

Moody's Corporation | December 2009

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# 2009 Competitive Market Analysis for Executive Roles

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**Hewitt**

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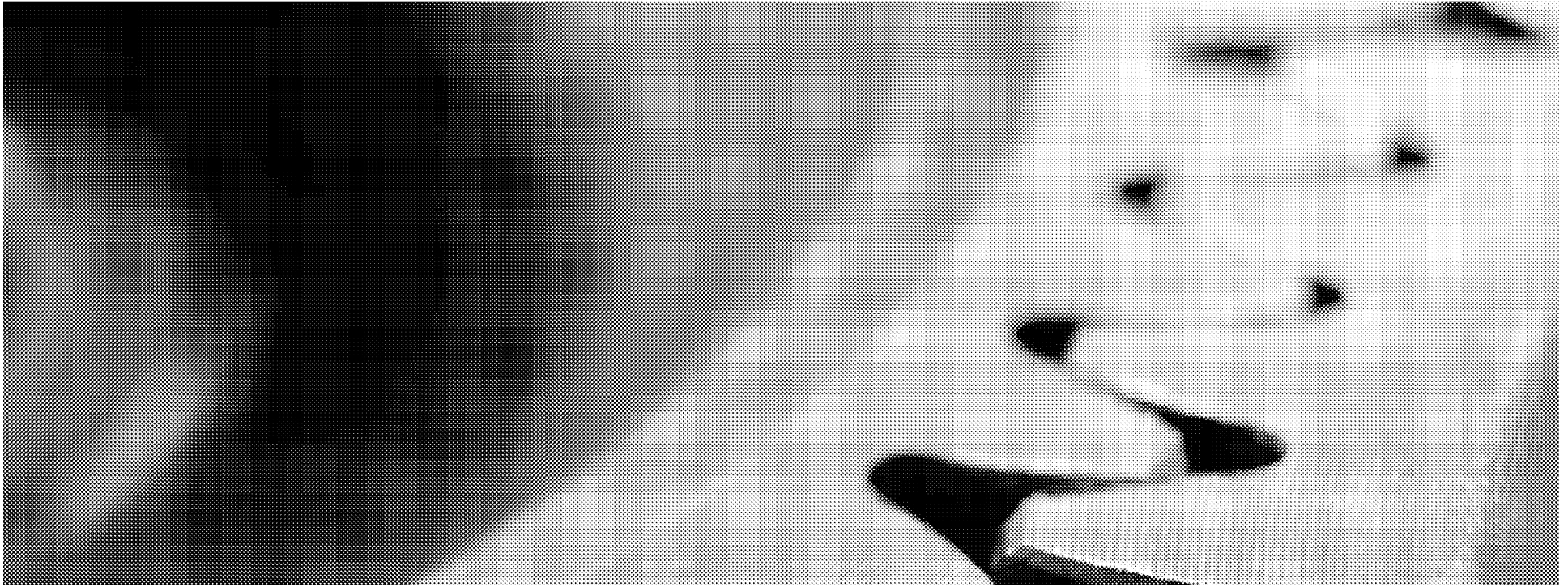
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## Background and Objectives

- Moody's Corporation (Moody's) has asked Hewitt Associates (Hewitt) to conduct a competitive review of the compensation levels for several senior executive roles
  - CEO and direct reports (7 roles)
- The objective of this study is to compare current compensation levels for the executives at Moody's to compensation of similar executive positions in order to:
  - Ensure that Moody's compensation practices are competitive with the market
  - Provide a benchmark and framework for pay decisions for 2010
- For this competitive review, Hewitt used Moody's proxy peer group of 20 companies ("proxy peer group")<sup>1</sup>
  - This was used for Moody's senior-most roles including the CEO and direct reports; additional information is included in the Study Methodology section
- Reference data: Hewitt Total Compensation Measurement™ (TCM™) Financial Services Peers (financial services companies including banks, diversified financials, and business services companies)
  - Providing market data from a broader sample is often helpful as reference

<sup>1</sup> UnionBanCal Corporation, a wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is a subsidiary of Mitsubishi UFJ Financial Group, Inc. (NYSE: MTU), was excluded due to lack of publicly available compensation information



# Market Observations



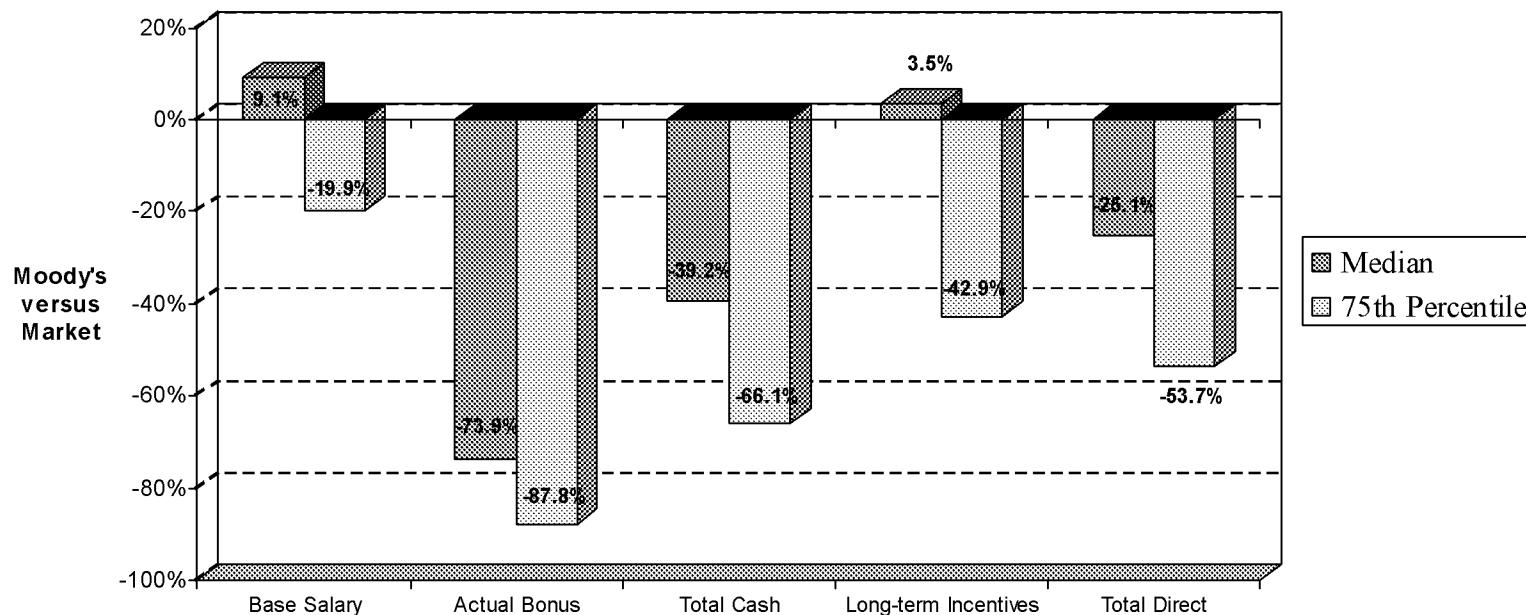
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## Market Observations—Interpretation of Data

- Pay levels were compared to market median and 75<sup>th</sup> percentile levels
  - Pay is considered at market levels if it is within 15% of market for the relevant peer group
- External competitiveness is one element of the decision-making process regarding pay levels for individual incumbents
- Other elements of pay decisions may include:
  - Degree to which the incumbent's role is “matched” by the market job
  - Scope of the market roles relative to the scope of Moody's roles (in terms of organizational size, level, and strategic impact)
  - Degree to which internal equity is important for certain roles
  - The level of experience of the incumbent in his/her current role
    - Market data inherently reflects varying levels of experience and is viewed as pay for “fully proficient” incumbents in aggregate
  - Individual performance assessments

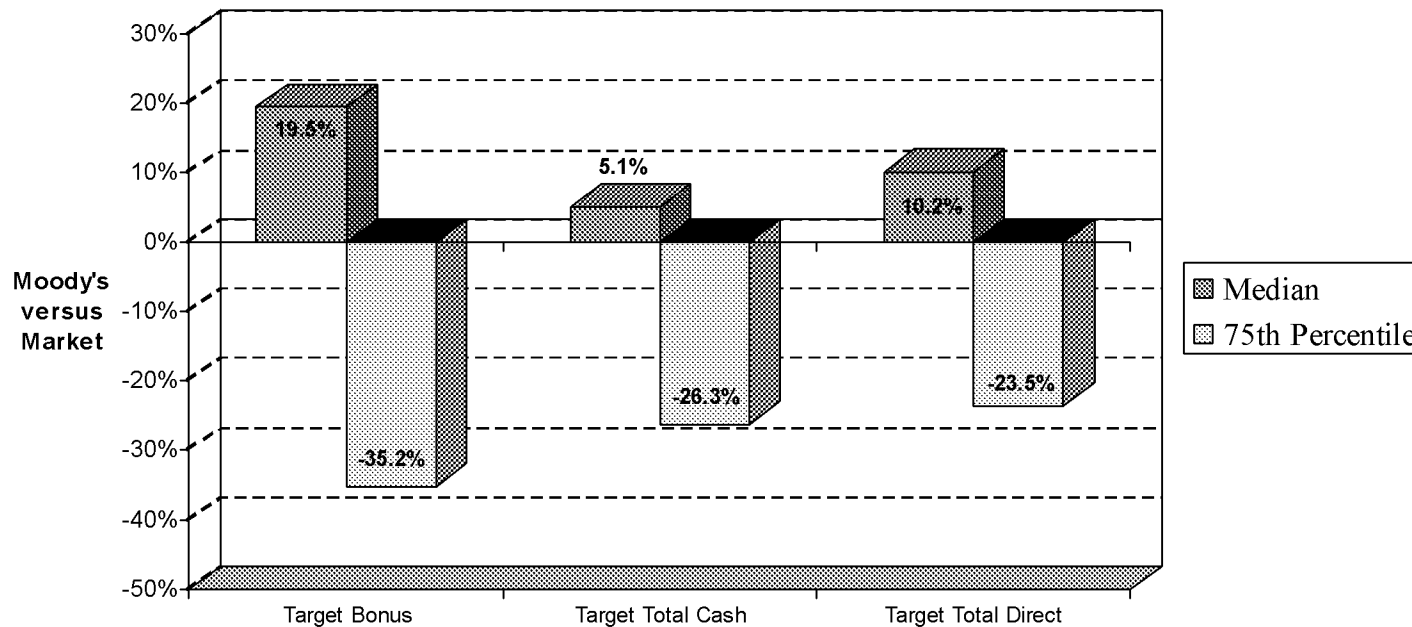
## Market Observations— Actual Compensation Relative to Proxy Peer Group

