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MONTHLY STATISTICAL REVIEW
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Page 11 **The New York Securities Industry: Its Economic Impact on New York State & City**, by George Monahan. This is a short summary of the June 2001 Report that updated a 1994 joint report by SIA and the Robert F. Wagner Graduate School of Public Service, New York University, of the same name. This update highlights the vital importance of New York's securities industry to the state and city's economy in terms of employment, wages and spending, tax revenues from both business taxes and individual income taxes, and the industry's two-fold multiplier effect on supplier and recipient industries.

Page 17 **Executive Compensation 1999 & 2000**, by Erin Burke. Compensation is the second largest category of total expense in the securities industry, accounting for almost a third of total outlay. To provide member firms with a broad array of information pertaining to compensation for securities industry personnel, SIA conducts a number of in depth studies on a yearly basis so firms can effectively benchmark their own compensation levels against other industry counterparts. Recently released, SIA's *Report On Compensation of Top Management in Local & Regional Firms in 1999 & 2000* covers compensation statistics for 14 executive level positions and a variety of other earnings-related aspects such as; performance measures, retirement plans, executive perquisites, and the relationship between compensation and gross revenue. Presented in this article are summary statistics from this year's study, intended to illustrate the type of information available in the report.

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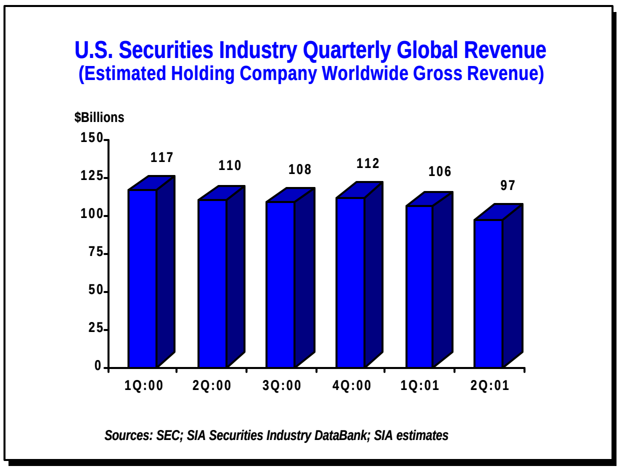
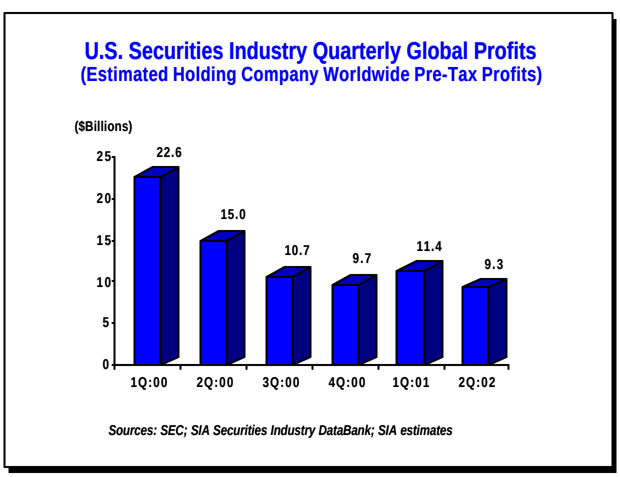
SECURITIES INDUSTRY Q2 PERFORMANCE

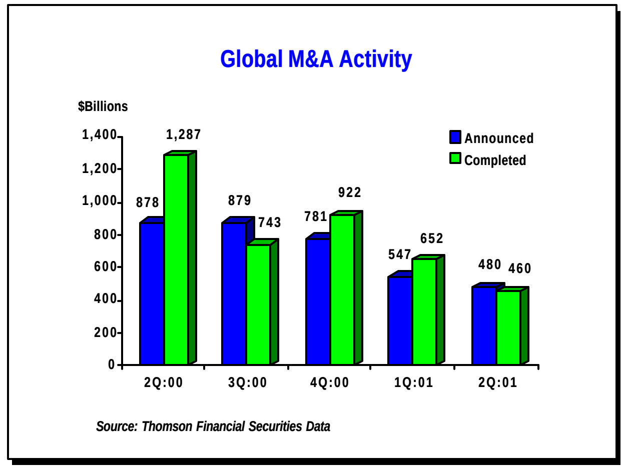
Summary

Both global and domestic revenue and pre-tax profits for the securities industry during the second quarter of this year are estimated to have fallen 8% and 18%, respectively, below 1Q:01 results, and down even more substantially (12% and 38%, respectively) when compared to 2Q:00.

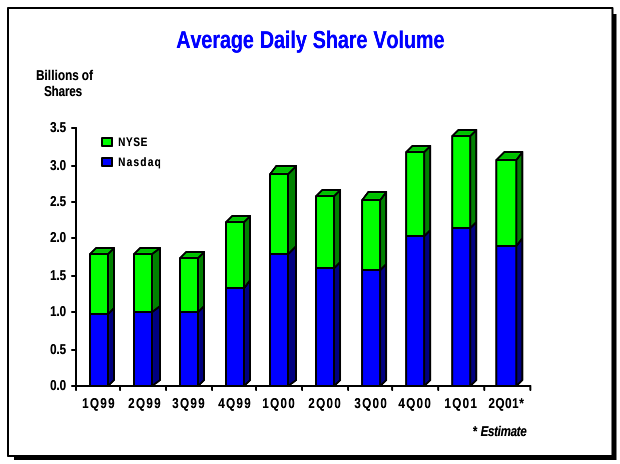


A broad range of factors contributed to the declines relative to the first three months of this year. Principal among these factors were: falling investment banking revenues (chiefly reduced M&A fees), and declining revenue from stock sales and trading.





The latter contracted due both to a fall in market trading volume, in particular, individual investor trading, and to sharply narrower bid-offer spreads prevailing in the wake of decimalization, which limited trading profits.



Widely disparate results were registered by individual firms for their second quarter 2001, which were largely, but not completely, accounted for by their relative dependence on revenue from M&A, equity trading and other business areas in broad retreat. The impact of lower interest rates and efforts to cut non-interest expenses also played a role. Total expenses, which fell 7% in 2Q:01 compared to first quarter levels and are down 15% from 4Q:00, are expected to fall further in the months ahead, as the full impact of cost-cutting measures arrives with a lag.

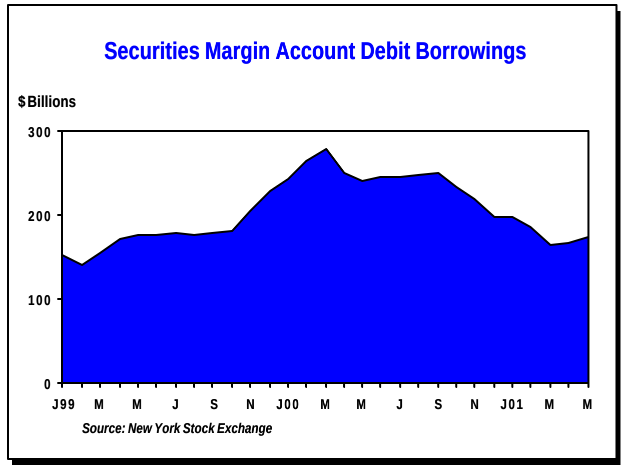
Q2 Soft and Still Heading South

Over the past two weeks, five major firms with fiscal quarters ending May 2001, reported mixed results. Two of the five showed pre-tax profits climbing from 6% to 9% from the previous quarter, two showed profits strongly down, -14% and -25%, and one showed a marginal 1% decline from the previous quarter, which ended in February. Overall, for these firms, the bias was definitely in the southerly direction with all but one showing declines in revenue of up to 15%.

For the industry as a whole, no immediate respite is in sight. The operating environment remained tough during June, which has led to several recent negative pre-announcements of results for firms reporting on a (June) calendar reporting basis.

There were few particular patterns across business lines for the investment banks and full line firms that have already reported. Commission revenue rose or fell up to 11% depending on the firm; the same was true for investment banking but the range was even wider, climbing or falling up to 31% from the previous quarter's levels. Revenue from principal transactions also showed wide divergence, ranging from 20% improvement to 23% deterioration from first quarter levels.

Revenue from asset management operations was also mixed from firm to firm but not as broadly, as market forces dominated. However, falling equity prices, an asset mix shift toward fixed income from equities, and already slowing growth of this business as it matures will likely result in lower asset management revenues once again for the June quarter. This would be an unprecedented third straight quarterly decline (from 3Q:00's peak) in this revenue source. The estimated 2Q:01 decline follows on the heels of the first quarter's 13% drop, reducing these fees to their lowest quarterly level since 1999.



The Federal Reserve's five consecutive 50-basis point cuts in the Federal Fund rate through mid-May had a positive impact on May reporting firms, but deteriorating market conditions muted these benefits. On the plus side, interest expense, which had already fallen 15% in the first quarter of this year, is estimated to have fallen an additional 7% in the second quarter for a total 21% decline since 4Q:00. However, this was largely offset by lower or stabilized lending levels, lower dividend income, sharply reduced margin interest and reduced reverse repo and other securities lending interest revenue.

Negative Global Growth

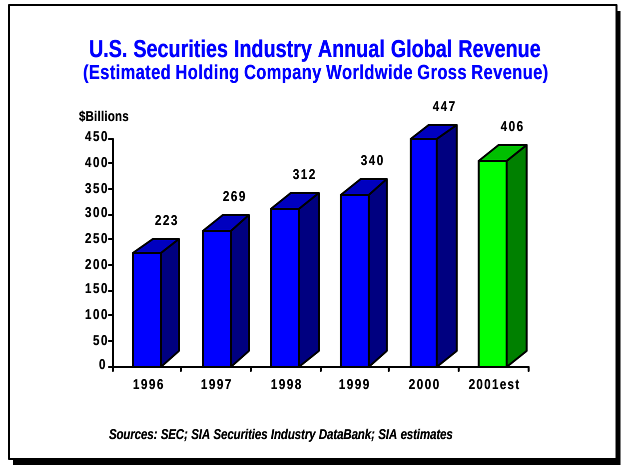
Although the aggregate results of the May reporting firms included several better than anticipated earnings results, general market conditions deteriorated in June. During the waning days of June, a large specialist and a major full line calendar reporting firm made surprise earnings pre-announcements, an unusual step in the brokerage stock sector, warning that their second calendar quarter revenue and profits would be substantially down from first quarter levels. This, along with other information, confirmed that for the balance of the industry, whose reports will include the weaker months of *both* May *and* June in their calendar quarters, will result in an even weaker second quarter for the overall industry than for just the May reporting firms.

Based on recent and expected releases, for the industry as a whole we estimate an 8% decline in gross revenue globally for the U.S. securities industry in the second quarter of 2001 to $97.4 billion from $105.8 billion in the first quarter. This includes the worldwide revenue of U.S. securities firms (excluding any bank or other ultimate parent revenue) and the revenue of U.S. broker-dealer subsidiaries of foreign firms.

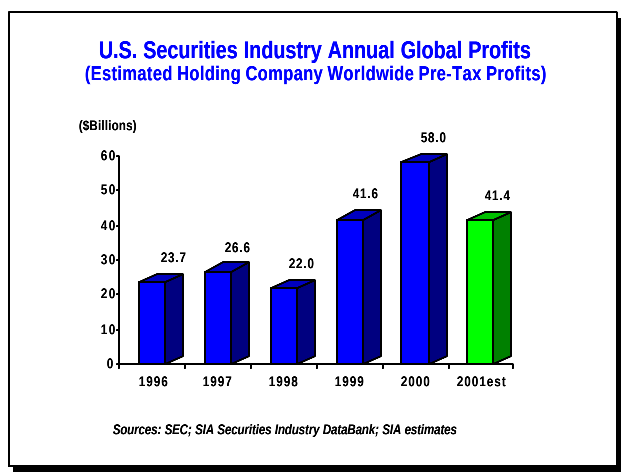
Total expenses, however, are expected to fall a lesser 7% in the quarter, largely driven by lower total interest expense. While compensation costs and some other non-interest expense items declined, it was less of a drop than expected. Headcount was reduced, falling 1% from March through May for the May reporting firms alone, and further cuts surfaced in June. Although total compensation costs will be down somewhat in Q2, this is fully accounted for by a reduction in payouts to producers, brokers, traders, investment bankers and others largely due to reduced transaction volume. This drop is partially offset by a rise in other compensation costs, clerical salaries and benefit costs such as payroll taxes, medical insurance, retirement plan costs, severance packages, etc., which are quite sticky because of the lag time it takes to bring these costs down - it will take at least another quarter before non-payout cost savings reflect the reduced employment levels.

