

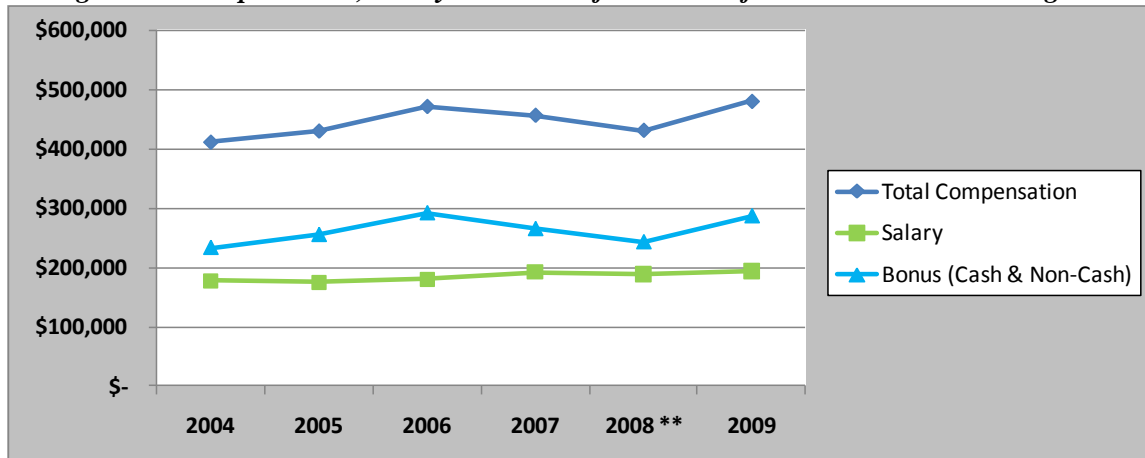
Executive Summary

Return to Bonus Growth for Risk Professionals in Asset Management

The **2010 Risk Talent Associates Professional Compensation Survey – Asset Management** reveals that total compensation for risk professionals in asset management was on the rebound in 2009, after declines in 2007 and 2008. Based on data gathered in 2010, total compensation grew 4%, salaries remained flat to slightly negative and bonuses grew 7% between 2008 and 2009. These modest gains show that employers are willing to compensate risk professionals with bonuses more typical of pre-recessionary times.

Last year’s survey reported a 14% decline in total compensation between 2007 and 2008 that reflected the impact of the credit crisis and early parts of the recession. Based on the average of data gathered in 2010 and 2009, this decline was closer to 6%: not as drastic, but a sobering decrease nonetheless.

Figure 1:
Average Total Compensation, Salary and Bonus for Risk Professionals in Asset Management



Source: Risk Talent Associates Professional Compensation Surveys 2005-2010.
 **/Note: 2008 figure is an average of data reported in 2009 and 2010 Risk Talent Associates Surveys
 All figures in US Dollars rounded to nearest thousand.

As the financial system has stabilized, job movement has declined: 23% of respondents reported changing jobs in the last two years versus 29% in the last survey. This trend looks likely to change again in the coming year as 35% report they will seek new jobs in the future as opportunities become more plentiful. The most common way of filling risk management positions remains internal recruiting, job boards, retained and contingency search firms.

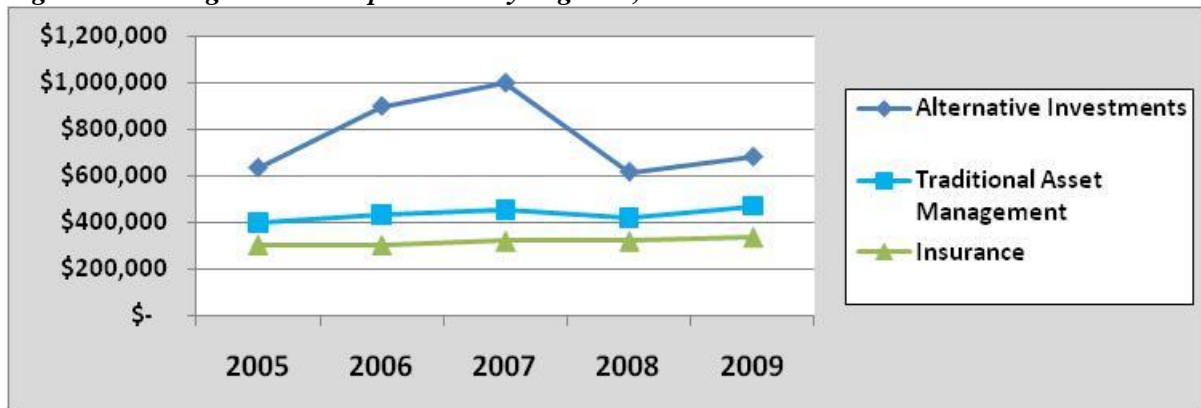
Over 225 risk professionals representing asset management participated in this year’s Risk Talent Associates salary survey, including executives from traditional asset management (54%), alternative investments including hedge funds and fund of funds (20%) and insurance (26%).