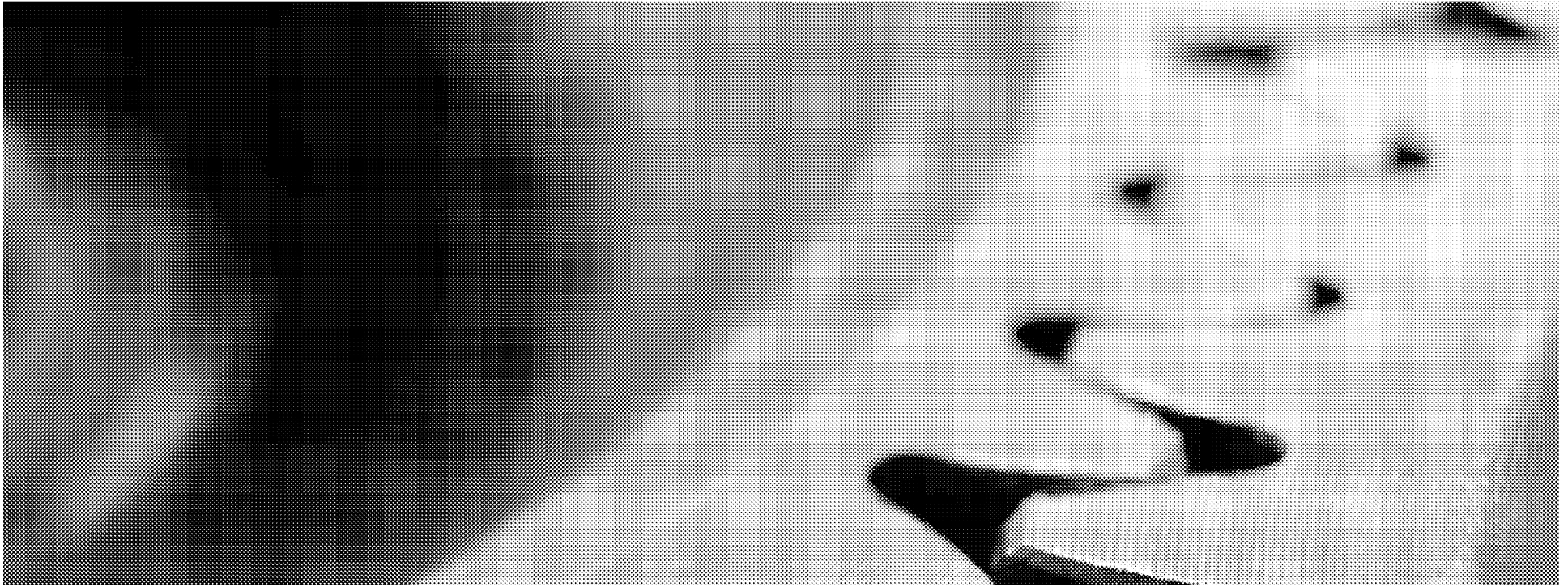
- Aggregate actual total compensation for Moody's senior executives for 2009 is below the proxy peer group median
  - This summary excludes the Chief Risk Officer (CRO) position due to insufficient matches from the proxy peer group among NEOs
- Base salaries are within the market median competitive range
- However, actual total cash levels significantly trail the market due to below market actual bonuses paid in 2009 for 2008 performance
- 2009 long-term incentives are at the market median but trail the 75<sup>th</sup> percentile



## Market Observations— Target Compensation Relative to Proxy Peer Group

- 2009 target total compensation (base salary, plus target bonus, plus long-term incentive awards) for Moody's senior executives is at market median and below the 75<sup>th</sup> percentile
- Target bonus is slightly above the market median but trails the 75<sup>th</sup> percentile and target total cash is at the market median but also trails the 75<sup>th</sup> percentile
- Please note that target bonus data is available only for those peers that disclose target bonus opportunities
  - Eight of the peer companies do not disclose target bonus opportunity levels
- Please note that the Group CEO and CRO roles have been excluded from this target analysis due to insufficient market target bonus information for matching roles





# Market Data Summary

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## Market Data Summary—Summary Methodology<sup>1</sup>

- We analyzed data from two peer groups for purposes of this assessment
  - Proxy Peers (group of 20 companies)
  - Hewitt TCM Financial Services Peers (group of 33 companies)
- Moody's long-term incentive values have been calculated to mirror how peer group equity awards were valued (to provide an “apples-to-apples” comparison)
  - Stock option values were calculated assuming full-term assumptions (as opposed to expected life under FAS 123R)

<sup>1</sup>See the Appendix for a more detailed explanation of the study methodology

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## Market Data Summary—Summary Methodology

- On an individual incumbent level:
  - Total cash = Base salary plus bonus
  - Total comp = Total cash plus long-term incentives
- However, these definitions do not typically hold up for market median summary statistics
  - For example, the median base salary and the median bonus need not come from the same company; therefore, median total cash is not necessarily median salary plus median bonus
- Peer group statistics are “raw” or unadjusted for both proxy and Hewitt TCM analysis
  - The summary statistics for the analysis are calculated for each pay element discretely; therefore, the medians do not add across

# Market Data Summary—Actual Compensation

Median															
Position	Proxy Data					Financial Services Survey Data					Moody's Actual				
	Base	Annual Bonus	Total Cash	LTI	Total Bonus	Base	Annual Bonus	Total Cash	LTI	Total Bonus	Base	Annual Bonus	Total Cash	LTI	Total Bonus
CEO (McDaniel)	\$790,000	\$2,000,000	\$3,000,000	\$1,904,800	\$4,860,800	\$910,417	\$0	\$1,020,000	\$2,299,176	\$3,299,176	\$936,000	\$305,000	\$1,241,000	\$1,586,169	\$2,827,169
CFO (Huber)	\$408,400	\$408,400	\$817,890	\$438,846	\$1,551,790	\$500,000	\$81,230	\$650,000	\$611,808	\$1,294,149	\$510,000	\$200,000	\$710,000	\$777,732	\$1,487,732
GC (Goggins)	\$391,349	\$253,010	\$617,603	\$449,751	\$1,057,389	\$413,800	\$177,701	\$560,051	\$455,860	\$1,015,408	\$400,000	\$120,000	\$520,000	\$460,504	\$980,504
Group CEO (Almeida)	\$387,128	\$429,710	\$747,722	\$539,716	\$1,315,661	\$467,500	\$145,711	\$627,089	\$493,257	\$1,142,736	\$450,000	\$200,000	\$650,000	\$573,067	\$1,223,067
Group CEO (Madelain)	\$387,128	\$429,710	\$747,722	\$539,716	\$1,315,661	\$467,500	\$145,711	\$627,089	\$493,257	\$1,142,736	\$425,600	\$122,800	\$548,400	\$614,005	\$1,162,405
Total w/ CRO	\$ 2,792,824	\$ 3,818,126	\$ 6,653,516	\$ 4,272,731	\$ 11,305,241	\$3,566,305	\$ 704,554	\$ 4,449,938	\$ 5,578,455	\$ 10,128,118	\$ 3,411,600	\$ 1,075,500	\$ 4,487,100	\$ 4,853,136	\$ 9,340,236
Total w/o CRO											\$3,046,600	\$ 997,800	\$ 4,044,400	\$ 4,423,336	\$ 8,467,736
Moody's +/- Proxy (excludes CRO)											9.1%	-73.9%	-39.2%	3.5%	-25.1%
Moody's +/- Survey (includes CRO)											-4.3%	52.6%	0.8%	-13.0%	-7.8%
Reference Match															
COO	\$394,138	\$610,111	\$987,722	\$606,540	\$1,801,683	\$584,752	\$232,500	\$848,895	\$1,056,637	\$2,003,332					
CRO						\$370,749	\$79,229	\$457,088	\$395,000	\$831,899					
75th Percentile															
Position	Proxy Data					Financial Services Survey Data					Moody's Actual				
	Base	Annual Bonus	Total Cash	LTI	Total Bonus	Base	Annual Bonus	Total Cash	LTI	Total Bonus	Base	Annual Bonus	Total Cash	LTI	Total Bonus
CEO (McDaniel)	\$987,500	\$3,365,090	\$4,347,500	\$3,638,378	\$6,916,891	\$1,010,000	\$458,800	\$1,441,550	\$5,613,742	\$7,797,904	\$936,000	\$305,000	\$1,241,000	\$1,586,169	\$2,827,169
CFO (Huber)	\$495,594	\$931,152	\$1,321,685	\$728,278	\$2,272,885	\$560,000	\$332,800	\$801,067	\$922,530	\$1,791,889	\$510,000	\$200,000	\$710,000	\$777,732	\$1,487,732
GC (Goggins)	\$510,102	\$453,069	\$902,186	\$570,533	\$1,472,719	\$452,342	\$266,040	\$705,524	\$672,104	\$1,346,616	\$400,000	\$120,000	\$520,000	\$460,504	\$980,504
Group CEO (Almeida)	\$624,599	\$1,543,880	\$2,299,994	\$1,126,096	\$3,149,425	\$551,250	\$310,204	\$772,150	\$1,124,080	\$1,790,984	\$450,000	\$200,000	\$650,000	\$573,067	\$1,223,067
Group CEO (Madelain)	\$624,599	\$1,543,880	\$2,299,994	\$1,126,096	\$3,149,425	\$551,250	\$310,204	\$772,150	\$1,124,080	\$1,790,984	\$425,600	\$122,800	\$548,400	\$614,005	\$1,162,405
Total w/ CRO	\$3,801,137	\$8,180,200	\$11,936,435	\$7,741,075	\$18,280,165	\$4,055,217	\$1,961,104	\$5,694,497	\$11,310,733	\$17,658,895	\$3,411,600	\$1,075,500	\$4,487,100	\$4,853,136	\$9,340,236
Total w/o CRO											\$3,046,600	\$997,800	\$4,044,400	\$4,423,336	\$8,467,736
Moody's +/- Proxy (excludes CRO)											-19.9%	-87.8%	-66.1%	-42.9%	-53.7%
Moody's +/- Survey (includes CRO)											-15.9%	-45.2%	-21.2%	-57.1%	-47.1%
Reference Match															
COO	\$472,213	\$745,330	\$1,221,467	\$1,057,950	\$2,064,122	\$677,500	\$478,130	\$1,136,884	\$1,374,587	\$2,737,659					
CRO						\$457,088	\$233,623	\$554,600	\$851,000	\$1,346,885					

