1. Executive Summary

The 2007 Risk Talent Associates Professional Compensation Survey – Technology & Software demonstrates a healthy average growth of 9% in total compensation for 2006 over 2005 for risk technology and software professionals. Growth in salaries was a healthy 7%, while cash and non-cash bonuses increased 5% and 14% respectively over the same one-year period.

Approximately 20% of survey respondents reported changing jobs within the last two years, which is consistent both with the 20-30% range reported in compensation surveys by Risk Talent Associates of other market segments and the 25% reported in last year’s survey for technology and software. Thirty-one percent of survey participants predict they will change jobs in the next two years, while 43% expect they may change jobs and the remaining 26% expect to stay with the same employer. Of those who did change jobs in the last two years, 42% came from other jobs in software and technology, 38% came from consulting, commercial banking or corporate environments, and 20% came from asset management, energy, investment banking or other areas.

Seventy percent of survey participants expect that their risk management group will grow in size over the next year while the rest expect it to remain the same. For risk management groups that are expanding, 81% leverage internal recruiting or corporate staffing to fill open positions. The next most popular means are job boards (34%), retained search firms (23%) and contingency recruiting firms (23%).

2. Compensation Growth is Consistent Across Tenures

This year’s survey shows consistent levels of growth in total compensation by years of experience, with all three categories averaging near 9%. For 2006, bonuses as a percentage of total compensation increased with longer tenures, at almost 30% for professionals with 0-6 years of experience, compared to 40-45% for those with more years of experience.

Figure 1: Total Compensation, Salary and Bonus by Years of Experience (US Dollars)

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<tr>
<td>0-6 years</td>
<td>18% $154,000</td>
<td>$172,000</td>
<td>$112,000</td>
<td>$122,000</td>
<td>$32,000</td>
<td>$40,000</td>
<td>$10,000</td>
<td>$10,000</td>
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<tr>
<td>7-15 years</td>
<td>57% $293,000</td>
<td>$321,000</td>
<td>$162,000</td>
<td>$176,000</td>
<td>$71,000</td>
<td>$75,000</td>
<td>$60,000</td>
<td>$70,000</td>
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<tr>
<td>16+ years</td>
<td>26% $352,000</td>
<td>$387,000</td>
<td>$213,000</td>
<td>$231,000</td>
<td>$81,000</td>
<td>$82,000</td>
<td>$58,000</td>
<td>$74,000</td>
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</table>

Source: Risk Talent Associates Salary Survey 2007. All figures in US Dollars and rounded to nearest thousand. Notes: Percentage of overall respondents indicated by “% of Total”. Insufficient data reported as “***.”
There is much greater variability in salary and total compensation according to title, with larger cash and non-cash bonuses awarded to the most senior executives. This year’s survey did not include as many Chief Risk Officers, Partners or Presidents as the previous year when Risk Talent Associates reported total compensation over $635,000 for Chief Risk Officers and over $1 million for Partners and Presidents at risk technology firms.

Figure 2: Total Compensation, Salary and Bonus by Title (US Dollars)