Floor brokerage costs will be up in Q2 vs. Q1, as will ever-increasing technology expenses, keeping overall expense reductions at 7% for the quarter.

In sum, the slightly larger declines in revenue relative to costs will create a contraction in pre-tax profits globally to $9.3 billion in Q2, down 18% from first quarter 2001's $11.4 billion. This will also be below last year's third quarter nadir and the lowest level since the summer of 1999.



Together with Q1, this brings first half 2001 global gross revenue to $203.2 billion, down more than 10% from last year's first half total of $226.7 billion. Applying consensus estimates of weaker third quarter securities industry performance followed by a possible fourth quarter pick-up (similar to 1999's experience), the full-year 2001 gross revenue figure should reach $406 billion, second only to, and 9% below, last year's record $447 billion annual global total.



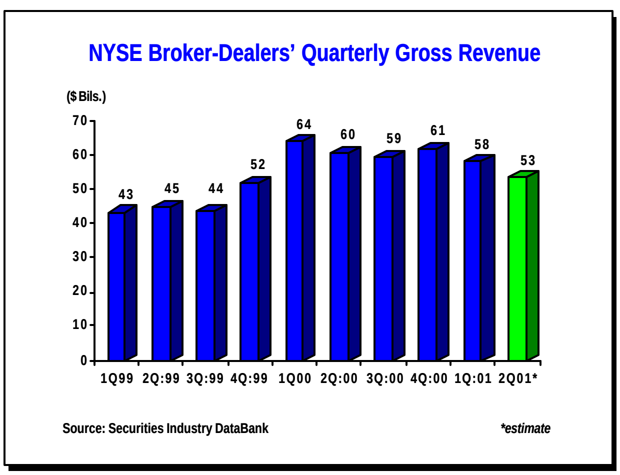
Worldwide pre-tax profits for the first half 2001 are estimated at $20.7 billion, 45% short of last year's first half total of $27.6 billion and even 8% below last year's first *quarter* record total of $22.6

billion alone. Full-year 2001 pre-tax profits are projected to reach $41.4 billion, 29% below last year's record of $58.0 billion and even slightly less than 1999's second best profit performance of $41.6 billion.

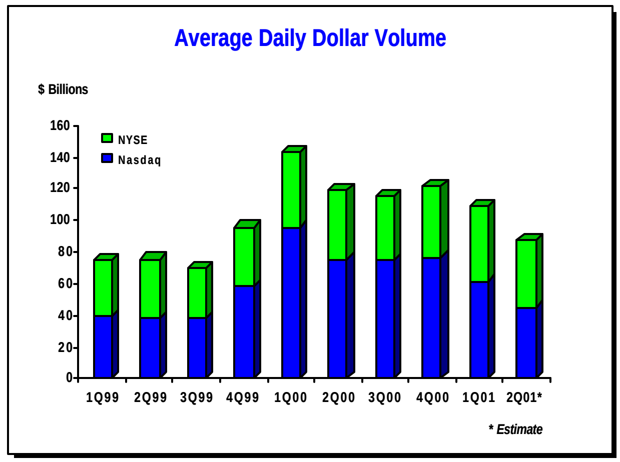
U.S. Domestic Broker-Dealer Performance

Domestically, the picture was quite similar. For New York Stock Exchange member firm broker-dealers (a proxy for the U.S. domestic brokerage industry as a whole), gross revenue is likewise expected to decline 8% to $53.4 billion in 2Q:01 from $58.1 billion in Q1. This would be the lowest quarterly showing since the final quarter of 1999.

Investment banking revenue will decline significantly for many firms, mainly from reduced M&A fees, since underwriting will be about even with Q1, as will revenue from secondary equity markets due both to the reduction from record sustained volatility experienced last year (which helped drive 2000's commissions and trading profits), combined with the impact of decimalization, which hurt spreads and thus trading profitability.



Daily volume on the New York Stock Exchange has fallen 16% since January while Nasdaq volume has fallen 28% from January through June. Having fallen 4% in the first quarter, commission revenue is expected to inch down a little further, another 2%, to $7.3 billion in Q2. That would be slightly below last year's third quarter total of $7.4 billion and the lowest quarter since 1999. Annualizing first half results would put full-year total commissions at $30.0 billion, second only to last year's annual record of $33.7 billion.



The drop-off in commissions could have been worse given that the dollar volume of trading on the NYSE has declined in nearly every month this year from a high of $52 billion traded per day in January to $40 billion per day in June, a 23% decline since January. Without even taking into account the negative impact on spreads from decimalization, declines in equity trading gains had to be expected by the even larger fall-off in daily dollar volume on Nasdaq. Here daily volume fell 46% from $76 billion in January to $41 billion in June.

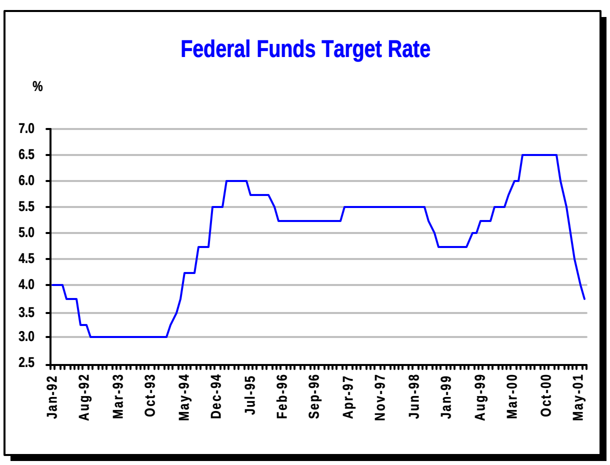
Fed Action – Wall Street Reaction

Although the continuation of Fed easing in the second quarter assisted fixed income origination and secondary trading, the intra-FOMC meeting moves and brunt 50 basis point cuts were no longer the big surprise as they were in Q1, and were widely anticipated and discounted. Thus, few firms experienced a repeat of Q1's soaring bond trading gains, though many posted further, albeit more limited increases.

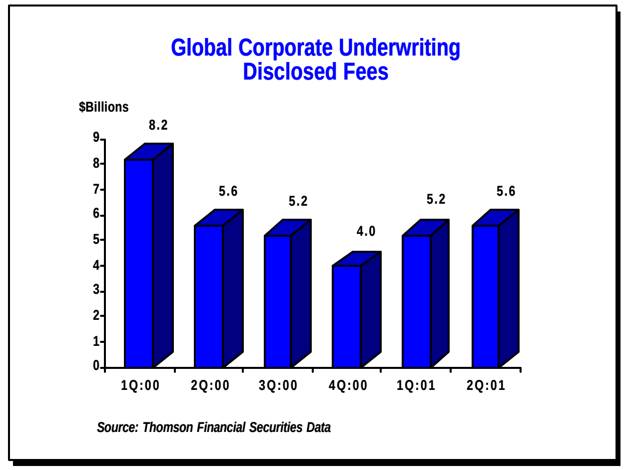
In the first quarter, the Federal Reserve's boldness led to a doubling of bond trading gains over the previous quarter. Gains jumped to a record $5.3 billion from 4Q:00's $2.6 billion. The previous quarterly record for bond trading gains was in 2Q:99 with $4.1 billion in gains from debt trading.

The effect of the Federal Reserve's rate cuts on gross interest revenue, net interest income, interest expense and net revenue was mainly felt in the domestic operations of the securities industry.

Principal transactions, including all trading gains, bonds and equity, and investments for firms' own accounts, will be down just 1% in Q2 to $7.0 billion from $7.1 billion in Q1 of this year. However, these are still the lowest quarterly levels since 1998. During 1999 and 2000, principal transactions ranged from $10 billion to $14 billion quarterly.



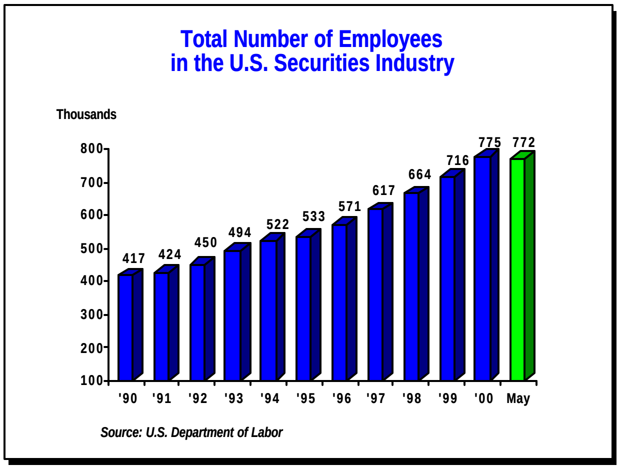
Investment banking revenue is expected to fall 13% in the second quarter due almost exclusively to a drop off in M&A advisory fees. Underwriting fees should be about flat to slightly up from first quarter levels for both debt and equity (Thomson Financial Securities Data shows an 8% rise in the quarter for *disclosed* fees). This occurred despite depressed IPO activity, where the lion's share of fees are derived from, which are significantly down this year from last year's record levels during the first half.



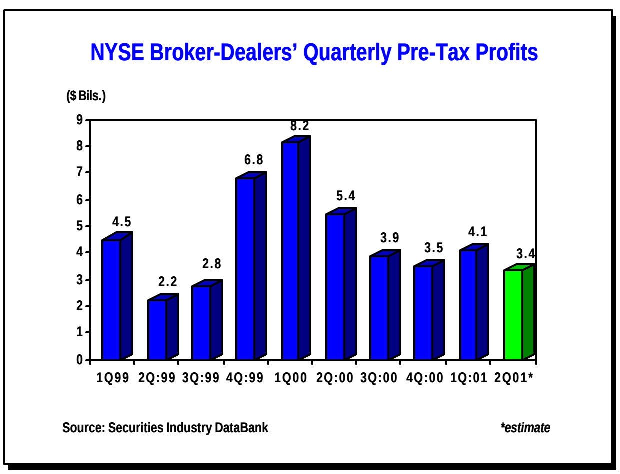
In the IPO arena, the first quarter of 2001 would have appeared even more anemic if not for two mega-deals, KPMG Consulting's $2.0 billion offering in February, and Agere Systems' $3.0 billion (U.S. portion) deal in March, which accounted for 65% of total IPO dollar volume in all of Q1. Absent these two deals, IPO fees would have been nearly non-existent. The same was true for 2Q:01 which was saved by Kraft Foods' $7.3 billion IPO ($8.7 billion globally), the nation's second largest IPO ever.

Bottom Half & Bottom Line

For the bottom half of the income statement, total compensation costs were trimmed $1 billion or 6% in the second quarter. Again, the entire drop-off was from lower production (from both fewer producers and lower overall production and payout) with other compensation costs remaining about equal to the first quarter totals. Among the NYSE group, there was a net reduction of 5,654 jobs in the first quarter and we project an additional 3,240 in further net reductions for Q2. Most of the net job losses have been among the large New York based firms, and chiefly among those having undergone mergers the past few years.

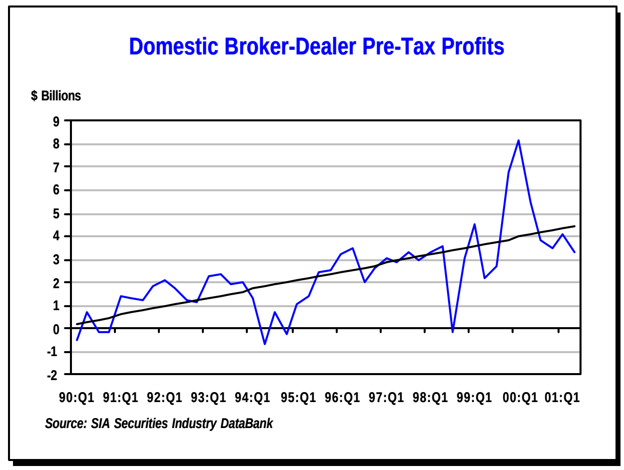


The industry had until recently been showing continued net growth in employment as the balance of the industry continued to expand all the way up to 2001. The latest revised figures from the U.S. Department of Labor show securities industry employment peaking at 776,400 in February of this year which then fell by 4,000 net jobs over the next three months to 772,400 in May.