Note: Totals exclude reference match

Note: Positioning against proxy peers excludes Chief Risk Officer due to insufficient matches, for positioning against survey data, total includes Chief Risk Officer

Note: Financial services CEO median actual bonus is due to 20 out of 27 matching CEOs not receiving a bonus

Note: Financial services Chief Risk Officer median actual bonus is due to 6 out of 9 matching Chief Risk Officers not receiving a bonus

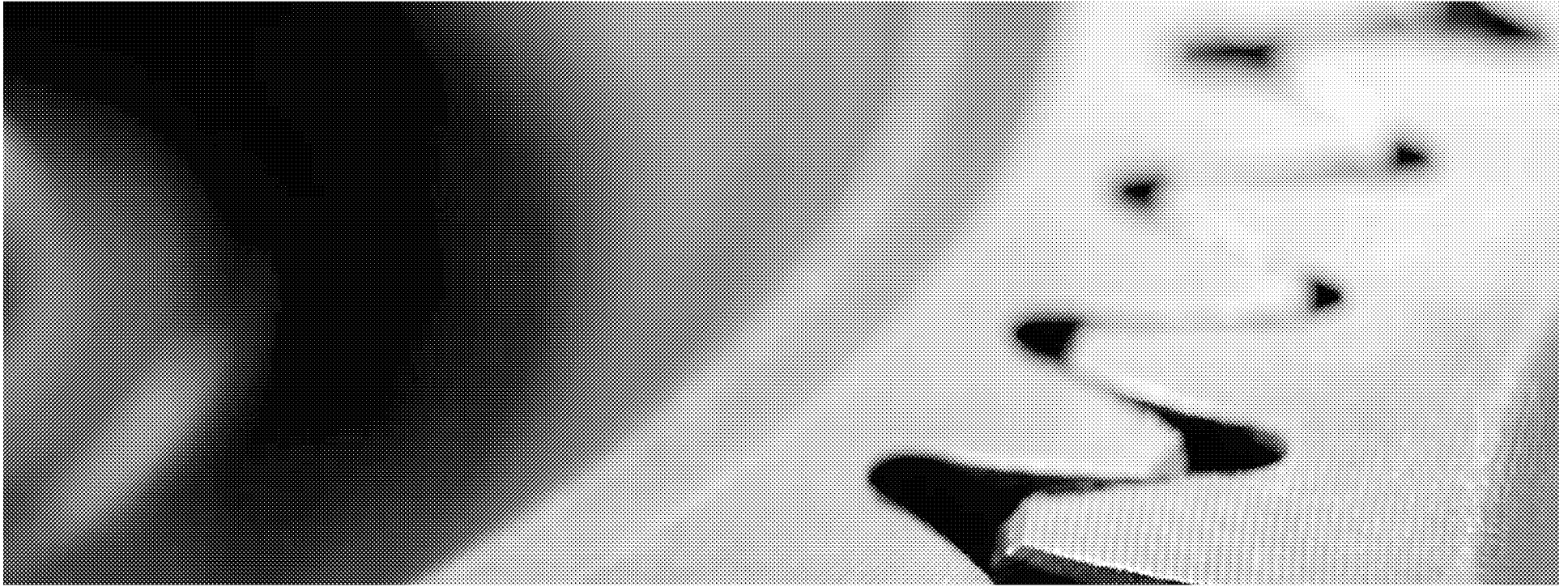
Note: Reference match provided for Chief Risk Officer from Total Compensation by industry

# Market Data Summary—Target Compensation

Median															
Position	Proxy Data					Financial Services Survey Data					Moody's Target				
	Base	Target Bonus	Target Cash	LTI	Target Offset	Base	Target Bonus	Target Cash	LTI	Target Offset	Base	Target Bonus	Target Cash	LTI	Target Offset
CEO (McDaniel)	\$790,000	\$1,358,750	\$2,665,000	\$1,904,800	\$3,673,300	\$910,417	\$1,325,000	\$2,025,000	\$2,299,176	\$4,350,063	\$936,000	\$1,465,200	\$2,401,200	\$1,586,169	\$3,987,369
CFO (Huber)	\$408,400	\$496,206	\$758,367	\$438,846	\$1,445,705	\$500,000	\$425,000	\$864,000	\$611,808	\$1,518,534	\$510,000	\$660,000	\$1,170,000	\$777,732	\$1,947,732
GC (Goggins)	\$391,349	\$250,518	\$626,565	\$449,751	\$1,150,031	\$413,800	\$304,000	\$662,080	\$455,860	\$1,189,931	\$400,000	\$385,000	\$785,000	\$460,504	\$1,245,504
Group CEO (Almeida)	\$387,128	\$220,773	\$588,728	\$539,716	\$1,215,668	\$467,500	\$425,000	\$761,000	\$493,257	\$1,328,366	\$450,000	\$528,000	\$978,000	\$573,067	\$1,551,067
Group CEO (Madelain)	\$387,128	\$220,773	\$588,728	\$539,716	\$1,215,668	\$467,500	\$425,000	\$761,000	\$493,257	\$1,328,366	\$425,600	\$516,800	\$942,400	\$614,005	\$1,556,405
Total w/ CRO and w/ GCEO	\$2,792,824	\$2,793,230	\$5,914,792	\$4,272,731	\$9,886,048	\$3,566,305	\$3,515,061	\$6,431,938	\$5,578,455	\$12,122,326	\$3,411,600	\$4,065,000	\$7,476,600	\$4,853,136	\$12,329,736
Total w/o CRO and GCEO	\$2,018,569	\$2,351,684	\$4,737,336	\$3,193,299	\$7,454,712						\$2,171,000	\$2,810,200	\$4,981,200	\$3,236,263	\$8,217,463
Moody's +/- Proxy (excludes CRO and GCEO)											7.6%	19.5%	5.1%	1.3%	10.2%
Moody's +/- Survey (includes CRO and GCEO)											-4.3%	15.6%	16.2%	-13.0%	1.7%
Reference Match															
COO	\$394,138	\$390,915	\$901,415	\$606,540	\$1,576,658	\$584,752	\$605,000	\$1,157,504	\$1,056,637	\$2,209,681					
CRO						\$370,749	\$315,136	\$685,885	\$395,000	\$1,080,885					
75th Percentile															
Position	Proxy Data					Financial Services Survey Data					Moody's Target				
	Base	Target Bonus	Target Cash	LTI	Target Offset	Base	Target Bonus	Target Cash	LTI	Target Offset	Base	Target Bonus	Target Cash	LTI	Target Offset
CEO (McDaniel)	\$987,500	\$2,547,500	\$3,351,349	\$3,638,378	\$5,752,783	\$1,010,000	\$1,766,876	\$2,643,250	\$5,613,742	\$8,082,062	\$936,000	\$1,465,200	\$2,401,200	\$1,586,169	\$3,987,369
CFO (Huber)	\$495,594	\$1,022,021	\$1,781,603	\$728,278	\$2,335,039	\$560,000	\$600,006	\$1,100,000	\$922,530	\$2,017,498	\$510,000	\$660,000	\$1,170,000	\$777,732	\$1,947,732
GC (Goggins)	\$510,102	\$470,218	\$936,145	\$570,533	\$1,377,522	\$452,342	\$459,368	\$906,559	\$672,104	\$1,449,949	\$400,000	\$385,000	\$785,000	\$460,504	\$1,245,504
Group CEO (Almeida)	\$624,599	\$683,178	\$1,269,203	\$1,126,096	\$2,672,471	\$551,250	\$735,188	\$1,227,875	\$1,124,080	\$2,440,940	\$450,000	\$528,000	\$978,000	\$573,067	\$1,551,067
Group CEO (Madelain)	\$624,599	\$683,178	\$1,269,203	\$1,126,096	\$2,672,471	\$551,250	\$735,188	\$1,227,875	\$1,124,080	\$2,440,940	\$425,600	\$516,800	\$942,400	\$614,005	\$1,556,405
Total w/ CRO and w/ GCEO	\$3,801,137	\$5,700,311	\$9,298,431	\$7,741,075	\$16,093,715	\$4,055,217	\$5,104,081	\$8,768,103	\$11,310,733	\$20,010,463	\$3,411,600	\$4,065,000	\$7,476,600	\$4,853,136	\$12,329,736
Total w/o CRO and GCEO	\$2,551,939	\$4,333,956	\$6,760,026	\$5,488,883	\$10,748,774						\$2,171,000	\$2,810,200	\$4,981,200	\$3,236,263	\$8,217,463
Moody's +/- Proxy (excludes CRO and GCEO)											-14.9%	-35.2%	-26.3%	-41.0%	-23.5%
Moody's +/- Survey (includes CRO and GCEO)											-15.9%	-20.4%	-14.7%	-57.1%	-38.4%
Reference Match															
COO	\$472,213	\$704,490	\$1,200,504	\$1,057,950	\$2,252,256	\$677,500	\$692,500	\$1,272,500	\$1,374,587	\$2,872,509					
CRO						\$457,088	\$415,950	\$873,037	\$851,000	\$1,724,037					

Note: Totals exclude reference match.  
 Note: Positioning against proxy peers excludes Gr. CEO due to low reported target bonuses and Chief Risk Officer due to insufficient matches, for positioning against survey data, total includes Gr. CEOs and Chief Risk Officer.  
 Note: Reference match provided for Chief Risk Officer from Total Compensation by Industry. Target amounts are formulated based on target bonus %.





