a BA in psychology from Canisius College and is a graduate of the OPM Program at the Harvard Business School.

Biographies



George Stein, CFA

- Director
- Location: New York
- Client Service Areas: Global Banking & Finance, Global Markets

George Stein draws upon more than a decade as a prize-winning financial journalist in his work as the head of Whitney Group's commodities practice. The expertise George has developed across capital markets, investment banking and all aspects of the energy sector is invaluable to a broad range of clients.

Prior to joining Whitney Group in 2007, George was Wall Street Enterprise Reporter for Bloomberg News. During his 10 years at Bloomberg, George covered investment banks, mergers and acquisitions, insurance firms and capital markets, with a particular focus on the energy market. He also edited Bloomberg's Oil Buyers Guide and Natural Gas Report, and organized the firm's energy conferences. While at Bloomberg, George was awarded the Society of Business Editors and Writers (SABEW) award for reporting on Sandy Weill's decision to step down as CEO of Citigroup.

George came to Bloomberg from Platts Oilgram News, where he was New York Bureau Chief. Earlier in his career, George served as Senior News Editor in charge of energy coverage at Radio Free Europe and was a Reporter at news organizations including the Los Angeles Times and The Miami Herald.

George earned a BA in Mathematics from Swarthmore College and an MA in Mathematics from Columbia University. He holds the Chartered Financial Analyst (CFA) designation.

Biographies



Darin White

- Managing Director
- Location: New York
- Client Service Areas: Alternative Investments, Asset Management, Global Banking & Finance, Global Markets, Real Estate

Darin White joined the Whitney Group in early 2004 from a career in private equity to work as part of the firm's Global Banking and Finance practice. Prior to her career in search, she worked at Soros Private Funds Management, the private equity arm of Soros Fund Management, on acquisitions, currency hedging and other fund related activities for the firm's global real estate merchant banking fund. She began her finance career as an acquisitions professional in DLJ's merchant bank as part of DLJ Real Estate Capital Partners.

Darin has a BA in economics and political science from Barnard College, Columbia University. She is actively involved with Barnard and Columbia and is a Young Alumnae Committee member.

Biographies



Alicia C. Lazaro

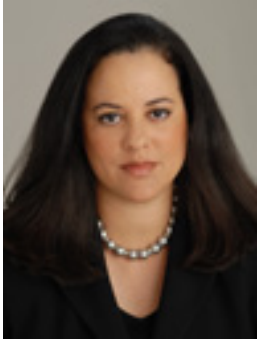
- Managing Director
- Location: New York
- Client Services Areas: Global Banking & Finance, Strategic Coaching & Career Transition Services

Alicia Lazaro is responsible for managing Whitney Group's Global Banking and Finance practice. She is an investment banking generalist and has led searches for executives in mergers & acquisitions, all major industry sectors in corporate finance, municipal finance, private equity and infrastructure.

Alicia founded Whitney McRae, Inc, one of the first executive search firms to specialize in investment banking recruitment with a focus in corporate finance. The firm later merged with Whitney Group. Prior to her career in executive search, Alicia worked at Goldman Sachs & Co. in a human resources supervisory position and at the Chase Manhattan Bank in recruitment positions. She is active in several organizations including the New York Women's Foundation, Plan USA and The Nature Conservancy.

Alicia has a BA in romance languages from the State University of New York at Binghamton.

Biographies



Rhona Gibson

- Director
- Location: New York
- Client Service Areas: Competitive Intelligence Group, Global Banking & Finance, Global Markets

Rhona Gibson joined Whitney Group as a generalist in 1999. She has conducted searches in almost all areas of investment banking, including corporate finance, M&A, equities and fixed income. She has also developed an expertise in structured products for buy-side and sell-side clients. Additionally, Rhona has worked on various diversity research projects and assignments for clients.

Prior to Whitney, Rhona was responsible for new business development at the Upper Manhattan Empowerment Zone. She was previously a Vice President at Utendahl Capital Partners in Convertible Sales and an Associate in Private Client Services at Morgan Stanley. Prior to attending business school, she was an Analyst in Mortgage Finance at Goldman Sachs. She is a member of the Goldman Sachs women's network (85 Broads) and an alumna of Sponsors for Educational Opportunity (SEO).

Rhona has an MBA from Stanford University and a BA in applied mathematics and economics with honors from Brown University.

Biographies



Tony Brown

- Director
- Location: New York
- Client Service Areas: Alternative Investments, Asset Management, Finance, Administration & Operations, Global Banking & Finance, Global Markets

Tony Brown joined Whitney Group in 2007 to build the firm's officer-level and mid-office executive recruiting efforts across client service areas. With more than 20 years of experience in global markets, executive search and management consulting, Tony brings a seasoned perspective to his work on clients' behalf.

Prior to joining Whitney Group, Tony was a Senior Managing Director and the Global Head of Staffing at Bear Stearns, where he was responsible for professional and campus recruiting as well as internal executive search. Tony joined Bear Stearns from the search industry, where he was a Principal at Egon Zehnder International and later a Managing Director and Partner at Gilbert Tweed Associates.

Tony joined executive search from Bankers Trust Company, where he was a Managing Director and head of an internal consulting group. Tony began his consulting career in the Financial Institutions Practice at McKinsey & Company, where he was an Engagement Manager.

Tony holds a BA in Engineering and Applied Sciences from Harvard University and an MBA from Stanford Business School.

Tony's role as a leader extends into larger professional and civic communities. He serves as a Board Member of the Academy of Finance in New York, the New York Chapter of the March of Dimes and the Abyssinian Development Corporation. Tony is also a member of the Board of Advisors for the Macaulay Honors College in New York.

Biographies



Debbie Schiro

- Location: New York
- Client Service Area: Finance, Administration & Operations

Debbie Schiro joined Whitney Group in 2008 to further build the firm's Finance, Administration & Operations practice area. Having held leadership positions throughout the executive search and financial services industries, Debbie has developed a unique ability to understand clients' complex needs.

Prior to joining Whitney Group, Debbie was a Principal and Director of Research at Sextant Search Partners, a specialist search firm focused on financial services. Previously, she spent nearly 9 years at Egon Zehnder International, where she served as Director of Research in New York, and later as Global Head of Knowledge Management for the firm's Financial Services Practice. Debbie entered the executive search industry as Director of Research at McCann, Choi & Associates.

Earlier in her career, Debbie spent five years as a Financial Analyst at Credit Suisse First Boston. In that role, she supported the CFO and members of the Executive Committee on special projects relating to firm profitability. She also built reporting models for the Information Services Finance group. Debbie started her career in Financial Services at Lehman Brothers, where she was an Internal Consultant Administrator.

Debbie holds a Bachelor of Arts degree in Political Science from the State University of New York at Stony Brook.

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