Interest expense hit a quarterly peak of $30.1 billion in last year's final quarter just before the Fed began easing rates. First quarter interest expense fell $4.4 billion, or 15%, and is projected to decrease another $1.8 billion in the quarter just ended for a total reduction of $6.2 billion so far this year, a hefty 21% decrease in this cost line from year-end levels.

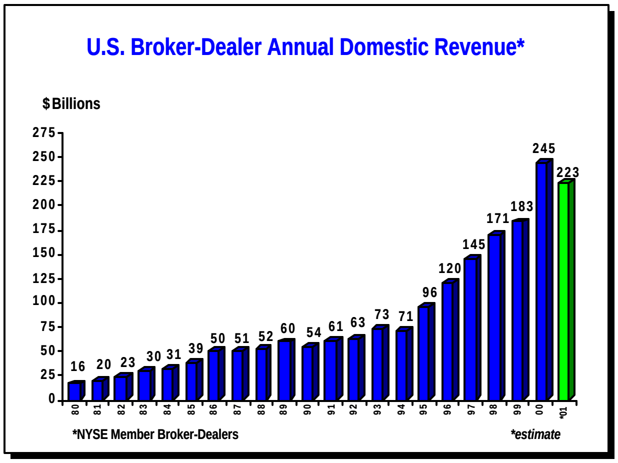
Although revenue fell 8% to $53.4 billion in 2Q:01, total expenses were cut a lesser 7% to $50.1 billion and thus bottom line profits dropped 17% to $3.4 billion from the first quarter's $4.1 billion. This was just below last year's nadir in Q4 and the lowest quarterly pre-tax profit since 1999.



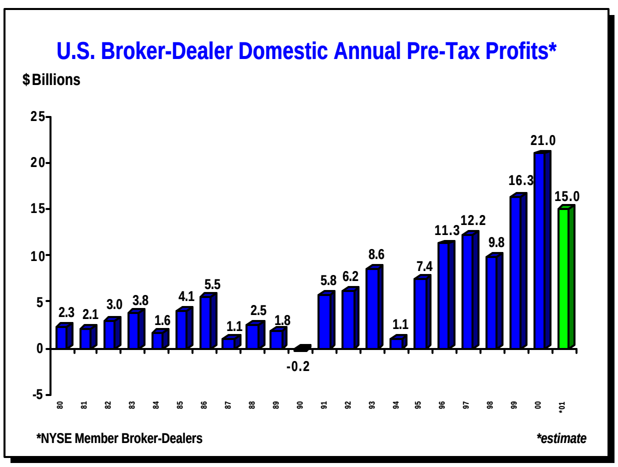
Quarterly industry profits have been running below the 10-year trend line for the past four quarters. Consensus forecasts anticipate they will do so again in Q3 and possibly Q4. The trend line would have been much lower, however, if not for the huge and almost unprecedented spike in profits from late 1999 through early 2000.

Looking Ahead

For the first half, gross revenue totaled $111.5 billion for domestic broker-dealers, which projects an annualized total of $223.0 billion. This would make 2001 the second best year ever, 9% below last year's record $245 billion but still 7% above the current second best year, 1999's $183 billion.



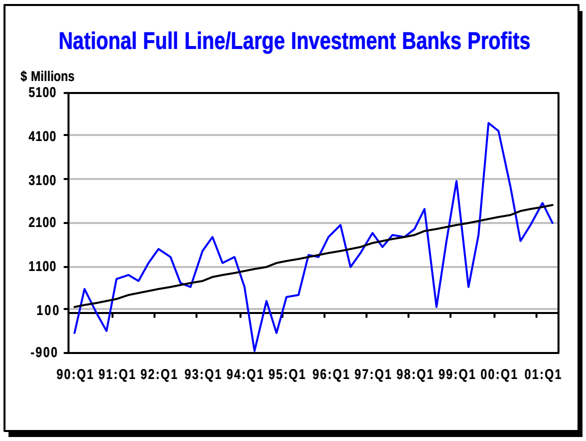
Annualizing first half pre-tax profits of $7.5 billion to $15 billion, would place 2001 29% below 2000's record of $21.0 billion, and this would also trail 1999 by 8%.



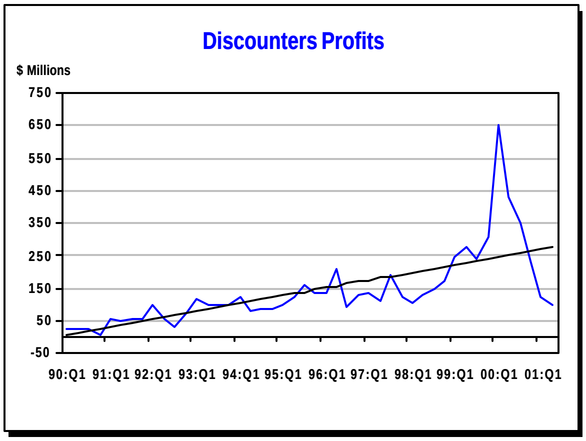
The New "New Paradigm" (Back to Basics)

The three business lines showing the steepest contractions in this past quarter were the M&A advisory business, retail equity and OTC market making. Those firms concentrating in these areas have taken the worst hits this year.

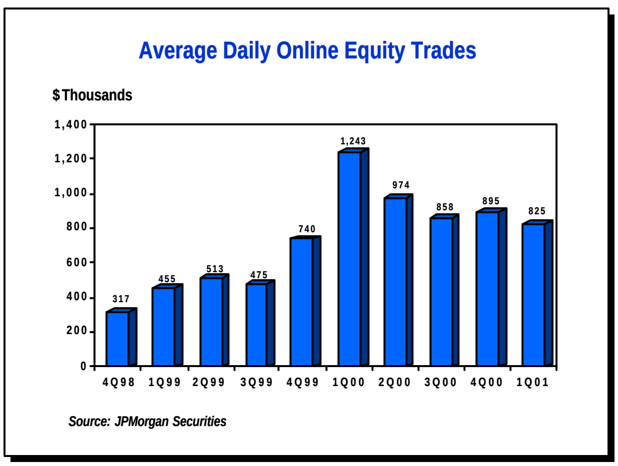
Most of the major firms, such as large investment banking firms and national full line firms, were affected by all of these since most cover virtually every business line. But the bear market which began last spring, particularly for Nasdaq stocks and all technology stocks, have hurt the retail equity firms the most. These include the national full line firms, the regionals, local firms, etc. But the group most reliant on retail equity transaction volume, and most of that through online channels, is the "discounters" who felt the brunt of the retrenchment of the retail investor and the shake out of the temporary surge in online account assets by new entrants who are no longer very active.



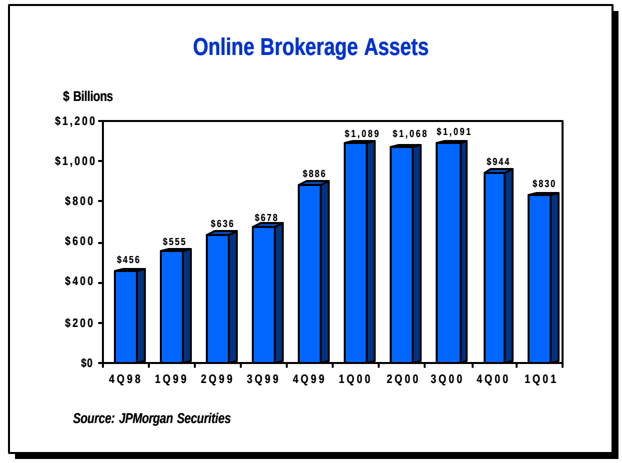
In just two quarter's time, from 3Q:99 to 1Q:00, the last six months of the bull market, retail investors, particularly online investors, really jumped into the bull market (the age old sign that the bull will surely soon end) and discounter profits zoomed 271%.



But this spike was an aberration. In just over a year, quarterly profits have plunged 85% for this group and the "new paradigm" of online trading is being revisited. In a runaway bull market where every dart thrown inevitably hit a rising stock, novice investors rushed in like the 49'ers to Sutter's Mill, most via the new, exciting and cheap channel – the internet. Many long-term investors also embraced this new low cost, no frill avenue. Why not? Who needed advice when every stock, particularly dot.com fly by nights, saw their price multiples (of revenues, there were never to be profits) zoom to the moon.



In irrational exuberance's aftermath, valuation levels have returned, if not back to earth, at least back to earth's orbit. Online account activity has dwindled, and so have assets in those accounts as they tended to be much more concentrated in technology related equities than the overall market, the sector most negatively impacted during this bear market. E-underwriting is all but vanquished, and online discounters are now emphasizing online advice rather than just price. Investors and financial intermediaries alike have moved back to the more traditional models of valuation and investing – reinforcing the theme of "back to basics."



But there really is a new paradigm. Technology and the internet is now a ubiquitous tool of investing for most investors and most brokerage firms. This is good and it reduces costs for everyone. But the industry's true role of adding value as a financial intermediary through investment advice, financial planning for savings, retirement, education, etc., and a supplier of financial products, is once again the main focal point of all the different types of financial service providers today.

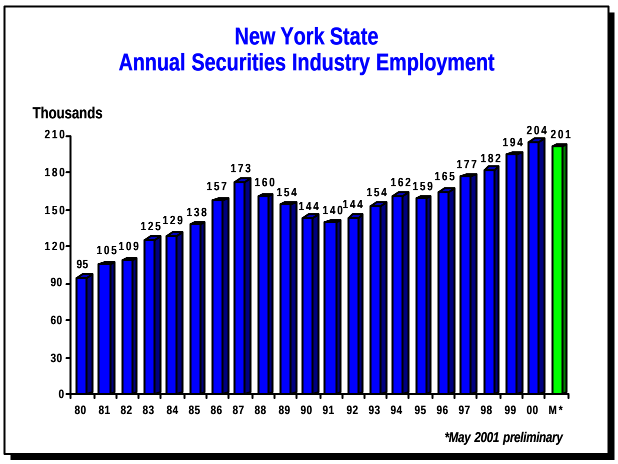
As we move forward in this new quarter, this is a more healthy approach to evaluating investment opportunities and allocating assets, particularly with the U.S. economy itself looking for a base from which to launch new growth, probably toward year end but certainly next year.

George R. Monahan
Vice President and Director, Industry Studies

THE NEW YORK SECURITIES INDUSTRY

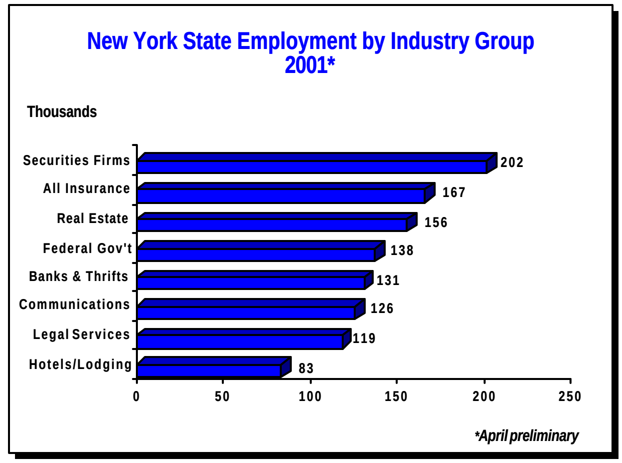
Its Economic Impact on New York State & City

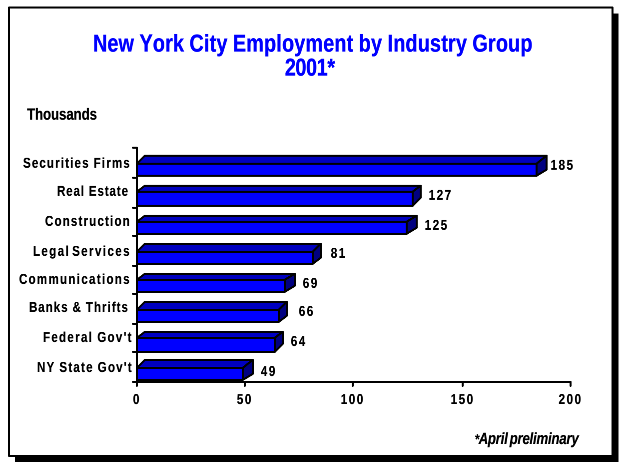
New York and the securities industry have a long-standing, mutual dependent relationship. Today, although industry services reach around the world, New York is still the industry's home and heart. It was born in New York and as of May 2001, more than one out of four of the U.S. securities industry's total workforce of 772,400 individuals, or 201,000 workers, were located here.