## Appendix A: Proxy Analysis by Position

# CEO

Company	Executive	Title	Revenue	Base Salary	Actual Bonus	Target Bonus	Total Cash Comp	Target Total Cash Comp	Long-Term Incentives	Total Comp	Target Total Comp
AllianceBernstein	Kraus, Peter S.	CEO	\$3,514,160,000	\$275,000	\$6,000,000		\$6,275,000		\$9,254,977	\$15,529,977	
BlackRock Inc.	Fink, Laurence D.	Chairman & CEO	\$5,064,000,000	\$500,000	\$17,150,000		\$17,650,000		\$5,752,230	\$23,402,230	
CME Group Inc.	Donohue, Craig S.	CEO	\$2,644,856,000	\$850,000	\$642,600	\$850,000	\$1,492,600	\$1,700,000	\$1,506,784	\$2,999,384	\$3,206,784
Corporate Executive Board Co.	Monahan III, Thomas L.	CEO	\$558,352,000	\$630,000	\$315,000	\$693,000	\$945,000	\$1,323,000	\$599,854	\$1,544,854	\$1,922,854
Dun & Bradstreet Corp	Alesio, Steven W.	Chairman & CEO	\$1,726,300,000	\$975,000	\$1,093,219	\$1,267,500	\$2,068,219	\$2,242,500	\$3,612,103	\$5,680,322	\$5,854,603
Eaton Vance	Faust, Thomas E.	Chairman, CEO & President	\$1,095,800,000	\$500,000	\$3,750,000	\$19,860,000	\$4,250,000	\$20,360,000	\$1,904,800	\$6,154,800	\$22,264,800
Equifax Inc.	Smith, Richard F.	Chairman & CEO	\$1,935,700,000	\$1,450,000	\$1,813,630	\$1,450,000	\$3,263,630	\$2,900,000	\$3,905,500	\$7,169,130	\$6,805,500
Factset Research Systems Inc.	Hadley, Philip A.	Chairman & CEO	\$575,519,000	\$275,000	\$640,000		\$915,000		\$1,076,542	\$1,991,542	
Fair Isaac Corp	Greene, Mark N.	CEO & Director	\$1,223,680,000	\$625,000	\$0	\$625,000	\$625,000	\$1,250,000	\$800,137	\$1,425,137	\$2,050,137
Federated Investors Inc.	Donahue, J. Christopher	President & CEO	\$6,032,390,000	\$875,000	\$2,240,000	\$2,240,000	\$3,115,000	\$3,115,000	\$632,946	\$3,747,946	\$3,747,946
Franklin Resources Inc.	Johnson, Gregory E.	President & CEO	\$6,212,710,000	\$780,132	\$2,400,000	\$2,650,000	\$3,180,132	\$3,430,132	\$2,017,189	\$5,197,321	\$5,447,321
Interactive Data Corp.	D'Arcy, Raymond L.	CEO	\$750,541,000	\$500,000	\$286,238	\$243,346	\$786,238	\$743,346	\$1,292,516	\$2,078,754	\$2,035,862
Invesco Ltd.	Flanagan, Martin L.	President & CEO	\$3,307,600,000	\$790,000	\$3,655,000		\$4,445,000		\$3,761,216	\$8,206,216	
McGraw-Hill Companies Inc.	McGraw, III, Harold W.	Chairman, President & CEO	\$6,355,055,000	\$1,350,000	\$0	\$1,080,000	\$1,350,000	\$2,430,000	\$2,413,884	\$3,763,884	\$4,843,884
NASDAQ OMX Group	Greifield, Robert	President & CEO	\$502,457,000	\$1,000,000	\$3,800,000	\$2,000,000	\$4,800,000	\$3,000,000	\$60,800	\$4,860,800	\$3,060,800
NYSE Euronext	Niederauer, Duncan, L.	CEO & Director	\$3,648,693,000	\$1,000,000	\$2,000,000		\$3,000,000		\$3,664,653	\$6,664,653	
RiskMetrics Group Inc.	Berman, Ethan	CEO & Chairman of the Board	\$4,706,000,000	\$350,000	\$235,000	\$350,000	\$585,000	\$700,000	\$0	\$585,000	\$700,000
Thomson-Reuters	Gloer, Thomas H.	CEO	\$11,707,000,000	\$1,550,000	\$3,075,180	\$3,100,000	\$4,625,180	\$4,650,000	\$3,081,041	\$7,706,221	\$7,731,041
Verisk Analytics	Coyne, Frank J.	Chairman, President & CEO	\$802,195,000	\$898,654	\$2,000,000	\$2,700,000	\$2,898,654	\$3,598,654	\$0	\$2,898,654	\$3,598,654
Count			19	19	19	14	19	14	19	19	14
25th %ile			\$948,997,500	\$500,000	\$477,500	\$732,250	\$1,147,500	\$1,417,250	\$716,542	\$2,488,704	\$2,302,803
Median			\$2,644,856,000	\$790,000	\$2,000,000	\$1,358,750	\$3,000,000	\$2,665,000	\$1,904,800	\$4,860,800	\$3,673,300
Average			\$3,282,263,579	\$798,620	\$2,689,256	\$2,793,489	\$3,487,876	\$3,674,474	\$2,386,167	\$5,874,044	\$5,233,585
75th %ile			\$4,885,000,000	\$987,500	\$3,365,090	\$2,547,500	\$4,347,500	\$3,351,349	\$3,638,378	\$6,916,891	\$5,752,783
Moody's	McDaniel, Raymond W.	Chairman and CEO		\$936,000	\$305,000	\$1,465,200	\$1,241,000	\$2,401,200	\$1,586,169	\$2,827,169	\$3,987,369

## NOTES:

Morningstar CEO excluded due to his request of \$100,000 base salary and no cash or equity incentive grants

AllianceBernstein CEO bonus is guaranteed for the first year

Cash data for CEO was not aged due to tax deduction limitations on salary

Total cash compensation is the sum of base salary and bonus

Total compensation is the sum of long-term incentives (LTI) plus cash

Target compensation was excluded where target bonus was not disclosed

# CFO

Company	Executive	Title	Revenue	Base Salary	Admin Bonus	Target Bonus	Total Cash Comp	Target Total Cash Comp	Long-Term Incentives	Total Comp	Target Total Comp
AllianceBernstein	Joseph Jr., Robert H.	SVP & CFO	\$3,514,160,000	\$199,095	\$408,400		\$607,495		\$0	\$607,495	
BlackRock Inc.	Petach, Ann Marie	Managing Director & CFO	\$5,064,000,000	\$459,450	\$1,582,550		\$2,042,000		\$388,288	\$2,430,288	
CME Group Inc.	Parisi, James E.	CFO	\$2,644,856,000	\$382,875	\$244,287	\$293,187	\$627,162	\$676,062	\$552,712	\$1,179,873	\$1,228,773
Corporate Executive Board Co.	Liu, Joyce	CFO	\$558,352,000	\$280,775	\$140,388	\$140,388	\$421,163	\$421,163	\$133,296	\$554,459	\$554,459
Dun & Bradstreet Corp	Konidaris, Anastasios G.	SVP & CFO	\$1,726,300,000	\$408,400	\$263,571	\$306,300	\$671,971	\$714,700	\$650,734	\$1,322,705	\$1,365,434
Eaton Vance	Whelan, Robert J.	VP, Treasurer & CFO	\$1,095,800,000	\$321,615	\$918,900	\$6,083,118	\$1,240,515	\$6,404,733	\$261,600	\$1,502,115	\$6,666,333
Equifax Inc.	Andrean, Lee	Corporate VP & CFO	\$1,935,700,000	\$466,342	\$351,549	\$285,681	\$817,890	\$752,023	\$733,900	\$1,551,790	\$1,485,923
Factset Research	Walsh, Peter G.	EVP, CFO & Treasurer	\$575,519,000	\$260,355	\$490,080		\$750,435		\$1,046,643	\$1,797,078	
Federated Investors	Donahue, Thomas R.	CFO & President, FII Hldgs	\$1,223,680,000	\$816,800	\$1,470,240	\$1,470,240	\$2,287,040	\$2,287,040	\$722,656	\$3,009,696	\$3,009,696
Franklin Resources Inc.	Lewis, Kenneth A.	SVP, CFO & Treasurer	\$6,032,390,000	\$508,373	\$714,700	\$767,792	\$1,223,073	\$1,276,165	\$384,217	\$1,607,290	\$1,660,382
Interactive Data Corp.	Hajducky III, Andrew J.	CFO, EVP & Treasurer	\$6,212,710,000	\$369,602	\$260,278	\$246,413	\$629,880	\$616,015	\$99,703	\$729,583	\$715,718
Invesco Ltd.	Starr, Loren M.	CFO	\$750,541,000	\$459,450	\$943,404		\$1,402,854		\$1,074,619	\$2,477,473	
McGraw-Hill Companies Inc.	Bahash, Robert J.	EVP, CFO	\$3,307,600,000	\$938,299	\$0		\$938,299		\$614,087	\$1,552,386	
Morningstar, Inc.	Cooley, Scott	CFO	\$6,355,055,000	\$229,725	\$459,450		\$689,175		\$237,729	\$926,904	
NASDAQ OMX Group	Warren, David P.	CFO	\$502,457,000	\$482,816	\$1,205,801	\$536,025	\$1,688,617	\$1,018,841	\$426,865	\$2,115,481	\$1,445,705
NY SE EURONEXT	Geltzeiler, Michael S.	CFO	\$3,648,693,000	\$765,750	\$382,875		\$1,148,625		\$1,480,706	\$2,629,331	
RiskMetrics Group Inc.	Obstler, David	CFO	\$4,706,000,000	\$280,775	\$306,300		\$587,075		\$136,500	\$723,575	
Thomson-Reuters	Daleo, Robert D.	EVP & CFO	\$11,707,000,000	\$1,021,000	\$1,249,975	\$1,276,250	\$2,270,975	\$2,297,250	\$1,590,313	\$3,861,288	\$3,887,563
Verisk Analytics	Anguillare, Mark V.	SVP & CFO	\$802,195,000	\$262,161	\$306,300	\$496,206	\$568,461	\$758,367	\$438,846	\$1,007,307	\$1,197,213
Count			19	19	19	11	19	11	19	19	11
25th %ile			\$948,997,500	\$280,775	\$284,936	\$289,434	\$628,521	\$695,381	\$249,664	\$967,105	\$1,212,993
Median			\$2,644,856,000	\$408,400	\$408,400	\$496,206	\$817,890	\$758,367	\$438,846	\$1,551,790	\$1,445,705
Average			\$3,282,263,579	\$469,140	\$615,739	\$1,081,964	\$1,084,879	\$1,565,669	\$577,548	\$1,662,427	\$2,110,654
75th %ile			\$4,885,000,000	\$495,594	\$931,152	\$1,022,021	\$1,321,685	\$1,781,603	\$728,278	\$2,272,885	\$2,335,039
<b>Moody's</b>	<b>Huber, Linda S.</b>	<b>EVP &amp; CFO</b>		<b>\$510,000</b>	<b>\$200,000</b>	<b>\$660,000</b>	<b>\$710,000</b>	<b>\$1,170,000</b>	<b>\$777,732</b>	<b>\$1,487,732</b>	<b>\$1,947,732</b>