Survey Analysis

Alternative Investments Magnifies Trend

The trend for declines in total compensation in 2008, followed by increases in 2009 was particularly magnified for risk professionals at alternative investment firms (hedge funds and fund of funds). Risk professionals in traditional asset management and insurance experienced more modest declines in total compensation in 2008, followed by increases in 2009. These differences between segments are largely driven by the impact of the bonus on total compensation for those in alternative investments. For alternative investments, the average bonus as a percentage of total compensation exceeds 70%, compared to 55% for traditional asset management and 45% of insurance executives included in the survey. For 2009, 90% of risk professionals in alternative investments reported receiving a bonus as compared to 86% of those in traditional asset management and 81% of those in insurance.

Figure 2: Average Total Compensation by Segment, 2005-2009



Source: Risk Talent Associates Professional Compensation Surveys 2005-2010.

Figure 3: Average Total Compensation, Salary and Bonus by Segment and Title (USD)

Segment/ Seniority	Total Comp		Salary		Bonus- Cash		Bonus- Non-Cash	
	2008	2009	2008	2009	2008	2009	2008	2009
Traditional Asset Management								
Associate/Analyst/Manager	\$ 206,518	\$ 197,739	\$ 120,000	\$ 128,214	\$ 48,184	\$ 40,525	\$ 38,333	\$ 29,000
VP/SVP/Director	\$ 393,727	\$ 389,377	\$ 195,821	\$ 200,149	\$ 116,301	\$ 103,122	\$ 81,605	\$ 86,105
MD/Chief Risk Officer	\$ 806,631	\$ 822,330	\$ 286,111	\$ 264,444	\$ 232,674	\$ 262,053	\$ 287,846	\$ 295,833
Alternative Investments								
Associate/Analyst/Manager	\$ 299,611	\$ 364,800	\$ 137,000	\$ 142,000	\$ 100,111	\$ 122,800	\$ 62,500	\$ 100,000
VP/SVP/Director	\$ 429,521	\$ 505,521	\$ 209,688	\$ 187,188	\$ 188,583	\$ 208,333	\$ 31,250	\$ 110,000
MD/Chief Risk Officer	\$ 841,426	\$ 939,707	\$ 242,250	\$ 229,250	\$ 411,176	\$ 488,791	\$ 188,000	\$ 221,667
Insurance								
Associate/Analyst/Manager	\$ 157,840	\$ 163,800	\$ 113,000	\$ 121,000	\$ 44,840	\$ 42,800	\$ 30,000	\$ 32,000
VP/SVP/Director	\$ 275,981	\$ 299,040	\$ 173,625	\$ 177,375	\$ 66,815	\$ 83,103	\$ 35,542	\$ 38,562
MD/Chief Risk Officer	\$ 654,571	\$ 604,286	\$ 288,125	\$ 294,375	\$ 204,571	\$ 219,286	\$ 161,875	\$ 90,625

Source: Risk Talent Associates Salary Survey 2010. All figures in US Dollars and rounded to nearest thousand.

Notes: Abbreviations of titles: Vice President (VP), Senior Vice President (SVP), Managing Director (MD).

Highest Level Titles and Years of Experience Show Less Growth in Total Compensation

Managing Directors and Chief Risk Officers had the slowest growth in total compensation, averaging to 4%, yielding total compensation below the \$1 million range seen in years past. Bonuses as a percentage of compensation were higher for titles from Analyst through Director, ranging from 40-55% in this year's survey as compared to 38-44% in last year's survey.

Figure 4: Total Compensation, Salary and Bonus by Title (USD)

	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2008	2009	2008	2009	2008	2009	2008	2009
Analyst/Associate	13%	\$ 187,725	\$ 203,564	\$ 112,759	\$ 122,069	\$ 53,300	\$ 57,745	\$ 21,667	\$ 23,750
Manager	8%	\$ 297,244	\$ 281,591	\$ 136,316	\$ 141,053	\$ 73,429	\$ 65,538	\$ 87,500	\$ 75,000
Vice President	19%	\$ 243,101	\$ 265,924	\$ 147,614	\$ 153,295	\$ 63,565	\$ 71,071	\$ 31,923	\$ 41,557
Director	18%	\$ 322,502	\$ 364,391	\$ 193,625	\$ 193,375	\$ 88,477	\$ 108,016	\$ 40,400	\$ 63,000
Senior VP	13%	\$ 484,173	\$ 520,681	\$ 230,333	\$ 234,333	\$ 158,540	\$ 151,958	\$ 95,300	\$ 134,389
Consultant	4%	\$ 528,889	\$ 499,444	\$ 252,222	\$ 221,111	\$ 186,667	\$ 188,333	\$ 90,000	\$ 90,000
Managing Director	8%	\$ 665,811	\$ 689,515	\$ 293,529	\$ 277,647	\$ 220,893	\$ 259,923	\$ 151,389	\$ 151,944
Chief Risk Officer	17%	\$ 888,952	\$ 922,174	\$ 260,132	\$ 246,316	\$ 323,667	\$ 377,781	\$ 305,154	\$ 298,077

Source: Risk Talent Associates Salary Survey 2010. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of overall respondents indicated by "% of Total".

