FINANCIAL SERVICES COMPENSATION

First Quarter Trends and Year-End Projections 5/21/07

At this point in the year, Johnson Associates is projecting year-over-year increases in incentive compensation off of a very healthy 2006 base. Increases are expected across the board, with strong business results across sectors and products. The growing divergence in incentive pool increases and compensation levels between major firms and broader comparators is expected to continue. For 2007 key bonus drivers include growth in international markets, trading strategies, and business mix

NOTABLE TRENDS

- For practical, comparative purposes, aggregate, firm-wide compensation ratios, like compensation as a % of net revenue or pre-tax, pre-compensation income have become somewhat less helpful or relevant over time. Hybrid nature of businesses reduces purity of ratios
  - Product or business unit ratios, while more difficult to calculate, are better indicators

- CDNA requirements generated large legal and consulting fees, but to date have had little impact on compensation and are more complicated. However, has helped accelerate the trend away from pensions and executive perquisites

- Compensation for senior executives appears to have no clear limits. Five years ago, would not have predicted current levels of compensation for CEO's and other executives. Awards being made without apology and spurring a movement toward requiring shareholder approval for compensation

- Growth and success of alternative investments impacting broader financial services (i.e., traditional asset management, investment bankers, key support positions) with virtually all top tier firms making big push into this space
  - Unique and lucrative compensation schemes continue to cause friction internally
  - Can be a lure to star or entrepreneurial talent in other business areas. Also detracts potential client funds away from traditional products

- Challenges for firms paying on global rate/US$ as differences in foreign exchange rates (i.e., $ versus euro) having critical impact. Historically have ignored movements, which were less dramatic, up and down
  - Some change in the competitive landscape where certain competitive compensation rates for London now equal to or above NY (historically trailed by about 10%)