## Notes:

Cash data was aged to January 1, 2010 using an annualized rate of 2.1%.

Total cash compensation is the sum of base salary and bonus

Total compensation is the sum of long-term incentives (LTI) plus cash

Target compensation was excluded where target

# Group CEO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Comp	Target Total Cash Comp	Long-Term Incentives	Total Comp	Target Total Comp
BlackRock Inc.	Kapito, Robert S.	President	\$5,064,000,000	\$408,400	\$13,344,878		\$13,753,278		\$4,330,692	\$18,083,970	
Federated Investors	Fisher, John B.	VP, Pres & CEO, Fed Advisory Cos	\$6,032,390,000	\$704,490	\$2,042,000	\$2,042,000	\$2,746,490	\$2,746,490	\$1,070,342	\$3,816,832	\$3,816,832
Invesco Ltd.	Lo, Andrew T.S.	Sr. Managing Dir & Head of Asia-Pacific	\$3,307,600,000	\$408,400	\$1,225,200		\$1,633,600		\$1,293,356	\$2,926,956	
Invesco Ltd.	Taylor, Philip A.	Sr. Mng Dir & Head of NA Retail	\$3,307,600,000	\$613,092	\$2,246,200		\$2,859,292		\$1,624,875	\$4,484,167	
Morningstar	Boruff, Chris	President, Advisory Software	\$6,355,055,000	\$229,725	\$561,550		\$791,275		\$215,384	\$1,006,659	
Morningstar	Reinkemeyer, Patrick	President, Morningstar Associates	\$6,355,055,000	\$229,725	\$1,021,000		\$1,250,725		\$301,538	\$1,552,263	
NASDAQ OMX group	Bocker, Magnus	President	\$502,457,000	\$765,750	\$1,523,332	\$1,021,000	\$2,289,082	\$1,786,750	\$2,589,801	\$4,878,883	\$4,376,551
NYSE Euronext	Freedberg, Hugh	EVP, Head of Global Derivatives	\$3,648,693,000	\$727,207	\$1,605,523		\$2,332,730		\$587,853	\$2,920,583	
RiskMetrics Group	Mina, Jorge	Co-Head of Risk	\$4,706,000,000	\$193,990	\$245,040		\$439,030		\$113,750	\$552,780	
RiskMetrics Group	Berman, Gregg	Co-Head of Risk	\$4,706,000,000	\$204,200	\$245,040		\$449,240		\$113,750	\$562,990	
The Dun & Bradstreet Corporation		Pres Global Risk, Analytics & Internet Solutions	\$774,000,000								
The Dun & Bradstreet Corporation		Leader GMC & Middle Market	\$546,302,000								
Equifax Inc.		President-NA Personal Solutions	\$162,600,000								
Equifax Inc.		President-USCIS	\$890,800,000								
Equifax Inc.		President-NA Commercial Solutions	\$71,500,000								
McGraw-Hill Companies		President	\$2,631,000,000								
Data pulled from Hewitt TCM database submission and is not publicly available											
		Count	16	16	16	7	16	7	16	16	7
		25th %ile	\$717,075,500	\$276,833	\$172,539	\$187,203	\$481,632	\$500,663	\$280,000	\$887,638	\$870,779
		Median	\$3,307,600,000	\$387,128	\$429,710	\$220,773	\$747,722	\$588,728	\$539,716	\$1,315,661	\$1,215,668
		Average	\$3,066,315,750	\$427,363	\$1,562,356	\$592,829	\$1,989,719	\$1,044,822	\$944,281	\$2,934,000	\$1,907,067
		75th %ile	\$4,795,500,000	\$624,599	\$1,543,880	\$683,178	\$2,299,994	\$1,269,203	\$1,126,096	\$3,149,425	\$2,672,471
Moody's	Almeida, Mark E.	President of Moody's Analytics		\$450,000	\$200,000	\$528,000	\$650,000	\$978,000	\$573,067	\$1,223,067	\$1,551,067
Moody's	Madelain, Michel	COO of Moody's Investors Service		\$425,600	\$122,800	\$516,800	\$548,400	\$942,400	\$614,005	\$1,162,405	\$1,556,405

## Notes:

Cash data was aged to January 1, 2010 using an annualized rate of 2.1%.

Benchmark data from Hewitt's Total Compensation Measurement™ (TCM™) Database is not publicly available, but is reflected in the totals

Total cash compensation is the sum of b

# General Counsel

Company	Executive	Title	Revenue	Base Salary	Actual Bonus	Target Bonus	Total Cash Comp	Target Total Cash Comp	Long-Term Incentives	Total Comp	Target Total Comp
Equifax Inc.	Mast, Kent E.	Chief Legal Officer	\$1,935,700,000	\$420,244	\$291,352	\$252,146	\$711,595	\$672,390	\$551,950	\$1,263,545	\$1,224,340
Fair Isaac Corp	Scadina, Mark R.	General Counsel	\$1,223,680,000	\$331,825	\$165,913	\$165,913	\$497,738	\$497,738	\$157,374	\$655,112	\$655,112
McGraw-Hill Companies Inc.	Vittor, Kenneth M.	EVP and General Counsel	\$6,355,055,000	\$566,451	\$0		\$566,451		\$334,990	\$901,441	
NYSE Euronext	Halvey, John K.	General Counsel	\$3,648,693,000	\$765,750	\$893,375		\$1,659,125		\$1,943,398	\$3,602,523	
Verisk Analytics	Thompson, Kenneth E.	SVP, GC, and Corporate Secretary	\$802,195,000	\$362,455	\$306,300	\$661,608	\$668,755	\$1,024,063	\$404,520	\$1,073,275	\$1,428,583
CME Group Inc.		MD General Counsel & Corp Secr	\$2,644,855,957								
The Dun & Bradstreet Corporation		Leader Legal	\$1,726,300,000								
Risk Metrics		EVP, GC & Chief Regulatory Officer	\$502,457,000								
Data pulled from Hewitt TCM database submission and is not publicly available											
		Count	8	8	8	6	8	6	8	8	6
		25th %ile	\$1,118,308,750	\$331,845	\$168,066	\$225,915	\$534,325	\$527,134	\$314,915	\$854,701	\$841,897
		Median	\$1,831,000,000	\$391,349	\$253,010	\$250,518	\$617,603	\$626,565	\$449,751	\$1,057,389	\$1,150,031
		Average	\$2,354,866,995	\$445,113	\$377,879	\$348,287	\$822,992	\$719,737	\$596,023	\$1,419,015	\$1,134,704
		75th %ile	\$2,895,815,218	\$510,102	\$453,069	\$470,218	\$902,186	\$936,145	\$570,533	\$1,472,719	\$1,377,522
Moody's	Goggins, John G.	SVP—General Counsel		\$400,000	\$120,000	\$385,000	\$520,000	\$785,000	\$460,504	\$980,504	\$1,245,504

## Notes:

Cash data was aged to January 1, 2010 using an annualized rate of 2.1%.

Benchmark data from Hewitt's Total Compensation Measurement™ (TCM™) Database is not publicly available, but is reflected in the totals