The industry is a vital part of New York's economic base, operating in all regions of the state with approximately 2,000 offices in more than 200 cities and towns from Amityville to Watertown. In addition to direct employment of 201,000 jobs in the state (91% in New York City), the securities industry accounts for over 400,000 additional jobs indirectly statewide, again mainly in the city, according to the U.S. Commerce Department. These are in supplier industries, - publishing, accounting, marketing, legal, computer, and business services, etc., and recipient industries from Wall Street paychecks, i.e. the real estate, retail, restaurant, and entertainment industries

New York's securities industry's relative size to other key industries is one area that underscores the industry's importance to New York State and City as shown in the following charts (as of April 2001):





To an unprecedented extent, New York has become dependent on Wall Street for economic and fiscal stimulus in the 1990s. Just this April, New York State Comptroller H. Carl McCall issued a report entitled "Recent Trends in the New York City Economy" which expanded on his earlier paper, "New York City's Economic and Fiscal Dependence on Wall Street" which listed a variety of points which show "the overwhelming centrality of Wall Street in the city's resurgence":

Wall Street helped move the city from a position of chronic budget stress in the early 1990s, to surpluses since 1992, the past seven of which were record surpluses;

Wall Street was the major contributor during the 1990s to the overall growth in business and income tax collections. Wall Street directly accounted for 39% of the total growth in personal income, general corporation, and unincorporated business taxes from 1992 to 2000;

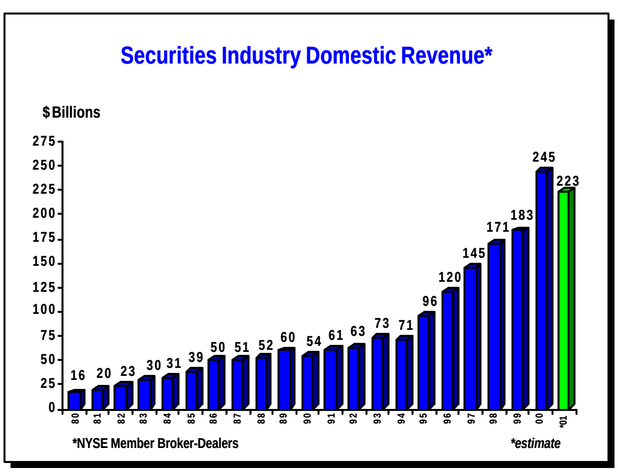
Taking a broader view, the securities industry has been responsible for one-quarter of the increase in all of the city's 1992-2000 non-property tax revenue;

The business activity of Wall Street is especially important to New York City because it generates tremendous income. Though Wall Street's share of the city's job base is a modest 5%, its share of total wages reached an estimated 19% for 2000, the highest level on record, up from 13.3% in 1992;

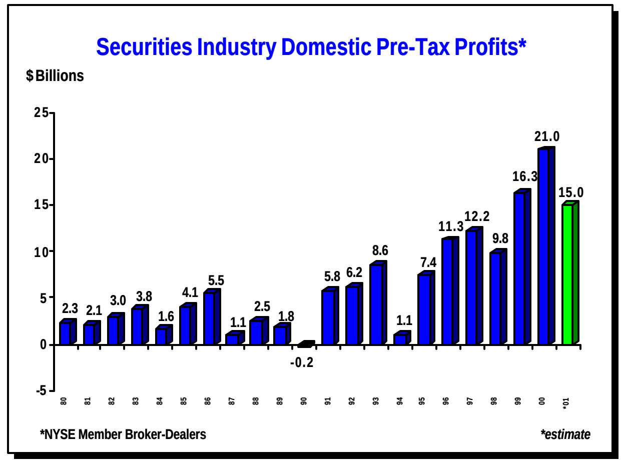
Wall Street average salaries increased 50% from 1992 to 1999 in New York City, a level which was 4.2 times the combined average of all other industries in the city;

Wall Street has accounted for 1/5th of the growth in annual employment and half of the increase in total employee earnings in New York City since 1992;

Wall Street has accounted for well over half of all job growth since 1992 when multiplier effects in supplier industries and from higher consumption spending are factored in.



Nine of the past 10 years have been the best for the securities industry in terms of record profits, jobs, revenues, etc. Last year the industry earned a record $21 billion in pre-tax profits on record revenue of $245 billion.



These record revenues and profits (much of which are taxed by both New York State and City), together with increased employment and higher wages (also taxed), and significant bonuses (taxed again), have translated into much of the growth in tax revenue both directly and indirectly by the industry to New York.

Further, this boom has helped reduce costs, i.e., expenditures for social services, not only from an employment vs. unemployment standpoint, but also from increased charitable donations to social services groups directly from the industry and from its highly paid workforce, a strong multiplier effect throughout the region's economy, and countless other indirect benefits to the state and city.

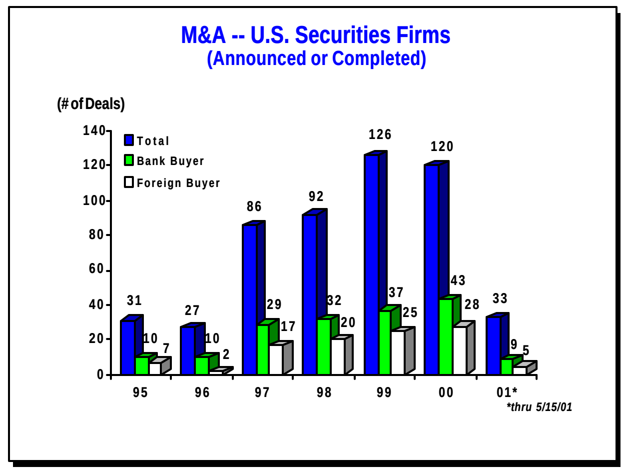
However, the quarterly growth came to an end one year ago when the industry experienced sequential quarterly declines in profits from the second to fourth quarters. Although this year's first quarter pre-tax profits rose to $4.1 billion from last year's fourth quarter total of $3.5 billion, it retreated once again to $3.4 billion in the quarter just ended. Still, growth is expected to resume by the fourth quarter of 2001.

Today's Tough Environment

New York's dependence on Wall Street is a two edged sword. Indeed, as stock prices were consistently falling and setting new 12 month lows daily earlier this year, the New York City Mayor's Office was expecting a 12% decline in personal income taxes in the fiscal year beginning this July 1, 2001. Factored into this lower expectation was up to a 75% contraction in Wall Street bonuses. In the April 2001 report entitled, "Recent Trends in the New York City Economy," McCall noted that a slowdown on Wall Street for this year has been anticipated by the city's budget office. At the time of the release of the city's financial plan in late January, the budget office was not only expecting a 75% decline in Wall Street bonuses but also a 75% decline in Wall Street profits, to $5.1 billion in calendar year 2001, and a 17% decline in capital gains realizations from a slowing economy and a bear market that would hurt underwriting, trading and advisory fees.

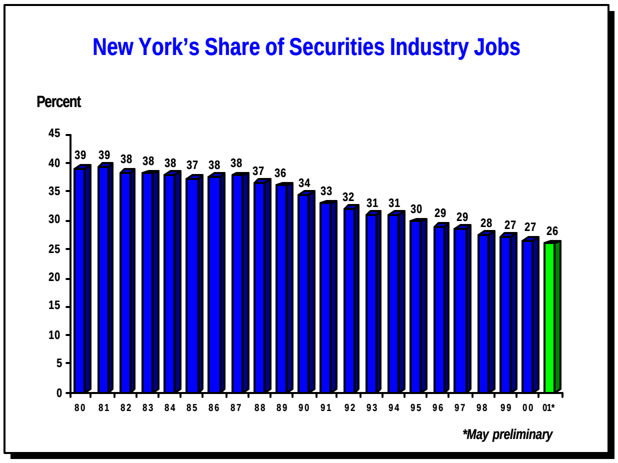
However, first half profits of $7.5 billion have already exceeded that assumption by nearly 50% with six months to go. Nevertheless, the consensus view is that 2001 profits and bonuses will be lower than 2000's record, but not nearly as bad as the City Budget Office's earlier worst case scenario.

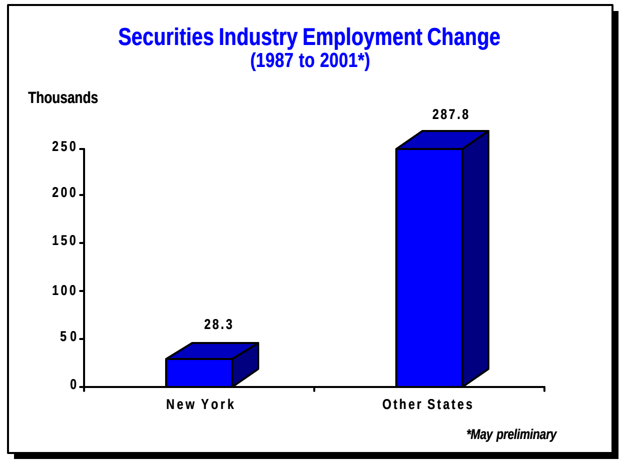
But even beyond the cyclical nature of the industry, unparalleled and dramatic changes are occurring daily within the financial services industry. Indeed, the pace of change is accelerating and these changes are both structural and revolutionary in nature, affecting virtually every aspect of the industry. The major drivers of these changes include: the globalization of the marketplace, changing investor demographics, the revolution in information technology, and the restructuring of the financial services industry. Over the past few years, we've witnessed an unprecedented number of mergers and acquisitions in the industry as well as in the banking industry and a large number of European purchases of U.S. securities firms. In fact, the securities industry nationally, and in New York City in particular, is now dominated by both U.S. and foreign owned financial service conglomerates which are becoming an integral part of the U.S. banking industry as well. Today, most of the world's largest financial institutions, particularly banks, are no longer headquartered in New York, or even in the United States.



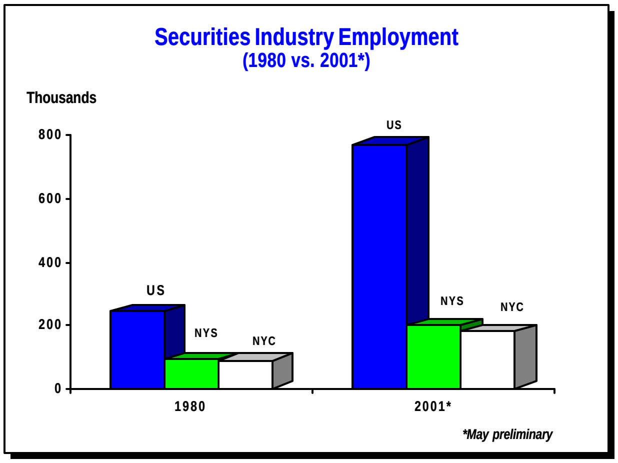
These changes also brought a new awareness of the critical importance of operating costs and of controlling costs in a competitive and cyclical atmosphere. New York in most respects has higher rent, labor, tax and other costs of doing business than many other locations. Although that has long been the case, the cost disadvantages are far more significant in today's environment of intense competition, borders that are meaningless because of technological developments, and rapid change in the fiscal and monetary policies carried out by government.

Although direct securities industry employment has tripled since the beginning of 1980, New York State's share of that employment has steadily declined from 39% to just 26% during the same time frame.





Even though securities industry employment recently reached an all time peak nationally and in New York, the state and city are losing ground fast to other lower cost states.



With its already proven importance to New York, it should be sobering to New York governing officials that from the stock market crash in 1987 until May of this year, New York has gained a net of only 28,300 jobs vs. 287,800 in the other 49 states. In other words, less than 10% of industry job growth occurred in New York – a startlingly low figure given that as recently as 1980, nearly 40% of all securities industry jobs were located in New York.

Going Forward

Today, it is almost common knowledge that the health of the securities industry and New York State and City are closely tied together. The securities industry – firms, exchanges, associations such as SIA, etc. -- closely work in partnership with state and local officials in budgeting, forecasting, etc., now that we all recognize how much Wall Street means to Main Street, with the importance of the stock market tied to so many Americans who depend on these investments for retirement, education, medical care, emergencies, and that "rainy day" that occasionally comes.