Projected 2007 Wall Street Incentive Funding

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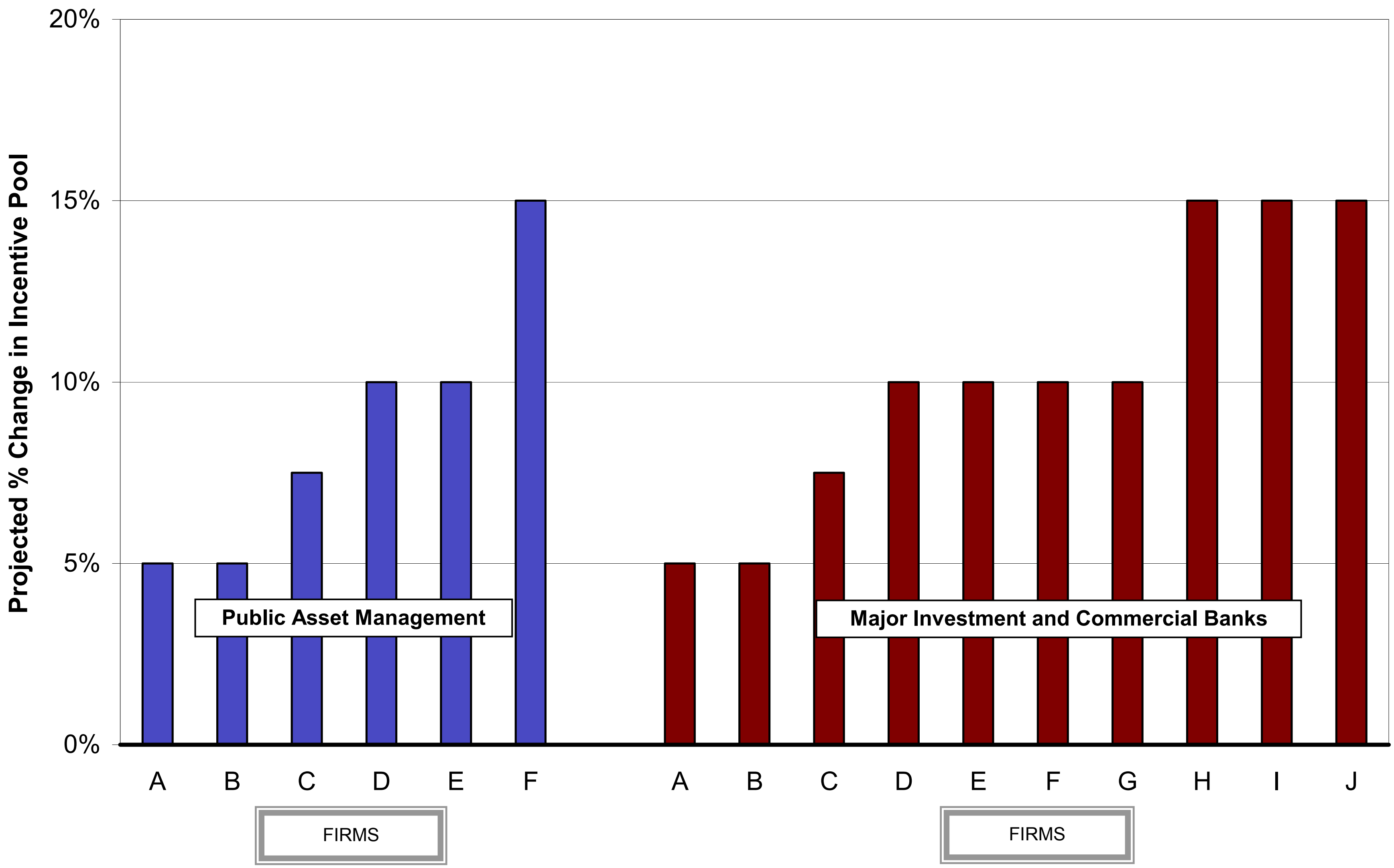
Business/Area		**% Increase from 2006**	**Explanation**
Senior Firm Management	Investment Banks Commercial Banks	15% 10%	• Variations depending on business mix and performance. International growth key factor
Staff Positions	Investment Banks Commercial Banks	15% 10%	• Move in line with entire firm. Differences by function (i.e., risk higher increase than tech/operations)
Investment Banking Advisory only (Investment and Commercial Banks)		10% - 15%	• Off of high 2006 base with increase tempered given record 4Q 2006 results • Results driven by international and private equity activity; both anticipated to continue in 2007 • Larger near-term deals may offset potentially fewer deals at year-end
Equities excl Prime Brokerage (Investment and Commercial Banks)	Plain-Vanilla Derivatives	5% 15%+	• Derivatives and proprietary trading leading profitability
Fixed Income (Investment and Commercial Banks)	Plain-Vanilla Derivatives	5% 15%+	• Significant variation due to breadth of products. Derivatives do not capture currency, interest rate, credit, or commodities products. Results for these areas generally between plain-vanilla and derivatives • Overall, derivatives and commodities highlight strength
Prime Brokerage (Investment Banks)		15%	• Hedge fund activity continues to grow especially as firms anticipate favorable lending environment coming to an end
Asset Management (Independent and Captive)	Equities Fixed Inc	10% 5%	• Equity funds impacted largely from appreciation • Fixed income funds experiencing modest returns and AUM growth over 2006 results
High Net Worth		10%	• Market appreciation and AUM growth. Growth helped from hesitation to invest larger amount of net worth in hedge funds
Hedge Funds (Independent and Captive)		10% - 15%*	• Hedge fund AUMs increasing while above market returns have been challenging
Private Equity (Independent and Captive)		20%+*	• Private equity deals have increased in frequency and size. Larger funds continue to be raised
Commercial Banking		5% - 10%	• Loan activity continues with favorable lending environment • Anticipated rate increases also trigger firm investments
Retail Banking		Flat - 5%	• While online deposits continue to grow, downward pressure on mortgages will outweigh growth • Expect loan losses with foreclosures