Total cash compensation is the sum of base salary and bonus

Total compensation is the sum of long-term incentives (LTI) plus cash

Target compensation was excluded where target bonus was not disclosed

# Human Resources

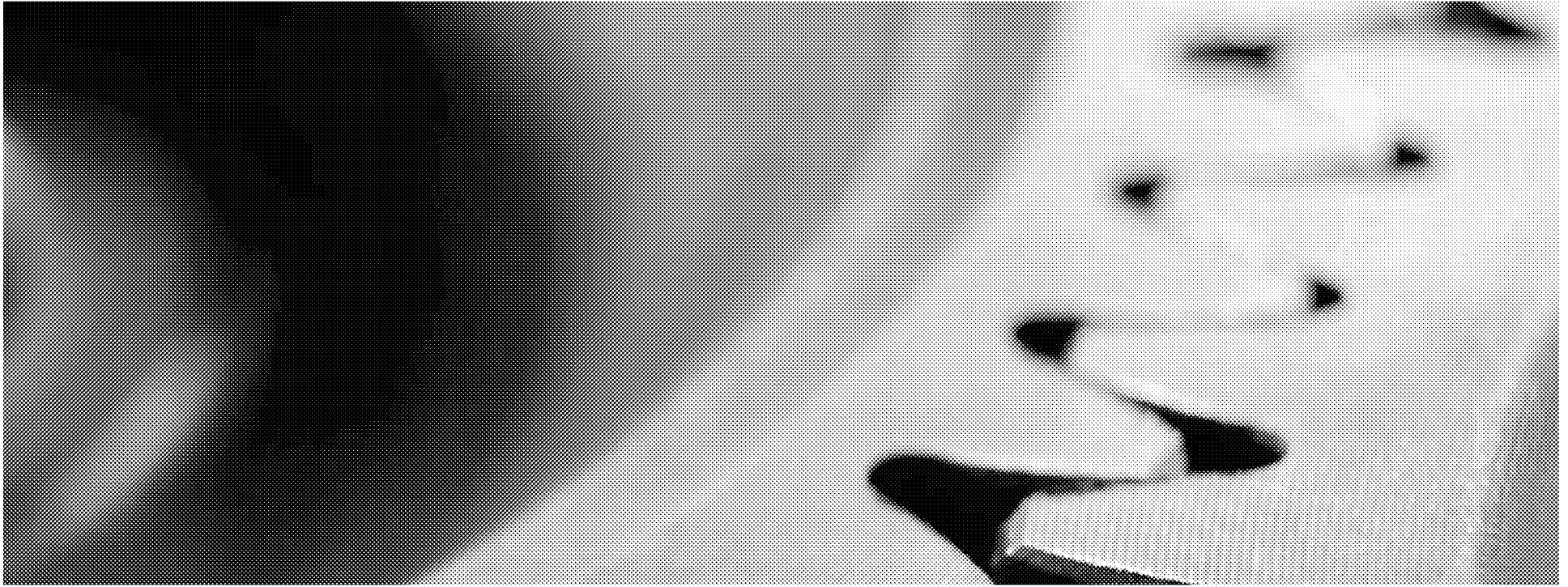
Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Comp	Target Total Cash Comp	Long-Term Incentives	Total Comp	Target Total Comp
Corporate Executive Board	Jones, Melody L.	Chief HR Officer	\$558,352,000	\$459,450	\$344,588	\$229,725	\$804,038	\$689,175	\$399,902	\$1,203,940	\$1,089,077
Equifax	Rushing, Coretha M.	VP HR	\$1,935,700,000	\$428,820	\$297,297	\$262,695	\$726,117	\$691,515	\$592,300	\$1,318,417	\$1,283,815
Fair Isaac Corp	Deal, Richard	SVP & Chief HR Officer	\$1,223,680,000	\$292,948	\$0	\$148,045	\$292,948	\$440,993	\$376,487	\$669,435	\$817,480
McGraw-Hill Companies Inc.	Murphy, D.L.	EVP, HR	\$6,355,055,000	\$658,035	\$0		\$658,035		\$368,377	\$1,026,412	
Thomson-Reuters	Dando, Stephen G.	EVP & Chief HR Officer	\$11,707,000,000	\$710,080	\$543,809	\$543,744	\$1,253,889	\$1,253,824	\$511,089	\$1,764,978	\$1,764,913
CME Group Inc.		MD & Chief HR Officer	\$2,644,856,000								
The Dun & Bradstreet Corporation		Leader HR & Winning Culture	\$1,726,300,000								
Data pulled from Hewitt TCM database submission and is not publicly available											
	Count		7	7	7	6	7	6	7	7	6
	25th %ile		\$1,474,990,000	\$336,927	\$77,101	\$198,469	\$531,484	\$502,153	\$372,432	\$847,924	\$885,380
	Median		\$1,935,700,000	\$428,820	\$297,297	\$246,210	\$722,579	\$687,403	\$399,902	\$1,203,940	\$1,185,676
	Average		\$3,735,849,000	\$454,425	\$240,224	\$279,497	\$694,649	\$699,987	\$438,527	\$1,133,176	\$1,150,206
	75th %ile		\$4,499,955,500	\$558,742	\$343,130	\$294,217	\$765,077	\$690,930	\$551,695	\$1,318,820	\$1,283,430

## Notes:

Cash data was aged to January 1, 2010 using an annualized rate of 2.1%.

Benchmark data from Hewitt's Total Compensation Measurement™ (TCM™) Database is not publicly available, but is reflected in the totals

Total cash compensation is the sum of b



## Appendix B: Study Methodology

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## Study Methodology—Components of Pay

- The following components of pay were reviewed in this analysis:
  - Base Salary
  - Target and Actual Bonus
  - Target and Actual Total Cash (salary plus bonus)
  - Long-Term Incentives (LTI)
  - Target and Actual Total Direct Compensation (total cash plus LTI)
- Moody's compensation reflects:
  - Current compensation (base salary, target and actual bonus, and long-term incentives)
  - Moody's LTI awards (stock options) have been valued in the following manner:
    - > Stock options using the Hewitt Modified Black-Scholes option pricing model
      - Note: Valued using full-term assumptions (not expected life as is used for FAS 123R purposes) for both Moody's and the external market



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## Study Methodology—Proxy Data

### Proxy Company Data

- For base salary, annual bonus, and total cash, data was taken from the most recent proxy
- LTI grant information was also taken from the most recent proxy and Form 4 filings. Awards were valued as follows:
  - Stock options: Hewitt Modified Black-Scholes methodology with adjustments for program-specific features such as vesting schedule and treatment upon termination
  - Restricted stock: Face value at date of grant with adjustments for risk of forfeiture, treatment upon termination, and dividend policy
  - Performance plans: Target face value at date of grant with adjustments for risk of forfeiture, treatment upon termination, and program leverage
  - One-time, special awards were annualized over a period of 5 years
- Cash compensation aged to 2010 at 2.1% annually, except for the CEO due to tax deduction limitations on salary

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## Study Methodology—Hewitt TCM Data

### Hewitt TCM Data

- Data derived from “Financial Services” companies: selected banking, diversified financial, and business services companies
- Analysis is based on both actual and “target” compensation: base salary, annual actual and target bonus, and most recent actual LTI awards
- LTI valuation methodology consistent with proxy analysis
- Data collected as of 4/1/2009
- Cash compensation aged to 1/1/2010 at 2.1% annually, except for CEO

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# Long-Term Incentives Valuation Assumptions for Moody's

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## Stock Option Valuation

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Assumed Strike Price/Fair Market Value	\$25.37
Term	10
Risk-Free Interest Rate	3.53%
Annual Dividend	\$0.40
Dividend Yield	1.87%
Stock Price Volatility	41.77%
Vesting	4-year graded

### Exercise Period Upon Termination - Vested

Death	60 months
Disability	60 months
Retirement	60 months
Quit/Fire	0 months

### Vesting Treatment Upon Termination - Unvested

Death	Immediate
Disability	Immediate
Retirement	Forfeit
Quit/Fire	Forfeit

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<b>Modified HA Black-Scholes Value <sup>1</sup></b>	<b>\$8.77</b>
<b>Percent of Fair Market Value</b>	<b>34.57%</b>

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<sup>1</sup> Modified HA Black-Scholes value takes into account discounts based on plan provisions.

# Study Methodology—Data Sources

## Peer Groups and Data Sources

Element	Proxy Analysis	Survey Analysis
Peer Group	Proxy Peers: <ul style="list-style-type: none"><li>Group of 20 competitors approved by the Compensation Committee</li></ul>	Custom Extraction from Hewitt Total Compensation Measurement™ (TCM™) Database: <ul style="list-style-type: none"><li>Financial services (including banks), diversified financials, and business services companies</li></ul>
Data Source	<ul style="list-style-type: none"><li>Public disclosures; Form 4s, proxy statements</li><li>Some peer company non-NEO data from Hewitt TCM Database, as indicated</li></ul>	<ul style="list-style-type: none"><li>Hewitt TCM database</li></ul>
Job Matching	<ul style="list-style-type: none"><li>CEO, CEO's direct reports</li></ul>	<ul style="list-style-type: none"><li>CEO, CEO's direct reports</li></ul>
Data Analysis/Method of Presentation	<ul style="list-style-type: none"><li>Tabular data, by individual, with percentiles</li><li>Raw statistics (peer group similar to Moody's in terms of size on average)</li></ul>	<ul style="list-style-type: none"><li>Aggregated tabular data with percentiles</li></ul>

## Study Methodology—Proxy Peer Group

Name	Industry	Employees	Revenue (as of last FY end)	Market Value (as of 11/19/09)
Alliancebernstein Holding L.P	Asset Management & Custody Banks	4,997	\$279	\$2,479
Blackrock Inc.	Asset Management & Custody Banks	5,341	\$5,064	\$11,799
CME Group Inc	Specialized Finance	2,300	\$2,645	\$21,417
The Corporate Executive Board Company	Research & Consulting Services	2,430	\$558	\$775
The Dun & Bradstreet Corporation	Research & Consulting Services	4,900	\$1,726	\$4,157
Eaton Vance Corp.	Asset Management & Custody Banks	1,061	\$1,096	\$3,429
Equifax Inc.	Research & Consulting Services	6,500	\$1,936	\$3,645
Factset Research Systems Inc.	Application Software	N/A	\$622	\$3,427
Fair Isaac Corporation	Application Software	2,480	\$631	\$917
Federated Investors, Inc.	Asset Management & Custody Banks	1,381	\$1,224	\$2,760
Franklin Resources, Inc.	Asset Management & Custody Banks	8,809	\$4,342	\$25,893
Interactive Data Corporation	Publishing	2,400	\$751	\$2,479
Invesco Ltd.	Asset Management & Custody Banks	5,325	\$3,308	\$9,566
The McGraw-Hill Companies, Inc.	Publishing	21,649	\$6,355	\$9,992
Morningstar, Inc.	Publishing	2,375	\$502	\$2,343
The NASDAQ OMX Group, Inc.	Specialized Finance	2,507	\$3,649	\$4,074
NYSE Euronext	Specialized Finance	3,757	\$4,706	\$6,778
Riskmetrics Group, Inc.	Asset Management & Custody Banks	1,103	\$296	\$901
Thomson Reuters PLC	Publishing	53,700	\$11,707	\$25,755
Verisk Analytics, Inc.	Specialized Finance	3,445	\$894	3,590
	Low	1,061	\$279	\$775
	Average	7,182	\$2,614	\$7,309
	25th Percentile	2,388	\$629	\$2,479
	50th Percentile	3,445	\$1,475	\$3,618
	75th Percentile	5,333	\$3,822	\$9,672
	High	53,700	\$11,707	\$25,893
<b>Moody's Corp</b>	<b>Specialized Finance</b>	<b>3,900</b>	<b>\$1,755</b>	<b>\$4,917</b>
	Moody's Corporation +/- Average	-46%	-33%	-33%
	Moody's Corporation +/- Median	13%	19%	36%
	Moody's Corporation +/- 75th Percentile	-27%	-54%	-49%