New York must continue to recognize the relative importance of the securities industry to the state and city. Costs, including taxes, are foremost in the consideration of top management throughout the private sector, including the securities industry, when it comes to decisions concerning expansion and relocation, and competitive pressures force firms to take the best economic approach. Technology will also drive change, which will also drive management to seek economic value in where they locate.

We have just come through a year that showed a crack in Wall Street's long unbroken string of record revenues, profit and growth. This fissure looms larger with each succeeding quarterly earnings release. Further, the industry is still in a full blown period of consolidation among brokerage firms themselves, among banks and insurers, and among foreign financial conglomerates. Even with a renewal of profitability growth, there could still be reductions in the number of firms and employees dedicated to securities activities and even more so in hard times.

State Comptroller H. Carl McCall's office sums up the dangers that lie ahead: the "retrenchment on Wall Street in the wake of the 1987 stock market crash had a lot to do with the depth and duration of the ensuing recession that was far more severe locally than what was experienced nationally. New York is significantly more dependent on Wall Street today than it was in 1987. Even without a downturn of the magnitude of the last recession, there is considerable risk for New York." Further, "even though New York's recovery has broadened beyond Wall Street, the substantial income-generating capacity of Wall Street means that it will continue to largely determine New York's economic and fiscal fortunes for the foreseeable future. Budget policies for the years ahead have been set based on the assumption of a continuation of propitious financial market conditions. The state's tax reduction and spending commitments may prove difficult to fulfill should the economy slow or Wall Street activity falter." With the experience of the past 12 months, these assumptions have now been challenged and are being addressed in the current budget debate.

In the late 1980s and early 1990s, the statement that "Wall Street is to New York what the oil industry is to Texas" gained little acceptance with state and city policymakers. Today, this same statement is easily accepted and policymakers have begun to enact legislation recognizing this fact by providing a more favorable tax atmosphere for the financial sector than had previously.

George R. Monahan
Vice President and Director, Industry Studies

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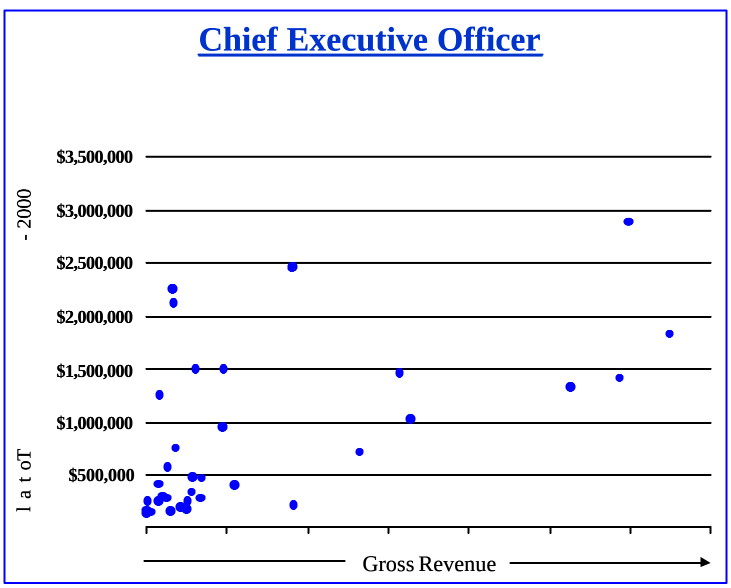
EXECUTIVE COMPENSATION 1999 & 2000

Compensation is the second largest category of total expense in the securities industry, accounting for almost a third of total outlay. To provide member firms with a broad array of information pertaining to compensation for securities industry personnel, SIA conducts a number of in depth studies on a yearly basis so firms can effectively benchmark their own compensation levels against other industry counterparts, including; reports on *Management & Professional Earnings*, *Office Salaries*, *Production & Earnings of RRs*, and *Salary & Bonus Increases in the Securities Industry*. Every three years, a study is conducted on the *Compensation of Top Management in Local & Regional Firms*, covering compensation statistics for 14 executive level positions and a variety of other earnings-related aspects such as: performance measures, retirement plans, executive perquisites, and the relationship between compensation and gross revenue.

This year, forty-one firms participated in SIA's *Report on Compensation of Top Management in Local & Regional Firms*. The report segments responses into three firm-size groups based on 2000 revenues. Representing a broad cross-section of the industry, average gross revenues generated by the firms surveyed ranged between $7.6 million for the smallest firm-size group to $618.9 million for the largest group. To achieve a better understanding of executive compensation and its relationship to firm size (based on revenue), the report features a series of scatter diagrams that demonstrate the correlation between Total Direct Compensation and 2000 firm revenue. Table 1 plots CEO Total Direct Compensation against gross revenue for all firms that responded.

Table 1



The diagram shows a high concentration of participating firms to be densely clustered in the lower left hand portion of the diagram, with observations scattered throughout the remainder of the chart. Although the data generally demonstrate that higher compensation and higher revenues correlate, it is clear that there are several exceptions to this general pattern.

In addition to providing firm-by-firm data arrays (in a confidential manner) sorted by group, the report contains summary statistics that cover both 1999 and 2000. These summary statistics show average, median, 25th and 75th percentile data for base salary, short-term incentive, commissions, long-term compensation (measured as the present value at the time of the award) and total direct compensation (the sum of the compensation elements listed above). Aggregated statistics illustrating all firms' responses for CEOs are listed below in Table 2. Table 3 illustrates how these constituents contribute to Total Direct Compensation for the year 2000.

Table 2

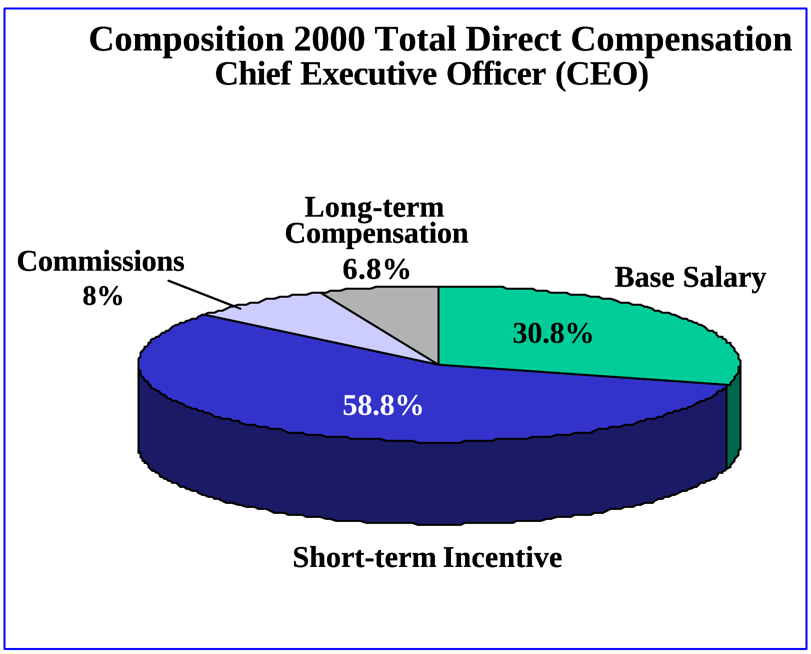
All Firms	***1999 Compensation - CEO***			
	Average	***Median***	***25th Percentile***	***75th Percentile***
Base Salary	$257,936	$240,000	$150,000	$300,000
Short-term Incentive	$763,413	$525,000	$125,750	$1,202,199
Commissions	$189,906	$19,912	$7,500	$273,773
Long-term Compensation	$102,479	$96,276	$47,768	$139,559
Total Direct Compensation	$924,996	$591,825	$241,250	$1,372,507

All Firms	***2000 Compensation - CEO***			
	Average	***Median***	***25th Percentile***	***75th Percentile***
Base Salary	$296,064	$250,000	$168,000	$334,640
Short-term Incentive	$676,911	$425,000	$69,250	$1,200,000
Commissions	$211,897	$27,000	$5,000	$231,191
Long-term Compensation	$337,558	$93,477	$49,000	$104,977
Total Direct Compensation	$933,975	$561,678	$246,000	$1,467,635

**Please note that averages, medians and percentiles of the factors that contribute to Total Direct Compensation cannot be added to equal Total Direct Compensation, although their sums do equate to Total Direct Compensation on an individual basis.*

All the data presented in this article represents a special cut at the survey results, grouping all responses from participating firms. The report segments firms into three groups based on revenues, so participants can better benchmark themselves to comparably-sized firms. The summary statistics presented here are useful indicators in considering the securities industry at large and are intended to illustrate the type of information available in the report. Table 3 breaks down Total Direct Compensation to CEOs showing how highly dependent executive-level compensation is on company profits. In this example, aggregating responses from all participating firms, 58.8% of CEO compensation is derived from Short-term Incentives. Our report shows that the degree to which compensation is "at risk" and dependent on company profits varies by firm size and amongst the fourteen positions covered. For example, thirty-seven percent of CEO compensation comes from Short-term Incentives in Group I; the proportion increasing to 51% and 62% for Groups II and III.

Table 3



Other topics covered in this year's Report on Compensation of Top Management in Local & Regional Firms include different types of short-term and long-term incentives, performance measures (both financial and non-financial), retirement plans and executive perquisites offered. Tables 4 and 5 show the percentage distribution of performance measures used in connection with annual CEO incentives and the extent to which various perquisites were offered to CEOs in 2000.

Table 4

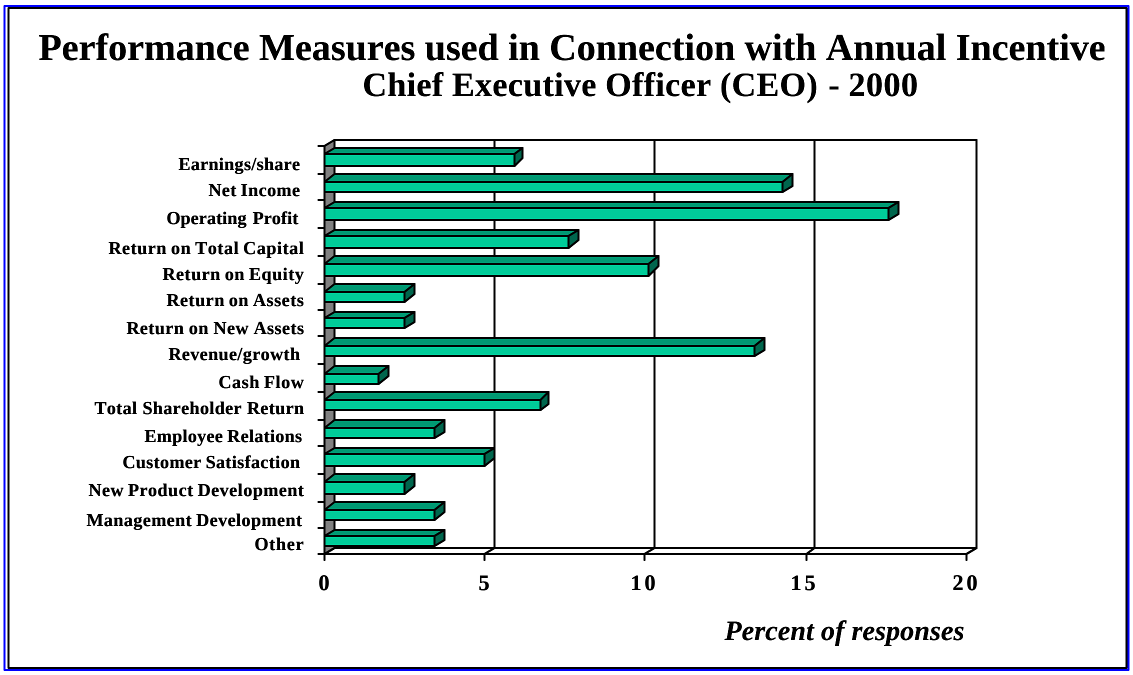
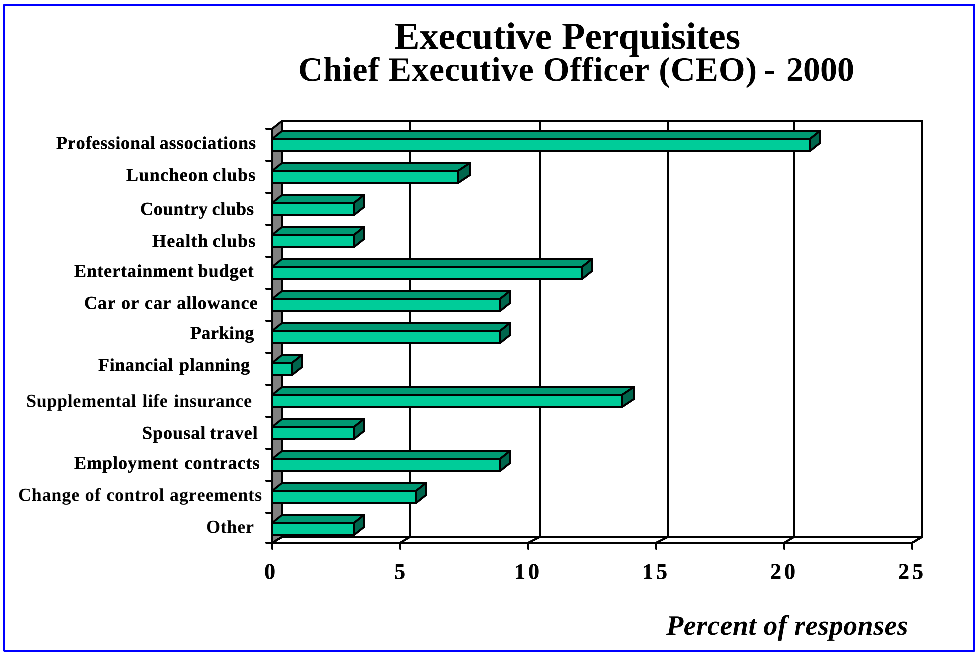