This year's survey also confirms that total compensation and salary ranges peak for those with more than 16 years of experience, however growth is not as robust for this segment. Growth for those with 0-6 years and 7-10 years of experience is in the double digits, as compared to 7% for those with 11-15 years of experience and a slight decline for those with more than 16 years of experience.

Figure 5: Total Compensation, Salary and Bonus by Years of Experience (USD)

	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2008	2009	2008	2009	2008	2009	2008	2009
0-6 years	12%	\$ 171,631	\$ 201,520	\$ 104,815	\$ 117,593	\$ 45,150	\$ 57,261	\$ 21,667	\$ 26,667
7-10 years	18%	\$ 301,252	\$ 345,669	\$ 151,098	\$ 158,537	\$ 75,154	\$ 103,855	\$ 75,000	\$ 83,278
11-15 years	33%	\$ 430,492	\$ 468,937	\$ 205,676	\$ 198,919	\$ 174,844	\$ 185,362	\$ 49,972	\$ 84,656
16+ years	37%	\$ 612,600	\$ 617,739	\$ 237,024	\$ 231,012	\$ 190,673	\$ 205,066	\$ 184,903	\$ 181,661

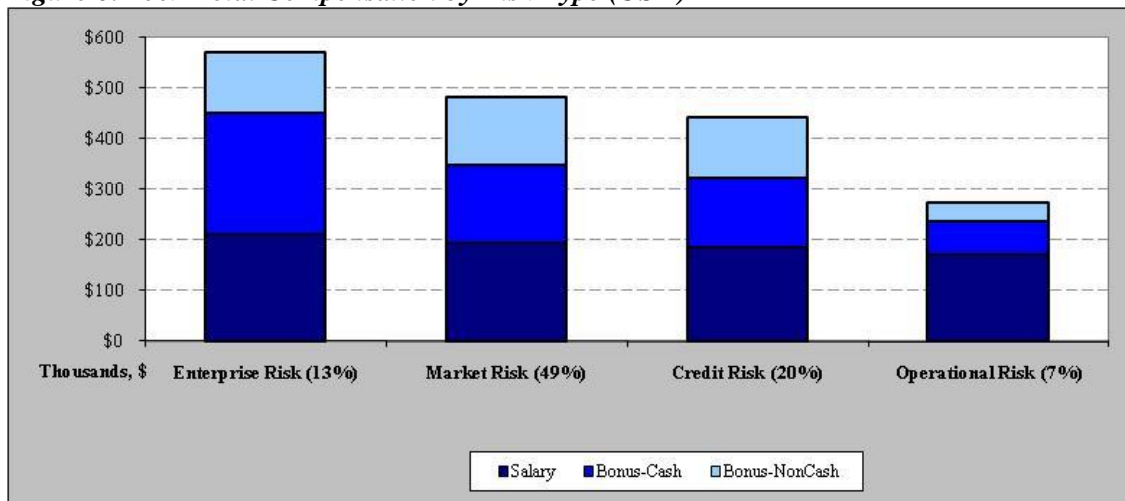
Source: Risk Talent Associates Salary Survey 2010. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of overall respondents indicated by "% of Total".

Enterprise Risk Professionals Receive Highest Total Compensation

Enterprise risk professionals (13% of respondents) receive the highest total compensation, exceeding professionals who focus on a single risk area including Market Risk (49% of respondents), Credit Risk (20% of respondents) and Operational Risk (7% of respondents). The remaining 11% of respondents focus on other types of risk including Financial Compliance and Risk Technology.

Figure 6: 2009 Total Compensation by Risk Type (USD)



Source: Risk Talent Associates Salary Survey 2010. All figures in US Dollars and rounded to nearest thousand.
 Notes: Percentage of overall respondents reported in brackets “(%)”.

Professionals Based in Europe and New York Continue to Earn Top Compensation

Europe and New York remain the places to earn top compensation among risk professionals, followed closely by the northeast United States. As in years past, cash and non-cash bonuses drive differentiation between regions while salaries remain more consistent across geographies. Percentage of respondents by region included: Europe (6%), New York (28%), the US Northeast (19%), the US West (11%), the US MidWest (18%), the US South/ Southeast (4%), US Mid-Atlantic (4%) and Canada (6%).

Survey Methodology

The **2010 Risk Talent Associates Professional Compensation Survey – Asset Management** was conducted in the spring of 2010 using Survey Monkey survey software. Invitations to participate in the survey were sent to risk professionals in the Risk Talent Associates corporate database.

The survey collected information on 2008 and 2009 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation). Survey respondents identified their capital markets segment, years of experience, title, type of risk focus, and geographic location.

Risk Talent Associates, an executive search firm focused on risk management, is conducting its sixth annual series of risk compensation surveys in 2010 across several market segments: capital markets, asset management, 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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