Note (1): UnionBanCal Corporation, a wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is a subsidiary of Mitsubishi UFJ Financial Group, Inc. (NYSE: MTU), was excluded due to lack of publicly available compensation information

# TCM Financial Services Peer Group

Company Name	2009 Revenue	Total Assets (\$MM)	2009 Net Income	Total Return to Shareholders
American Express Company	\$31,920,000,000	\$126,074,000,000	\$2,699,000,000	\$21,515,996,094
Ameriprise Financial	\$7,149,000,000	\$95,676,000,000	-\$38,000,000	\$5,059,729,492
The Bank of New York Mellon	\$16,828,000,000	--	\$1,419,000,000	\$32,537,203,125
BB&T Corporation	\$10,404,000,000	\$152,015,000,000	\$1,519,000,000	\$15,171,292,969
Capital One Financial Corporation	\$17,650,070,313	--	-\$45,998,001	\$12,489,973,633
CME Group Inc.	\$2,644,855,957	\$48,158,652,344	\$715,486,023	\$13,939,416,016
Deloitte <sup>1,4</sup>	--	--	--	--
The Dun & Bradstreet Corporation	\$1,726,300,049	\$1,586,000,000	\$310,600,006	\$4,162,083,496
Equifax Inc.	\$1,935,699,951	\$3,260,300,049	\$272,799,988	\$3,349,688,232
Experian Services Corp. <sup>1,2,3,4</sup>	--	--	--	--
Fifth Third Bancorp	\$8,539,000,000	\$119,764,000,000	-\$2,113,000,000	\$4,769,629,395
Fiserv, Inc.	\$4,739,000,000	\$9,331,000,000	\$569,000,000	\$5,824,728,027
Genworth Financial, Inc.	\$10,018,000,000	\$107,389,000,000	-\$572,000,000	\$1,225,769,165
Huntington Bancshares Incorporated	\$3,505,459,961	\$54,352,859,375	-\$113,806,000	\$2,803,943,115
IHS Group	\$844,030,029	\$1,436,180,054	\$98,992,996	\$1,750,339,355
ING Americas, Inc. <sup>4</sup>	--	--	--	--
Ingram Micro Inc.	\$34,362,152,344	\$7,083,473,145	-\$394,920,990	\$2,207,287,842
Janus Capital Corporation	\$1,037,900,024	\$3,336,699,951	\$136,899,994	\$1,267,567,627
KeyCorp	\$6,499,000,000	\$104,531,000,000	-\$1,468,000,000	\$4,217,468,262
M & T Bank Corporation	\$4,216,569,824	\$65,815,757,813	\$555,887,024	\$6,335,308,105
Marshall & Ilsley Corporation	\$4,008,690,918	\$62,336,417,969	-\$2,043,462,036	\$3,550,464,600
McGraw-Hill Companies	\$6,355,055,176	\$6,080,142,090	\$799,491,028	\$7,293,254,883
Merrill Corporation <sup>1,4</sup>	--	--	--	--
NCR Corporation	\$5,315,000,000	\$4,255,000,000	\$228,000,000	\$2,231,291,992
The Northern Trust Company	\$5,677,899,902	\$82,053,601,563	\$794,799,988	\$11,631,234,375
Regions Financial Corporation	\$9,636,621,094	\$146,247,812,500	-\$5,595,773,926	\$5,507,969,727
State Street Corporation	\$12,572,000,000	\$173,631,000,000	\$1,811,000,000	\$16,988,710,938
SunTrust Banks, Inc.	\$12,565,666,016	\$189,137,968,750	\$795,773,987	\$10,460,379,883
Total System Services (TSYS)	\$1,938,608,032	\$1,550,251,953	\$250,100,006	\$2,755,605,957
U.S. Bancorp	\$19,138,000,000	\$265,912,000,000	\$2,946,000,000	\$43,881,996,094
Union Bank N.A. <sup>4</sup>	--	--	--	--
Wachovia Corporation <sup>3</sup>	\$22,413,000,000	--	--	--
Wells Fargo & Company	\$51,652,000,000	\$1,309,639,000,000	\$2,655,000,000	\$109,922,632,813
<b>Median</b>	<b>\$7,149,000,000</b>	<b>\$67,968,573,907</b>	<b>\$272,799,988</b>	<b>\$5,507,969,727</b>
<b>Moody's Corporation</b>	<b>\$1,755,400,024</b>	<b>\$1,773,400,024</b>	<b>\$457,600,006</b>	<b>\$4,817,582,031</b>

<sup>1</sup> Privately Held

<sup>2</sup> Foreign Owned

<sup>3</sup> Subsidiary

<sup>4</sup> Data Not Publicly Available

## Study Methodology—Position Matches, Proxy Analysis

- The following matches provided the basis for the proxy analysis:

Executive	Title	Proxy Match
R. McDaniel	Chairman and Chief Executive Officer	CEO (Corporate)
L. Huber	Executive Vice President and Chief Financial Officer	CFO
M. Madelain	Chief Operating Officer, Moody's Investors Service	CEO (Group)
M. Almeida	President, Moody's Analytics	CEO (Group)
J. Goggins	Senior Vice President—General Counsel	General Counsel

- Data was also reviewed from the Hewitt TCM database for all of these Moody's roles
- The Hewitt TCM position matches for each Moody's executive can be found on the next page

## Study Methodology—Position Matches, TCM Analysis

Moody's Title	Incumbent	TCM Database Match	Number of Incumbents (n=)	
			Proxy Peer Group <sup>1</sup>	TCM
Chairman and CEO	McDaniel	CEO (Corporate)	19	28
EVP, CFO	Huber	CFO	21	27
COO, MIS	Madelain	CEO (Group)/Sector Head	12	48
President, MA	Almedia	CEO (Group)/Sector Head	12	48
SVP, GC	Goggins	General Counsel	8	27

<sup>1</sup> All of these roles were also matched to proxy data. Some non-NEO proxy matches were pulled from the Hewitt TCM Database submissions from the proxy peer group companies (i.e., HR and GC matches that were not in the "Top 5")



# Moody's

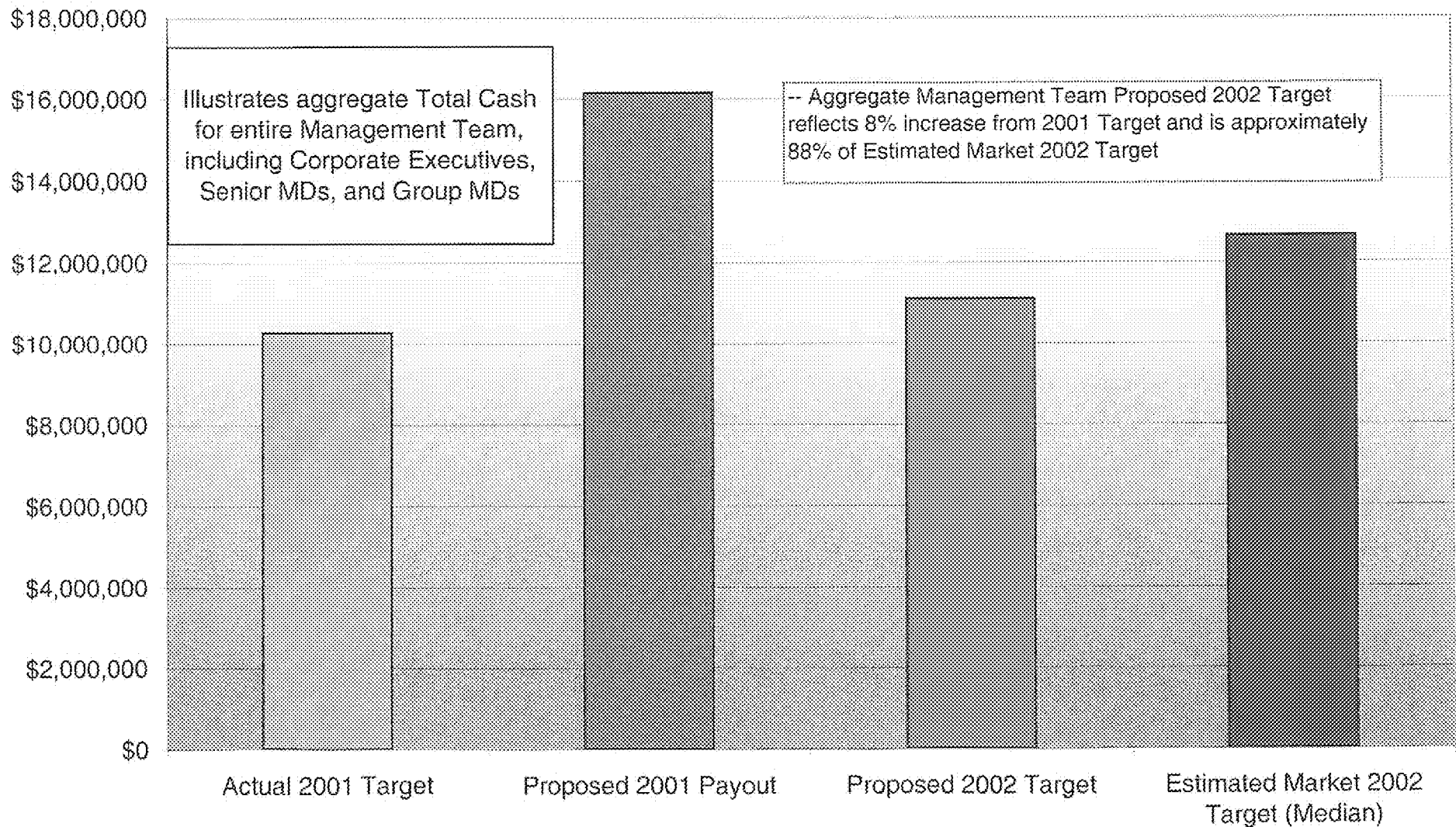
## Management Team Target Compensation Analysis