Table 5

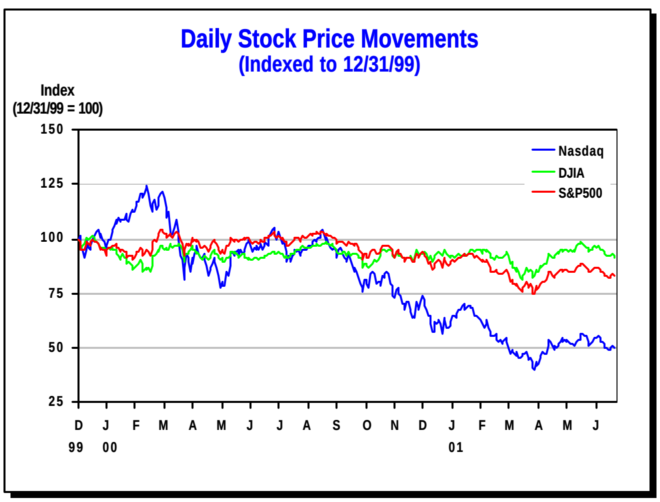


Out of the 41 member firms that participated in this study, 36.6% are publicly held institutions. Collectively, these firms employ greater than 36,000 individuals and grossed over $8.5 billion in revenues for the year 2000. This comprehensive source for industry-specific information covers compensation for fourteen positions, including: CEO; COO; CFO; CIO; General Counsel; and the heads of Fixed Income, Public Finance, Research, Retail Sales, Institutional Sales, Marketing, Operations, Equity Capital Markets, and Investment Banking / Corporate Finance. If you are interested in purchasing this report, please contact Steve Carlson at (212) 618-0572 (scarlson@sia.com) or Erin Burke at (212) 720-0615 (eburke@sia.com).

Erin Burke
Survey Analyst

U.S. Equity Market Activity

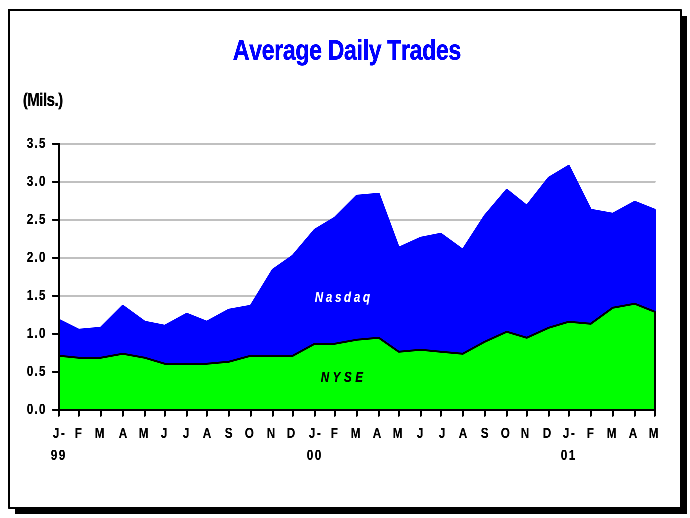
Stock Prices – An impressive seven-week rally in technology stocks propelled the Nasdaq Composite up 41% from April 4-May 22. That streak, however, was short-lived. News of the Fed's fifth interest rate cut of the year, which brought the federal funds rate to 4% from 6 ½%, was largely shrugged off by market participants (the June 27th ¼ point cut elicited much the same reaction). Wary investors wavered between optimism and pessimism about the economy and the outlook for corporate profits. By May's end, the Nasdaq Composite closed at 2110.49, or down 0.3% from April's close. S&P 500 stocks eked out a 0.5% gain for the month, while the Dow Jones Industrial's blue-chips advanced 1.6% in May.



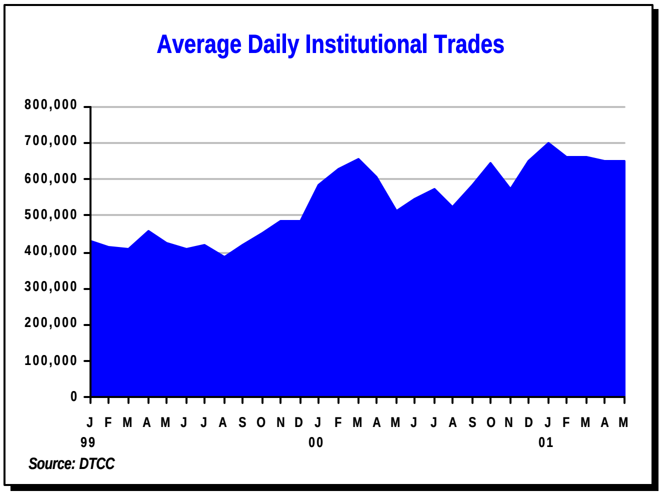
Stock prices continued to head south during the few weeks of June. A steady stream of companies announcing that second-quarter earnings would be below Wall Street expectations dragged down the three major indices an additional 3% or so through June 25. As a result, the technology-laden Nasdaq Composite is down 17.0% so far this year, the S&P 500 is off 7.7%, and the DJIA is down 2.6% year-to-date.

Trading Volume – Average daily trades executed on Nasdaq, which peaked in January 2001 at 3.19 million trades daily, has since declined to an average 2.62 million per day in May. Despite the slowdown, trade volume is running at a 2.75 million daily clip year-to-date, or 8% higher than last year's average of 2.54 million trades daily.

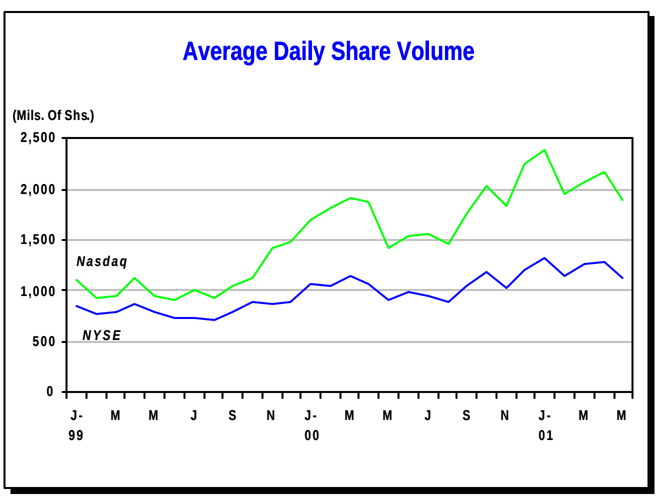
On the Big Board, trading activity climbed steadily through the first four months of the year to a record 1.39 million trades executed daily in April, before falling back to 1.30 million per day in May. At 1.27 million daily year-to-date, NYSE trading activity is running 44% ahead of 2000's 877,141 average daily trading level.



Institutional trading activity has also fallen off from January's hectic pace. In May, nearly 652,000 institutional trades were processed daily through DTC TradeSuite. Although down from the January's record 700,000 trades per day, activity remained well above 2000's average of more than 590,000 trades daily.



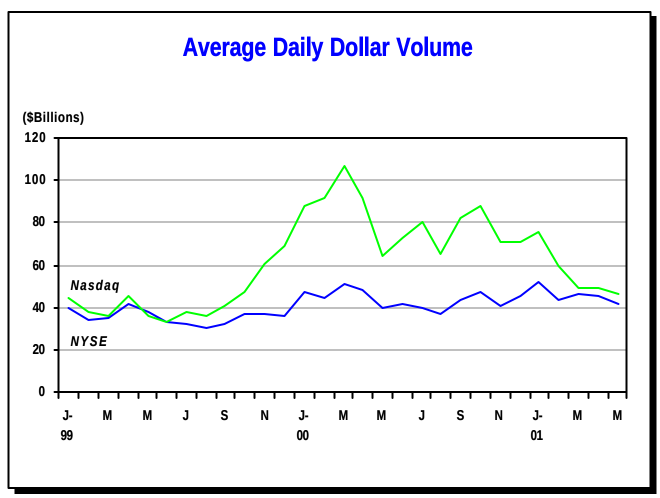
Share Volume – Average daily share volume on the major U.S. equity markets in May sank to its lowest level of the year as investors awaited fresh signs of a recovery in the slumping economy and corporate profits before committing cash to the stock market. On the NYSE, 1.12 billion shares traded daily in May, 12.5% short of April's average. Nasdaq's average daily volume of 1.88 billion shares in May was 13.0% short of April's 2.16 billion daily average.



Despite the slowdown in trading during May, volume on both Nasdaq and the NYSE year-to-date remain well above last year's record levels. At 2.09 billion shares daily, volume on Nasdaq is 18.8% higher than 2000's 1.76 billion average, while NYSE daily volume of 1.23 billion shares year-to-date is 18.3% above last year's 1.04 billion daily average. However, lackluster volume so far in June is sure to drag the 2Q 2001 totals below the record levels reached in 1Q 2001.

Dollar Volume – In May, the dollar value of trading in Nasdaq stocks sank to its lowest level of the year (and its lowest level since Sept. 1999) amid plunging share prices of beleaguered tech stocks and curtailed trading volume. Average daily dollar volume of $46.6 billion daily in May was down 6% from April's level, and a stunning 56% below the record of $106.4 billion daily reached last March. Year-to-date, Nasdaq's dollar volume averaged $56.0 billion daily, a decrease of 30.8% from 2000's $80.9 billion daily average.

Daily dollar volume on the NYSE also slid to a new monthly 2001 low in May, averaging $41.4 billion daily compared with $45.1 billion per day in April. Nevertheless, at $45.7 billion daily year to date, the value of trading in NYSE stocks remains 4.1% ahead of 2000's record pace.