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<tr>
<td>Analyst/Associate</td>
<td>8%</td>
<td>$94,000</td>
<td>$104,000</td>
<td>$81,000</td>
<td>$88,000</td>
<td>$13,000</td>
<td>$16,000</td>
<td>**</td>
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<tr>
<td>Sr Assoc/Manager</td>
<td>24%</td>
<td>$207,000</td>
<td>$218,000</td>
<td>$150,000</td>
<td>$160,000</td>
<td>$57,000</td>
<td>$58,000</td>
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<tr>
<td>Consultant/Principal</td>
<td>9%</td>
<td>$220,000</td>
<td>$255,000</td>
<td>$140,000</td>
<td>$155,000</td>
<td>$43,000</td>
<td>$53,000</td>
<td>**</td>
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<tr>
<td>Director</td>
<td>16%</td>
<td>$253,000</td>
<td>$281,000</td>
<td>$172,000</td>
<td>$190,000</td>
<td>$44,000</td>
<td>$44,000</td>
<td>**</td>
<td>**</td>
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<tr>
<td>Vice President</td>
<td>15%</td>
<td>$257,000</td>
<td>$290,000</td>
<td>$165,000</td>
<td>$184,000</td>
<td>$47,000</td>
<td>$61,000</td>
<td>$45,000</td>
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<td>Senior Vice President</td>
<td>14%</td>
<td>$378,000</td>
<td>$406,000</td>
<td>$198,000</td>
<td>$211,000</td>
<td>$120,000</td>
<td>$123,000</td>
<td>$60,000</td>
<td>$72,000</td>
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<tr>
<td>Managing Director</td>
<td>7%</td>
<td>$535,000</td>
<td>$600,000</td>
<td>$279,000</td>
<td>$312,000</td>
<td>$106,000</td>
<td>$113,000</td>
<td>$150,000</td>
<td>$175,000</td>
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<tr>
<td>President/CRO</td>
<td>4%</td>
<td>$470,000</td>
<td>$532,000</td>
<td>$220,000</td>
<td>$227,000</td>
<td>$150,000</td>
<td>$180,000</td>
<td>$100,000</td>
<td>$125,000</td>
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Notes: Percentage of overall respondents indicated by “% of Total”. Insufficient data reported as “**”.
Abbreviations: Chief Risk Officer (CRO).

3. Highest Compensation at Largest Companies

Total compensation is highest for risk professionals at the largest companies (over 100 risk managers).

Figure 3: 2006 Total Compensation, Salary and Bonus by Size of Company (US Dollars)

Note: Percentage of overall respondents reported in brackets “(%)”
4. Highest Total Compensation in New York City

Approximately 38% of survey respondents work in New York City, which offers the highest total compensation packages regionally. Total compensation is progressively lower for the US-West, US-Northeast, Europe and the US-South/Southeast. Insufficient data was received from Asia, the US-Mid-Atlantic, US-West and Canada.

Figure 4: 2006 Total Compensation, Salary and Bonus by Geography (US Dollars)

Note: Percentage of overall respondents reported in brackets “(%)”

5. Enterprise Risk Professionals Receive Highest Total Compensation

Professionals reporting a focus on enterprise-wide risk earn the highest total compensation, followed by those with a focus on credit risk and market risk. Those focused on market risk earn higher salaries than those focused on credit risk, but earn smaller non-cash bonuses. There was insufficient data to report for those working in financial compliance or operational risk.

Figure 5: 2006 Total Compensation, Salary and Bonus by Risk Type (US Dollars)

Note: Percentage of overall respondents reported in brackets “(%)”
6. Survey Methodology

The 2007 Risk Talent Associates Professional Compensation Survey – Technology and Software was conducted during the summer of 2007 using Survey Monkey Internet survey software. E-mail invitations were sent to risk consulting professionals in the Risk Talent Associates corporate database, with responses from 74 professionals. The survey collected 2005 and 2006 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation) levels. Survey respondents were asked to identify their years of experience, title, type of risk focus (market, credit, operational, risk technology and financial compliance), geographic location, and size (based on the number of risk professionals in their organization).

Risk Talent Associates, an executive search firm focused on risk management, is conducting a series of risk compensation surveys in 2007 across four market segments: capital markets, asset management, compliance and other fields (software, consulting, energy and corporate).

About Risk Talent Associates
Risk Talent Associates (www.risktalent.com) is the leading international executive search firm focused exclusively on positions in the fields of market, credit and operational risk, as well as financial compliance and risk technology. Risk Talent’s expertise, industry knowledge, proprietary network and dedicated focus shorten the recruiting process to deliver senior and mid-level risk managers in the capital markets, asset management, energy, consulting and software industries. Risk Talent has offices in New York, Chicago, Hong Kong and London.

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