* Applies to bonus and equity excluding carry

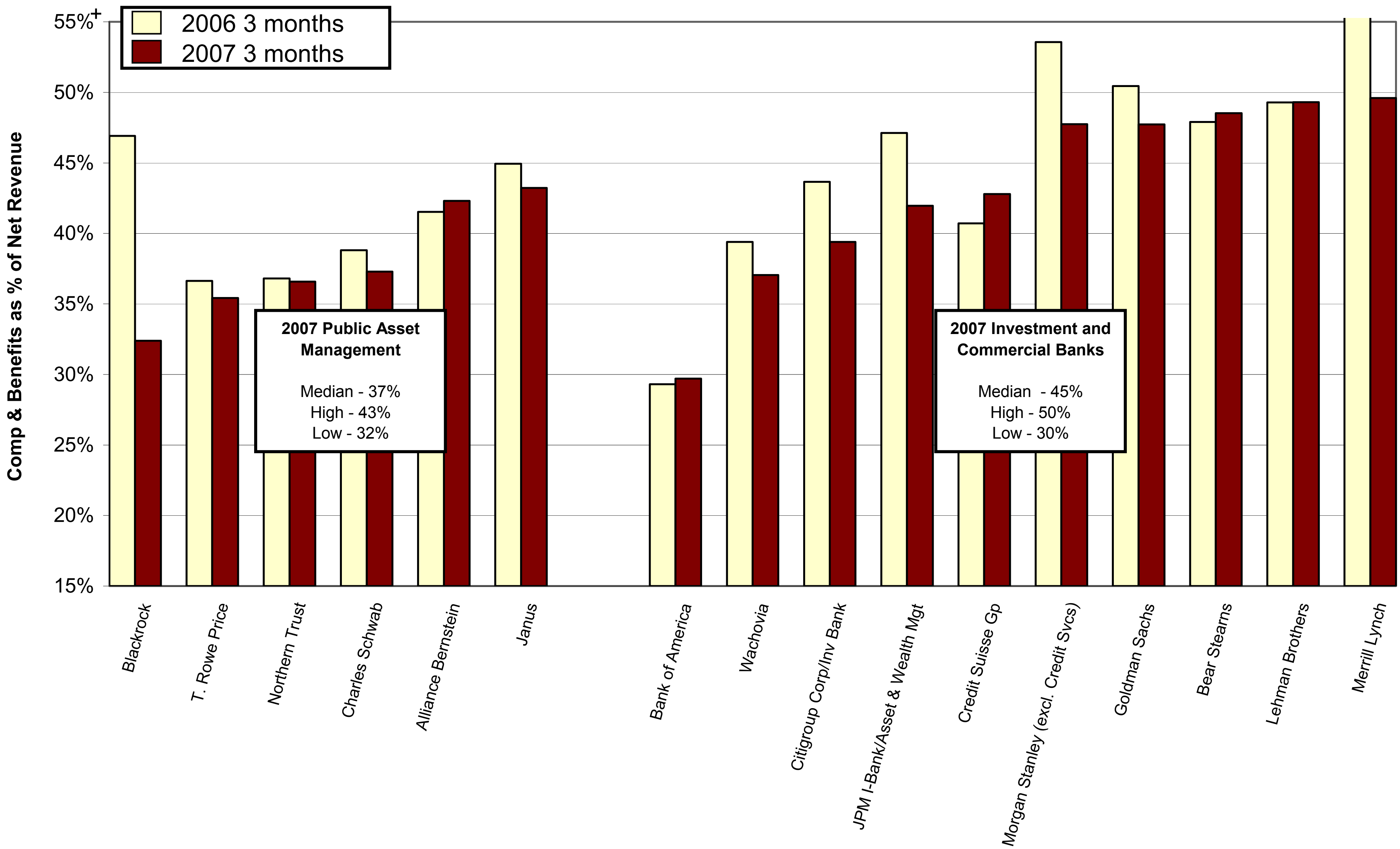
Projected % Change in Year-End Incentive Pool*



*3 Months actual data with projection for remainder of year

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

Notes:
Select ratios may be skewed high because of the incremental expense for retirement acceleration & SFAS 123R adoption
Blackrock ratios reflect impact of MLIM integration