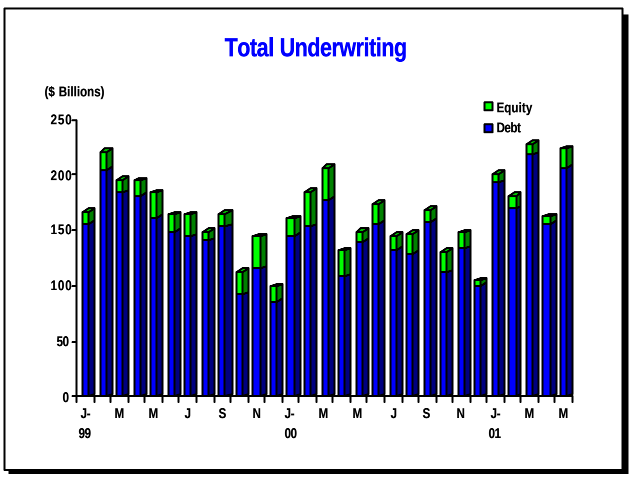


Interest Rates – Because of the Fed's aggressive easing, short-term interest rates have trended downward all year. Yields on three-month T-bills fell 25 basis points from April's average to 3.62% in May, its lowest level in over seven years. On the long-end, the 30-year Treasury yield rose

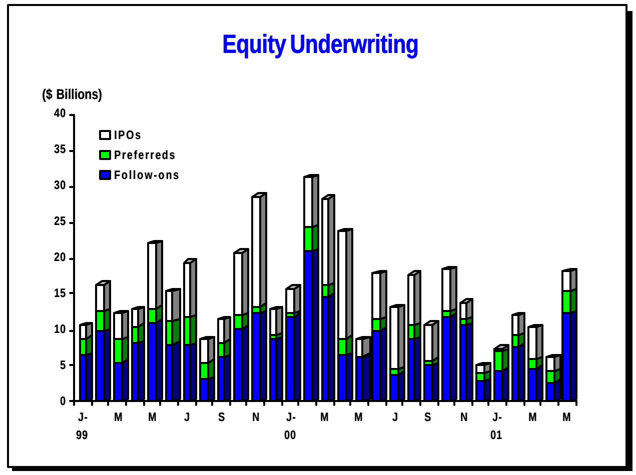
13 basis points to 5.78% on average in May, its highest level this year, yet still 37 basis points below last year's May peak of 6.15%. The spread between short- and long-term interest rates, which had been inverted throughout the second half of last year, is now normally sloped and continues to steepen, having widened to 216 basis points over the past five months.

U.S. Underwriting Activity

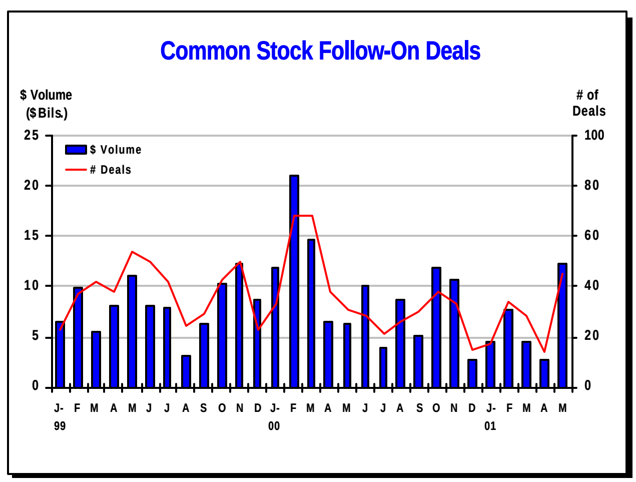
Total Underwriting – New issue activity in the U.S. market strengthened in May across all debt and equity products as falling interest rates and rising stock prices attracted both issuers and investors alike. May's total underwriting activity of $224.0 billion represented a 38% increase from April's 2001 monthly low and was the second best showing this year behind March's $228.1 billion. Total debt issuance rebounded 32% from April's doldrums to $206.0 billion in May. Only March 2001's record dollar volume of $217.7 billion was higher.



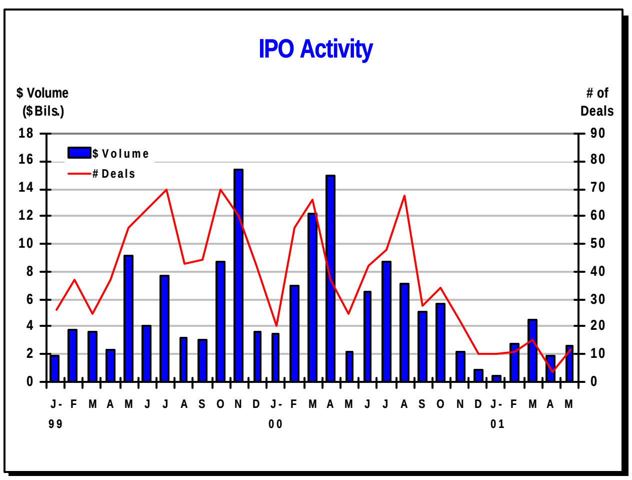
Proceeds from equity offerings (including both common and preferred stock) surged to a 2001 monthly high of $18.0 billion via 74 deals in May after tumbling to $6.1 billion in April on 26 deals, its slowest pace of the year. Through this year's first five months, overall underwriting activity increased to $996.3 billion, up 20% from $832.9 billion in the same period last year. Debt issuance, at $942.4 billion year-to-date, is running 30% ahead of the $725.2 billion issued in the first five months of last year. In sharp contrast, total equity underwriting of $53.8 billion year-to-date is only half the $107.8 billion raised a year ago. However, June is shaping up to be the most active month so far this year in terms of equity offerings, which will boost the 2Q 2001 total above 1Q 2001's tally.



Equity Underwriting – Follow-on offerings, after sinking for two straight months to a yearly low of $2.6 billion on 14 deals in April, surged to $12.3 billion on 45 deals. That was the most activity seen in this sector since March 2000's $14.6 billion on 68 deals. The May 30th follow-on offering of Sprint Corp., which raised $2.6 billion in the U.S. market, helped lift May's total. Year-to-date, however, secondary equity offerings of $31.5 billion are down 48% from a year ago.



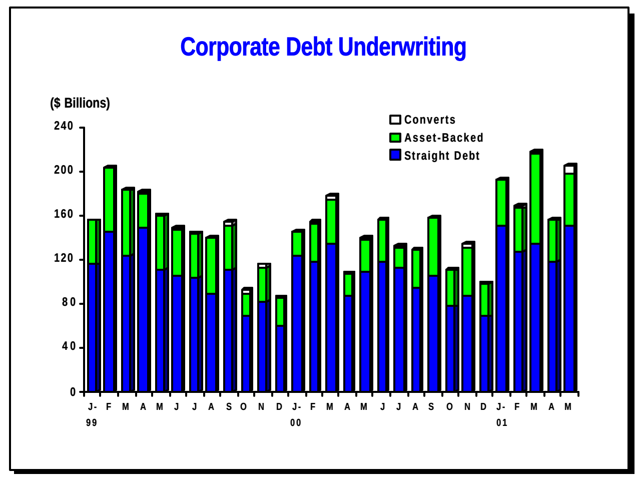
IPO volume jumped 42% to $2.7 billion on 12 deals in May compared with the meager 4 deals that raised $1.9 billion in April. Despite the monthly increase, IPO dollar volume year-to-date, at $12.3 billion, is down 69% from year-earlier levels. However, the pickup in IPO activity witnessed in May continued into June. Kraft Foods Inc.'s IPO raised $7.3 billion in the U.S. market on 6/12/01, making it the second-largest IPO in U.S. history behind AT&T Wireless Group's $9.0 billion deal on 4/26/00. Proceeds from that Kraft Foods deal alone exceeded any *monthly* IPO total since last July. Spin-off IPOs such as Kraft's have accounted for much of the equity capital raised this year.



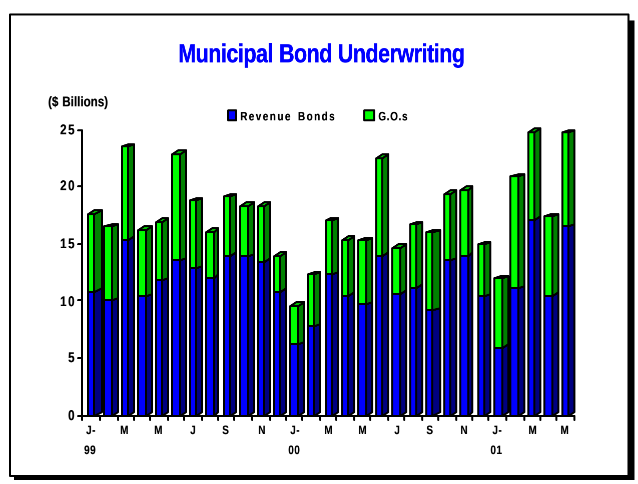
Debt Offerings – In May, new issuance of straight debt surged to its highest monthly level ever -- $150.5 billion – after sinking to a 2001 monthly low of $117.9 billion in April. The year-to-date total of $681.0 billion is 19% above the amount raised in the same year-ago period.

New offerings of convertible securities, which sank to a 2001 monthly low of $1.1 billion in April, soared to $7.9 billion in May, the highest monthly total ever and more than double the previous record $3.6 billion set in November 2000. The total value of convertible bond offerings year to date, at $15.6 billion, is up 77% from the $8.8 billion raised in last year's comparable period.

Asset-backed bond issuance, at $47.6 billion in May, was up 28% from April's weak level yet still 41% lower than the monthly record $80.8 billion reached this past March. Year-to-date, $245.8 billion was raised via asset-backed securities offerings, up 72% compared to the same period last year.



Municipal Bond Underwriting– Through the first five months of this year, municipal bond offerings totaled $100.1 billion, 44% higher than the $69.7 billion total raised in last year's similar period. Lower interest rates, which allow issuers to refinance higher interest debt, helped stimulate the increase in muni bond underwriting.



Grace Toto
Assistant Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In $ Billions)

	Straight Corporate Debt	Con-vertible Debt	Asset-Backed Debt	**TOTAL DEBT**	High-Yield Bonds	Common Stock	Preferred Stock	**TOTAL EQUITY**	All IPOs	Follow-Ons	**TOTAL UNDER-WRITINGS**
1985	76.4	7.5	20.8	104.7	14.2	24.7	8.6	33.3	8.5	16.2	138.0
1986	149.8	10.1	67.8	227.7	31.9	43.2	13.9	57.1	22.3	20.9	284.8
1987	117.8	9.9	91.7	219.4	28.1	41.5	11.4	52.9	24.0	17.5	272.3
1988	120.3	3.1	113.8	237.2	27.7	29.7	7.6	37.3	23.6	6.1	274.5
1989	134.1	5.5	135.3	274.9	25.3	22.9	7.7	30.6	13.7	9.2	305.5
1990	107.7	4.7	176.1	288.4	1.4	19.2	4.7	23.9	10.1	9.0	312.3
1991	203.6	7.8	300.0	511.5	10.0	56.0	19.9	75.9	25.1	30.9	587.4
1992	319.8	7.1	427.0	753.8	37.8	72.5	29.3	101.8	39.6	32.9	855.7
1993	448.4	9.3	474.8	932.5	55.2	102.4	28.4	130.8	57.4	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	33.3	61.4	15.5	76.9	33.7	27.7	716.4
1995	466.0	6.9	152.4	625.3	28.9	82.0	15.1	97.1	30.2	51.8	722.4
1996	564.8	9.3	252.9	827.0	37.2	115.5	36.5	151.9	50.0	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	31.4	120.2	33.3	153.4	44.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	42.9	115.0	37.8	152.7	43.7	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	36.6	164.3	27.5	191.7	66.8	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	25.2	189.1	15.4	204.5	76.1	112.9	1,851.0
<u>2000</u>											
Jan	123.9	0.5	20.5	144.9	4.1	15.3	0.5	15.8	3.5	11.8	160.7
Feb	118.8	1.8	33.4	153.9	3.1	27.9	3.3	31.2	7.1	20.9	185.1
Mar	134.0	2.7	41.2	177.9	3.3	26.7	1.7	28.3	12.1	14.6	206.3
Apr	87.2	0.7	20.4	108.3	0.4	21.4	2.3	23.8	14.9	6.5	132.0
May	109.8	3.2	27.3	140.3	0.8	8.5	0.1	8.6	2.2	6.3	148.9
June	118.0	0.3	38.3	156.5	1.9	16.5	1.4	17.9	6.5	10.0	174.4
July	112.5	1.1	19.0	132.6	4.5	12.6	0.6	13.2	8.7	3.9	145.8
Aug	94.6	0.4	34.3	129.3	1.9	15.7	2.0	17.6	7.1	8.6	146.9
Sept	104.5	0.3	52.9	157.7	3.8	10.2	0.6	10.9	5.1	5.1	168.6
Oct	77.3	1.6	33.0	111.9	0.7	17.5	0.9	18.4	5.7	11.8	130.3
Nov	86.9	3.6	43.5	134.0	0.0	12.9	0.9	13.8	2.3	10.6	147.8
Dec	68.8	1.0	29.7	99.5	0.6	3.8	1.2	4.9	1.0	2.8	104.4
<u>2001</u>											
Jan	150.2	1.5	41.6	193.2	5.9	4.8	2.7	7.4	0.4	4.4	200.7
Feb	127.7	3.1	38.6	169.3	4.1	10.5	1.5	11.9	2.8	7.7	181.2
Mar	134.8	2.0	80.8	217.7	1.3	9.1	1.3	10.4	4.5	4.6	228.1
Apr	117.9	1.1	37.3	156.3	3.1	4.5	1.6	6.1	1.9	2.6	162.3
May	150.5	7.9	47.6	206.0	3.9	14.9	3.1	18.0	2.7	12.3	224.0
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '00	573.7	8.8	142.7	725.2	11.8	99.9	7.8	107.8	39.8	60.1	832.9
YTD '01	681.0	15.6	245.8	942.4	18.2	43.8	10.0	53.8	12.3	31.5	996.3
% Change	18.7%	77.0%	72.3%	30.0%	53.9%	-56.2%	28.2%	-50.1%	-69.2%	-47.5%	19.6%

