



DAVID WEIDNER'S WRITING ON THE WALL

## Hired or fired, Street CEOs give thanks

Commentary: Layoffs mount as lavish rewards are heaped on execs

By [David Weidner](#), MarketWatch

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**NEW YORK (MarketWatch) -- Whether you are starting a new job, like John Thain at Merrill Lynch & Co., or losing one, like Charles Prince at Citigroup Inc., it's still good to be CEO.**

Anyone else, not so much.

In the media and in Wall Street's boardrooms, some backslapping is going on about how the exits of top executives suggest how good corporate governance is. For example, SmartMoney's James Stewart said Merrill's (MER: **52.59, -0.95, -1.8%**) board "deserves credit for its swift ouster of" Stanley O'Neal, the company's former chief executive.

For all of the kudos, the reality is that chief executives are still having the last laugh.

Guys like O'Neal and Prince, ousted amid the biggest credit write-downs to ever grace the industry, are leaving with exit packages averaging more than \$100 million. They've also been retired, not fired, which means more perks and a little dignity, even if we know better.

For the record, at Merrill, Thain will be getting a compensation package worth nearly \$50 million his first year, according to a federal filing Friday. Merrill seems to have no problem spending those commissions that it charges its brokerage customers. O'Neal's exit package is estimated at about \$161 million.

**'The worst has passed, but there will be some more pain toward the end of the year.'** — *--executive recruiter Gustavo Dolfino*

Prince, who led the biggest financial firm of all, is taking home from Citi (C: **30.78, -0.92, -2.9%**) a restrained \$68 million package, including salary and stock. His compensation for last year was \$26 million. This decadence wouldn't be so hard to take if the men and women in the trenches weren't facing the real threat of layoffs, or at least of lower compensation.

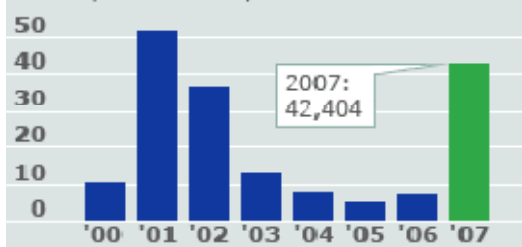
### Potholes on Wall Street...

Conditions are so bad on Wall Street that, when it comes to cutting jobs, the financial industry is even beating the automakers.

Detroit cut 51,934 jobs through the end of October, compared to 140,442 job cuts in the financial industry during the same period. More than half of those -- 73,436 -- were announced in the past three months. This year's job losses on Wall Street already have surpassed the record 116,647 cuts in 2001, according to Challenger Gray & Christmas Inc. More than half, 76,153 jobs, have come from companies Challenger describes as subprime- or mortgage-lending institutions.

## New York financial companies' cuts

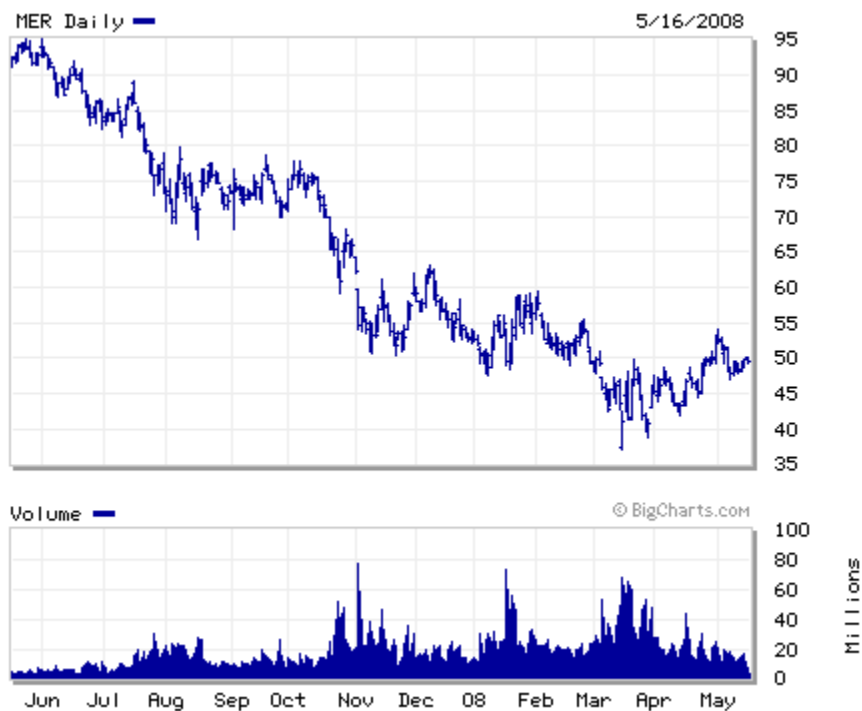
Annual, 2000—2007; in thousands



Data: Challenger, Gray & Christmas

The trend has taken a greater toll here in New York, where more than 42,000 job cuts in the financial sector have been announced since the start of the year. The industry needs to shed only a little more than 9,000 jobs to top the 51,834 cuts announced in 2001.

"The worst has passed, but there will be some more pain toward the end of the year," said Gustavo Dolfino, president of Wall Street recruiter The Whiterock Group LLC. "You probably see another few thousand people laid off either voluntarily or involuntarily. What I mean by that is that a manager will say 'I don't really want to fire you, but you're not getting much of a bonus.'"



For those lucky enough to keep their jobs, the price for many will be a pay cut. Fixed-income bankers, senior managers, retail bankers and commercial bankers can all expect smaller year-end bonuses, according to the latest compensation survey by Johnson Associates Inc. Investment bankers, equity bankers, prime brokerage pros, hedge funds and private-equity specialists may actually make more than they did last year -- as much as 20% or more for private equity bankers -- because of the record start to 2007.

As you might expect, the difference between winners and losers is who created the mortgage mess and who can clean it up.

"Guys doing CDOs [collateralized debt obligations] and CLOs [collateralized loan obligations] are going to see their bonuses drop as much as 50%," Dolfino said. "And guys that are involved in high yield and distressed debt are going to do OK and have a very brilliant future for the next year or two."