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

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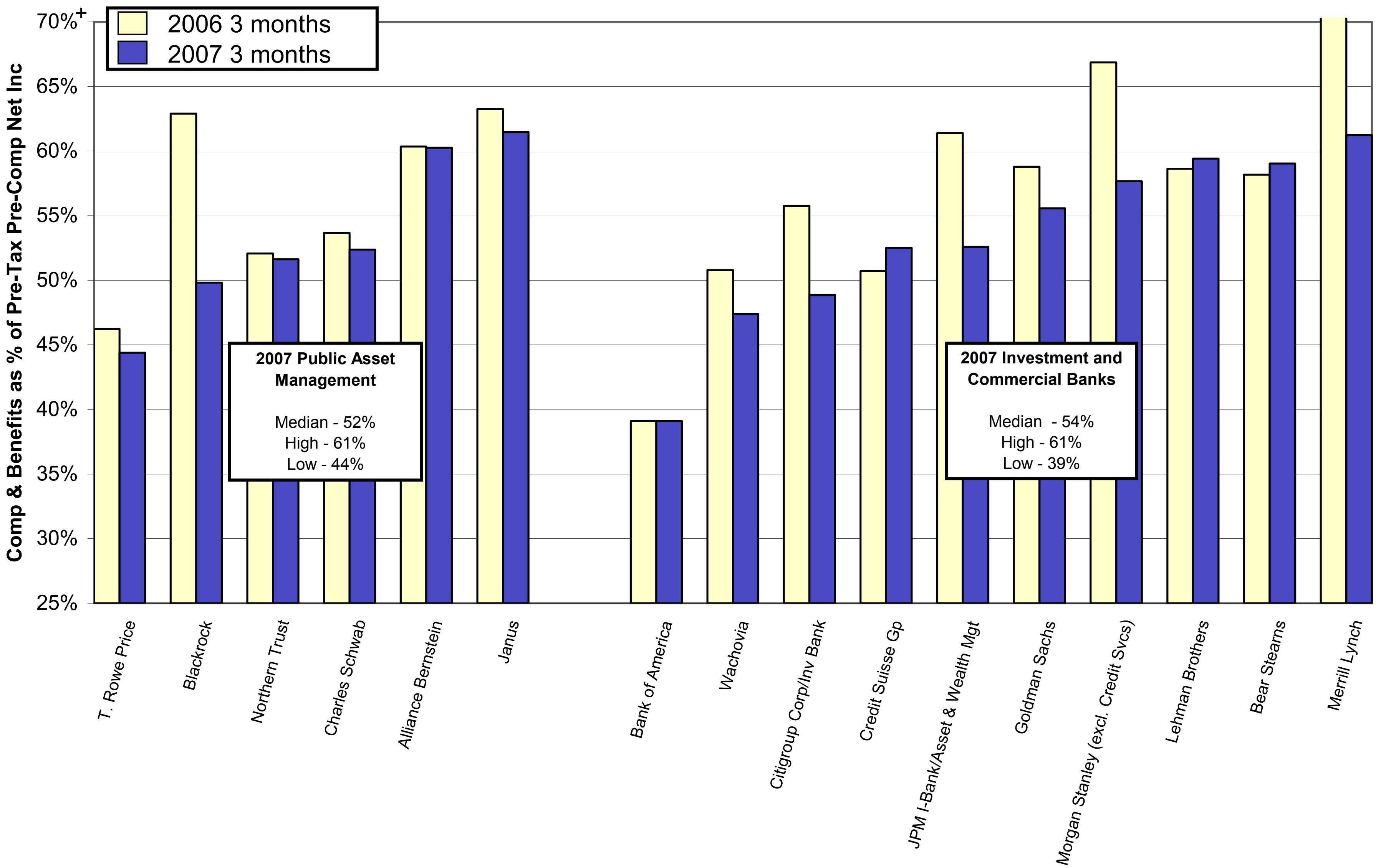
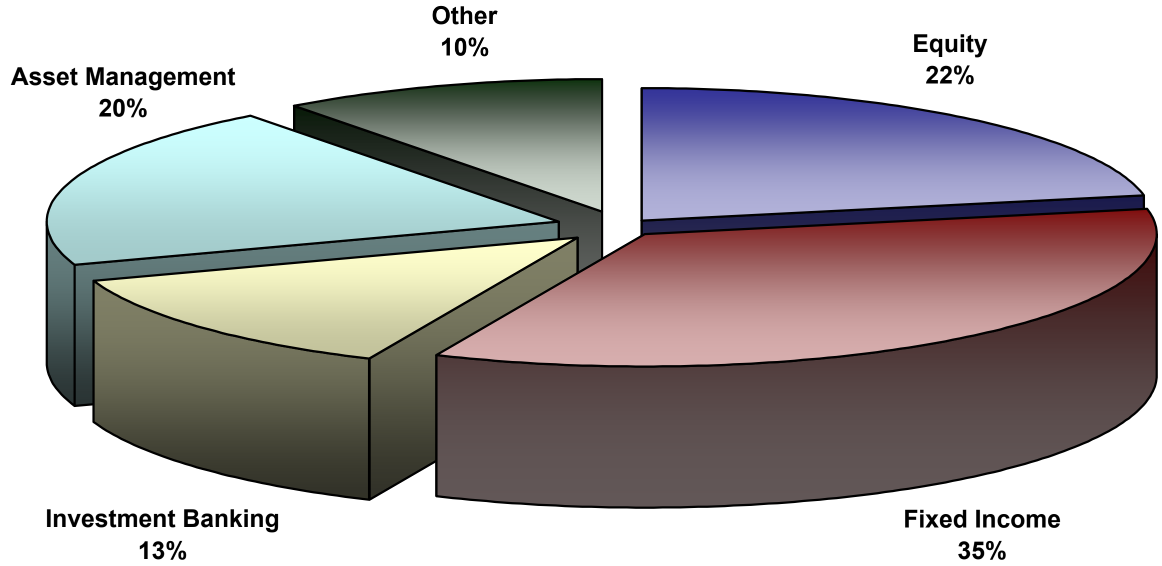
Select ratios may be skewed high because of the incremental expense for retirement acceleration & SFAS 123R adoption
Blackrock ratios reflect impact of MLIM integration