Note: High-yield bonds is a subset of straight corporate debt. IPOs and follow-ons are subsets of common stock.
Source: Thomson Financial Securities Data

MUNICIPAL BOND UNDERWRITINGS
(In $ Billions)

INTEREST RATES
(Averages)

	Compet. Rev. Bonds	Nego. Rev. Bonds	**TOTAL REVENUE BONDS**	Compet. G.O.s	Nego. G.O.s	**TOTAL G.O.s**	**TOTAL MUNICIPAL BONDS**	3-Mo. T Bills	30-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.79	3.32
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.80	1.83
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.58	2.80
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.96	2.29
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.45	0.34
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.61	1.11
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	8.14	2.76
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.67	4.24
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	6.59	3.59
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.37	3.12
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.88	1.39
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.70	1.69
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.61	1.55
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.58	0.80
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.87	1.23
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	5.94	0.13
<u>2000</u>										
Jan	1.0	5.2	6.2	2.0	1.3	3.4	9.5	5.32	6.63	1.31
Feb	0.8	7.0	7.8	3.3	1.2	4.5	12.3	5.55	6.23	0.68
Mar	1.3	11.1	12.4	2.4	2.3	4.7	17.1	5.69	6.05	0.36
Apr	0.6	9.9	10.5	3.1	1.8	4.9	15.5	5.66	5.85	0.19
May	0.8	8.8	9.7	2.6	3.0	5.6	15.3	5.79	6.15	0.36
June	1.4	12.7	14.0	4.5	4.1	8.6	22.6	5.69	5.93	0.24
July	1.2	9.5	10.7	2.4	1.6	4.0	14.7	5.96	5.85	(0.10)
Aug	0.8	10.3	11.2	2.8	2.8	5.5	16.7	6.09	5.72	(0.37)
Sept	1.4	7.8	9.2	3.0	3.8	6.8	16.0	6.00	5.83	(0.17)
Oct	1.8	11.8	13.6	3.6	2.2	5.8	19.4	6.11	5.80	(0.31)
Nov	1.5	12.6	14.0	3.7	2.2	5.8	19.9	6.17	5.78	(0.39)
Dec	1.0	9.4	10.4	1.6	3.1	4.6	15.1	5.77	5.49	(0.28)
<u>2001</u>										
Jan	1.2	4.7	5.9	4.4	1.8	6.1	12.1	5.15	5.54	0.39
Feb	0.8	10.3	11.1	4.7	5.1	9.8	20.9	4.88	5.45	0.57
Mar	1.2	16.0	17.2	2.7	5.0	7.7	24.9	4.42	5.34	0.92
Apr	0.9	9.6	10.5	3.6	3.4	6.9	17.5	3.87	5.65	1.78
May	1.2	15.3	16.5	4.4	3.9	8.3	24.8	3.62	5.78	2.16
June										
July										
Aug										
Sept										
Oct										
Nov										
Dec										
YTD '00	4.5	42.1	46.6	13.5	9.6	23.1	69.7	5.60	6.18	0.58
YTD '01	5.4	55.9	61.3	19.6	19.2	38.8	100.1	4.39	5.55	1.16
% Change	20.3%	32.9%	31.7%	45.9%	98.8%	68.0%	43.7%	-21.7%	-10.2%	100.4%

Sources: Thomson Financial Securities Data; Federal Reserve

	STOCK MARKET PERFORMANCE INDICES (End of Period)				STOCK MARKET VOLUME (Daily Avg., Mils. of Shs.)			VALUE TRADED (Daily Avg., $ Bils.)	
	Dow Jones Industrial Average	S&P 500	NYSE Composite	Nasdaq Composite	NYSE	AMEX	Nasdaq	NYSE	Nasdaq
1985	1,546.67	211.28	121.58	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	138.58	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	138.23	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	156.26	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	195.04	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	180.49	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	229.44	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	240.21	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	259.08	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	250.94	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	329.51	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	392.30	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	511.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	595.81	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	650.30	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	656.87	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2000									
Jan	10,940.53	1,394.46	621.73	3,940.35	1,074.2	49.5	1,693.0	47.6	87.5
Feb	10,128.31	1,366.42	592.64	4,696.69	1,045.9	52.9	1,812.0	44.3	91.4
Mar	10,921.92	1,498.58	647.70	4,572.83	1,138.4	61.4	1,902.8	51.0	106.4
Apr	10,733.91	1,452.43	644.16	3,860.66	1,060.0	65.5	1,876.2	48.8	92.0
May	10,522.33	1,420.60	643.60	3,400.91	905.4	46.2	1,417.5	39.4	64.2
June	10,447.89	1,454.60	642.93	3,966.11	986.5	44.3	1,537.5	41.8	73.3
July	10,521.98	1,430.83	640.63	3,766.99	953.8	38.5	1,567.9	40.0	80.4
Aug	11,215.10	1,517.68	674.53	4,206.35	886.1	37.5	1,458.7	36.9	65.0
Sept	10,650.92	1,436.51	663.04	3,672.82	1,041.3	48.9	1,756.7	44.0	82.4
Oct	10,971.14	1,429.40	666.02	3,369.63	1,180.6	59.7	2,026.9	47.4	88.3
Nov	10,414.49	1,314.95	629.78	2,597.93	1,033.4	58.1	1,840.4	40.8	70.7
Dec	10,786.85	1,320.28	656.87	2,470.52	1,208.8	73.9	2,247.4	45.5	71.1
2001									
Jan	10,887.36	1,366.01	663.64	2,772.73	1,325.9	72.5	2,387.3	52.0	75.6
Feb	10,495.28	1,239.94	626.94	2,151.83	1,138.5	70.9	1,947.6	43.8	59.7
Mar	9,878.78	1,160.33	595.66	1,840.26	1,271.4	82.5	2,071.4	45.9	49.2
Apr	10,734.97	1,249.46	634.83	2,116.24	1,276.5	78.4	2,162.8	45.1	49.6
May	10,911.94	1,255.82	641.67	2,110.49	1,116.7	66.1	1,883.6	41.4	46.6
June									
July									
Aug									
Sept									
Oct									
Nov									
Dec									
YTD '00	10,522.33	1,420.60	643.60	3,400.91	1,044.7	55.0	1,737.5	46.2	88.3
YTD '01	10,911.94	1,255.82	641.67	2,110.49	1,226.4	74.1	2,090.4	45.7	56.0
% Change	3.7%	-11.6%	-0.3%	-37.9%	17.4%	34.7%	20.3%	-1.1%	-36.6%

	MUTUAL FUND ASSETS ($ Billions)					MUTUAL FUND NET NEW CASH FLOW* ($ Billions)					
	Equity	Hybrid	Bond	Money Market	**TOTAL ASSETS**	Equity	Hybrid	Bond	Money Market	**TOTAL**	Total Long-Term Funds
1985	116.9	12.0	122.6	243.8	495.4	8.5	1.9	63.2	-5.4	68.2	73.6
1986	161.4	18.8	243.3	292.2	715.7	21.7	5.6	102.6	33.9	163.8	129.9
1987	180.5	24.2	248.4	316.1	769.2	19.0	4.0	6.8	10.2	40.0	29.8
1988	194.7	21.1	255.7	338.0	809.4	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	248.8	31.8	271.9	428.1	980.7	5.8	4.2	-1.2	64.1	72.8	8.8
1990	239.5	36.1	291.3	498.3	1,065.2	12.8	2.2	6.2	23.2	44.4	21.2
1991	404.7	52.2	393.8	542.5	1,393.2	39.4	8.0	58.9	5.5	111.8	106.3
1992	514.1	78.0	504.2	546.2	1,642.5	78.9	21.8	71.0	-16.3	155.4	171.7
1993	740.7	144.5	619.5	565.3	2,070.0	129.4	39.4	73.3	-14.1	228.0	242.1
1994	852.8	164.5	527.1	611.0	2,155.4	118.9	20.9	-64.6	8.8	84.1	75.2
1995	1,249.1	210.5	598.9	753.0	2,811.5	127.6	5.3	-10.5	89.4	211.8	122.4
1996	1,726.1	252.9	645.4	901.8	3,526.3	216.9	12.3	2.8	89.4	321.3	232.0
1997	2,368.0	317.1	724.2	1,058.9	4,468.2	227.1	16.5	28.4	102.1	374.1	272.0
1998	2,978.2	364.7	830.6	1,351.7	5,525.2	157.0	10.2	74.6	235.3	477.1	241.8
1999	4,041.9	383.2	808.1	1,613.1	6,846.3	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	3,962.3	349.7	808.0	1,845.3	6,965.2	309.6	-31.8	-48.6	159.6	388.8	229.2
<u>2000</u>											
Jan	3,951.6	368.8	793.9	1,657.3	6,771.6	44.5	-6.3	-12.7	41.8	67.3	25.6
Feb	4,218.5	360.7	796.7	1,680.5	7,056.4	55.6	-5.1	-8.2	14.8	57.2	42.3
Mar	4,441.6	371.6	793.1	1,697.0	7,303.3	40.2	-5.7	-7.7	12.7	39.5	26.8
Apr	4,250.3	359.8	781.0	1,649.4	7,040.5	35.5	-1.9	-6.7	-52.2	-25.4	26.9
May	4,106.7	349.3	776.3	1,676.6	6,908.9	17.0	-2.1	-5.2	18.2	27.9	9.7
June	4,316.6	350.8	791.5	1,658.6	7,117.5	22.1	-2.2	0.5	-23.0	-2.6	20.4
July	4,244.1	352.1	796.2	1,697.3	7,089.7	17.3	-1.5	-0.7	33.3	48.4	15.1
Aug	4,579.8	363.0	802.5	1,729.8	7,475.1	24.0	-1.3	-1.8	22.5	43.3	20.9
Sept	4,397.5	354.9	797.8	1,728.0	7,278.2	17.3	-2.1	-3.0	-8.6	3.5	12.2
Oct	4,293.4	354.2	795.4	1,760.0	7,203.0	19.2	-1.2	-2.0	26.0	42.0	16.0
Nov	3,854.9	342.9	795.3	1,821.3	6,814.3	5.5	-0.3	-0.6	56.1	60.7	4.6
Dec	3,962.3	349.7	808.0	1,845.3	6,965.2	11.6	-1.6	-0.7	16.4	25.8	9.3
<u>2001</u>											
Jan	4,093.3	356.9	830.0	1,955.5	7,235.7	25.1	1.1	8.8	103.0	138.0	34.9
Feb	3,689.7	344.4	845.2	2,019.3	6,898.6	-3.3	1.2	8.8	58.0	64.7	6.7
Mar	3,408.0	333.4	852.8	2,035.5	6,629.7	-20.6	-0.4	7.9	13.6	0.6	-13.1
Apr	3,718.6	348.0	847.0	2,031.6	6,945.2	19.3	1.4	1.3	-10.4	11.5	21.9
May											
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '00	4,250.3	359.8	781.0	1,649.4	7,040.5	175.8	-19.0	-35.2	17.0	138.6	121.6
YTD '01	3,718.6	348.0	847.0	2,031.6	6,945.2	20.4	3.2	26.8	164.2	214.7	50.5
% Change	-12.5%	-3.3%	8.5%	23.2%	-1.4%	-88.4%	NM	NM	865.7%	54.9%	-58.5%

New sales (excluding reinvested dividends) minus redemptions, combined with net exchanges

Source: Investment Company Institute

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