

**From:** Ike Groff <[REDACTED]>  
**To:** [REDACTED]  
**Subject:** RE: Bonuses Are Sinking at Morgan Stanley  
**Date:** Tue, 17 Jan 2012 18:23:59 +0000

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You got it.

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]]  
Sent: Tuesday, January 17, 2012 1:22 PM  
To: Ike Groff  
Subject: Re: Bonuses Are Sinking at Morgan Stanley

its not easy out there...some top execs to receive nothing!

On Jan 17, 2012, at 12:40 PM, Ike Groff wrote:

> By AARON  
> LUCCHETTI<[REDACTED]>  
> TTI&bylinesearch=true> And ALISON  
> TUDOR<[REDACTED]>  
> inesearch=true> Responding to a difficult environment for Wall Street,  
> Morgan Stanley<[REDACTED]> plans to  
tell employees this week that bonuses will drop sharply, with cash payouts capped at  
\$125,000, according to people familiar with the matter.  
> Some top executives will receive nothing now, deferring their 2011 payouts until the end of  
this year.  
> The New York-based bank, run by Chief Executive James Gorman, will defer the portion of any  
bonus past \$125,000 until December 2012 and December 2013, according to one of the people  
familiar with the matter. Mr. Gorman and the other nine members of Morgan Stanley's operating  
committee, the firm's ruling body, will defer their entire bonuses for the year, this person  
said, collecting them later.  
> The decision, approved by the firm's compensation committee last week, marks the latest  
move by a Wall Street bank to keep costs down in an environment of increasing regulatory  
pressure and challenged revenues.  
> Deferring bonuses has become a frequent occurrence at Morgan Stanley and other Wall Street  
firms. Regulators often prefer banks to defer bonuses for their employees. They believe it  
discourages the kind of excessive risk-taking that helped bring about the 2008 financial  
crisis. Deferring part of an employee's pay, either in stock or cash, can also ease pressure  
on a firm's compensation expenses, making it a popular move in a bad market environment.  
> As banks report fourth-quarter results this month and make bonus decisions for 2011, total  
compensation is likely to be the lowest since 2008, The Wall Street Journal reported last  
week. After a brief respite in 2009 and 2010, when pay practices returned to earlier levels  
in some respects, a year filled with macroeconomic scares in 2011 has pushed Wall Street to  
act cautiously again.  
> At Goldman Sachs Group<[REDACTED]>  
Inc., which, like Morgan Stanley, reports earnings this week, many of the roughly 400  
partners can expect to see their 2011 pay cut at least in half from 2010, according to people  
familiar with the situation. Pay for some employees in the New York company's fixed-income  
trading business will shrink by 60%, with some workers getting no bonus, these people said.  
> Morgan Stanley is likely to cut compensation by 30% to 40% for many of its traders and  
bankers, especially those who focus on fixed income. Stock trading and parts of investment  
banking will likely be spared from pay cuts, though they are liable to have bonuses deferred.  
> Senior employees across the board will be affected by the changes in the makeup of the  
bonus, which for a Morgan Stanley or Goldman Sachs trader can often outpace the continuing  
salary, according to the people familiar with the situation. The roughly 40 people on Morgan  
Stanley's management committee will see 85% of their bonuses deferred, a person familiar with  
the matter said.  
> The average of pay deferred, for all employees to whom it applies, will rise to about 75%  
from about 65% in recent years, this person said.

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