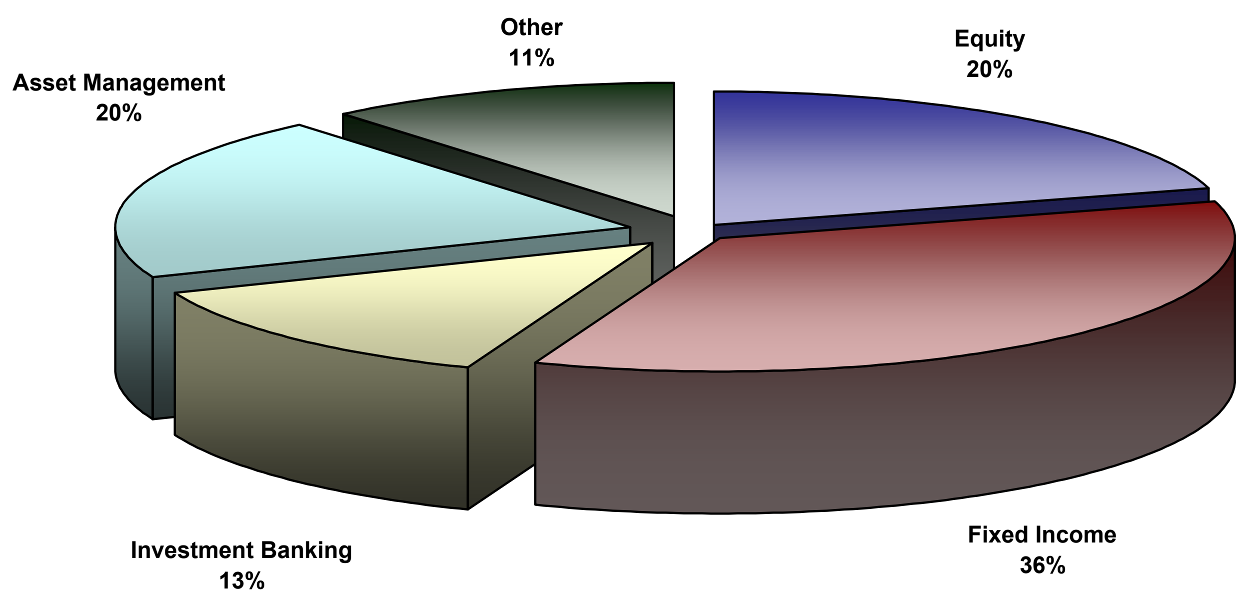


Year-to-Date Investment Banking Net Revenue Breakdown

2007



2006



* Reflects median data from Goldman Sachs, Merrill Lynch, JPMorgan, Morgan Stanley, Citigroup, Bear Stearns, Lehman Brothers