Executive	Title/Match	Actual 2001 Target		Proposed 2001 Payout		Proposed 2002 Target		JAI 2002 Market Target (Median)	
		Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp
Corporate Executives									
Rutherford, John	President	\$1,150,000	\$2,577,250	\$1,875,350	\$3,302,600	\$1,196,000	\$3,214,333	\$1,500,000	\$3,250-\$4,000K
McDaniel, Raymond	#2 Executive, President	\$710,000	\$1,493,750	\$1,241,950	\$2,025,700	\$800,000	\$2,141,667	\$900,000	\$2,250,000
Kimball, Andrew <sup>(2)</sup>	Business Head	\$525,000	\$896,250	\$685,000	\$1,056,250	\$580,000	\$1,163,333	\$500,000	\$700,000
Dering, Jeanne	CFO	\$443,000	\$789,500	\$705,000	\$1,051,500	\$535,000	\$1,118,333	\$500,000	\$1,000,000
Goggins, John <sup>(2)</sup>	General Counsel	\$400,000	\$680,500	\$595,000	\$875,500	\$430,000	\$838,333	\$550,000	\$850,000
Totals (assuming CEO competitive mid-point)		\$3,903,000	\$7,112,250	\$5,777,300	\$8,986,550	\$4,243,000	\$10,344,666	\$4,475,000	\$9,100,000
Senior Managing Directors									
Perry	SMD Corp Finance Americas & Pub. Fin.	\$582,000	\$999,000	\$995,000	\$1,412,000	\$674,400	\$1,181,900	\$850,000	\$1,250,000
Totals		\$3,033,000	\$4,353,501	\$5,050,000	\$6,370,501	\$3,305,520	\$5,640,020	\$4,175,000	\$6,100,000
Group Managing Directors									
Totals		\$3,349,067	\$4,470,817	\$5,328,571	\$6,450,321	\$3,556,435	\$5,434,185	\$4,000,000	\$5,775,000
Total Totals		\$10,285,067	\$15,936,568	\$16,155,871	\$21,807,372	\$11,104,955	\$21,418,871	\$12,650,000	\$20,975,000

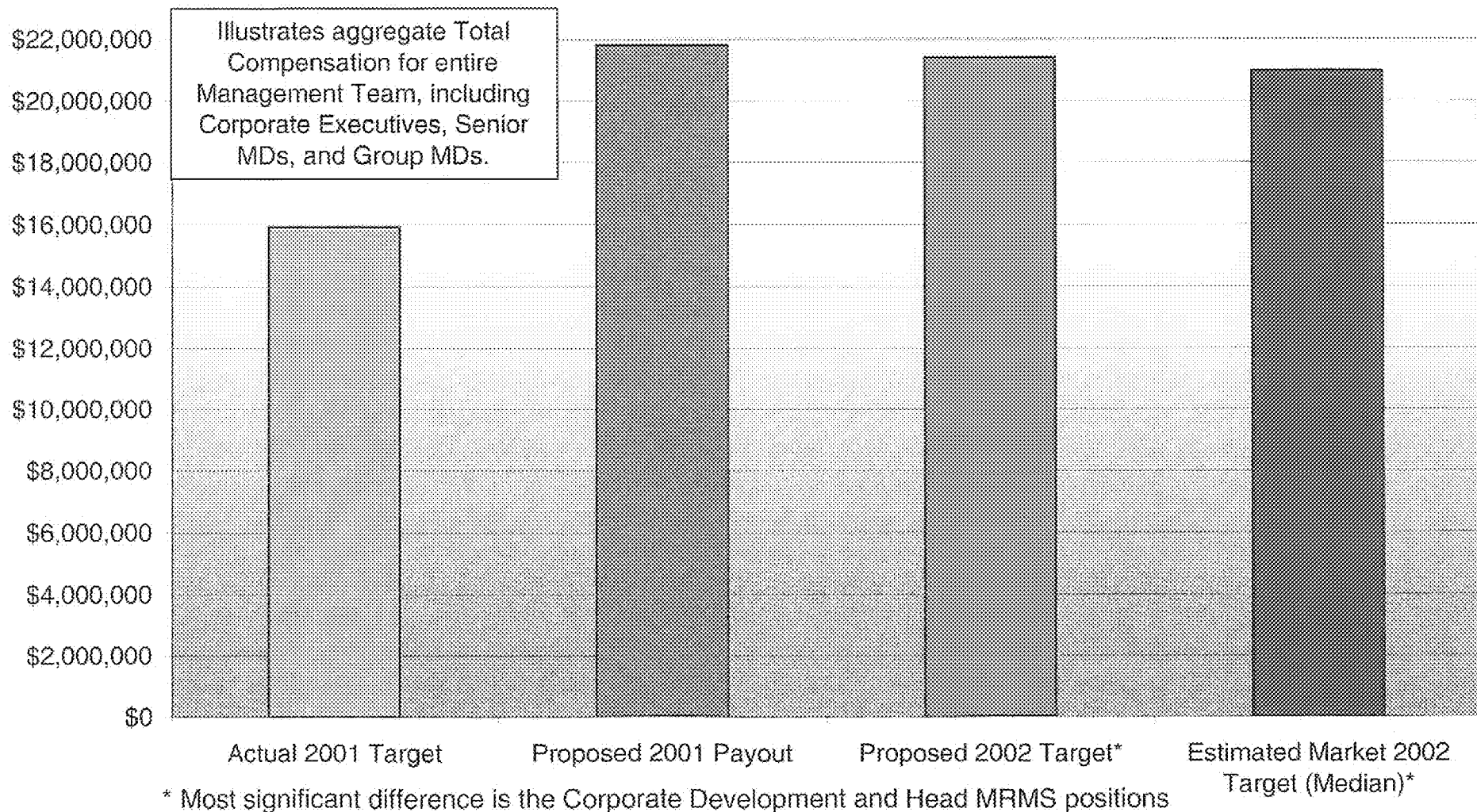
(1) 2001 Data annualized with Proposed Payout estimated by assuming bonus payout equal to target bonus

(2) Actual 2001 Target & Payout data does not include 2/02 Performance Cash Values

## Moody's Total Cash Comparison Management Team

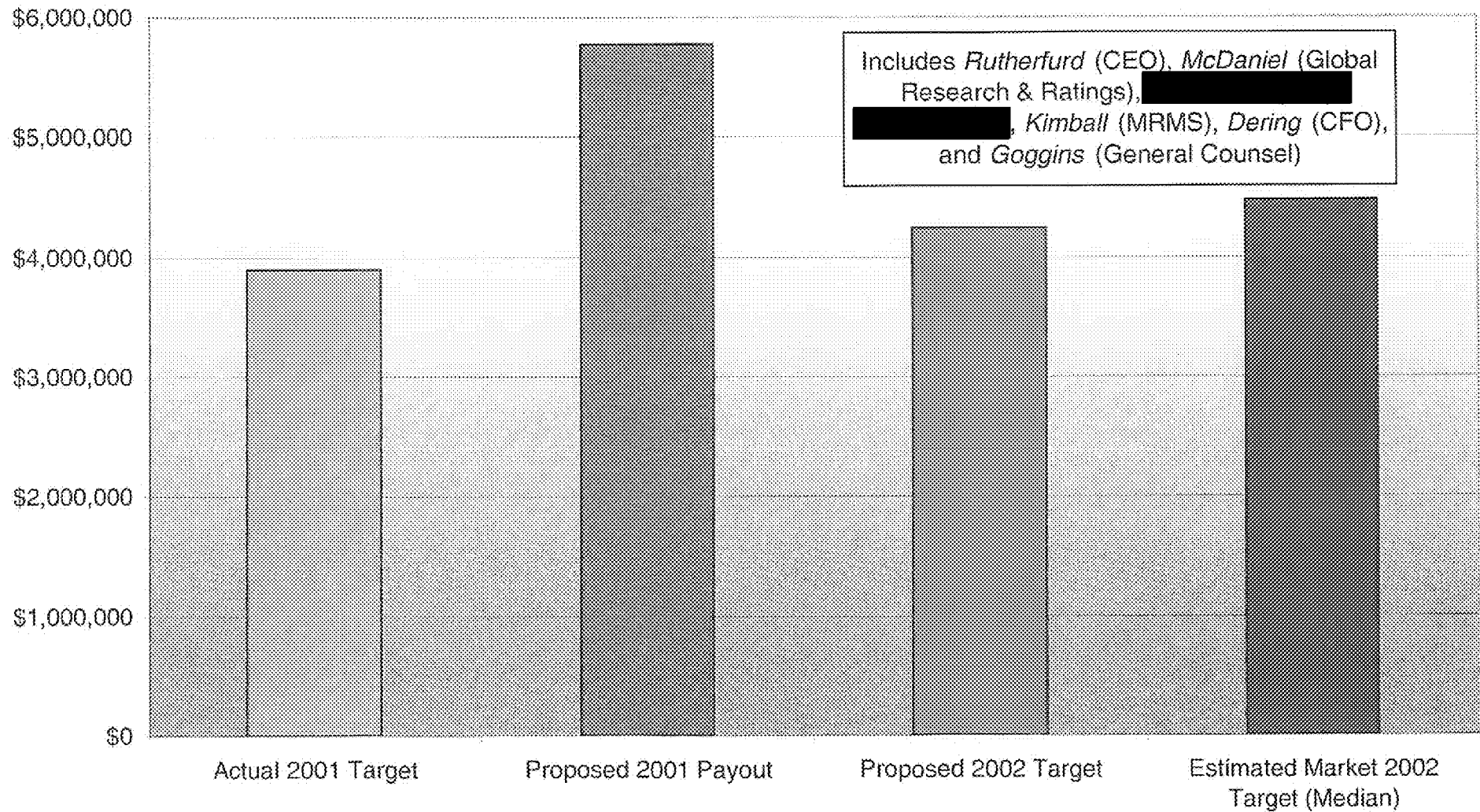


## Moody's Total Compensation Comparison Management Team



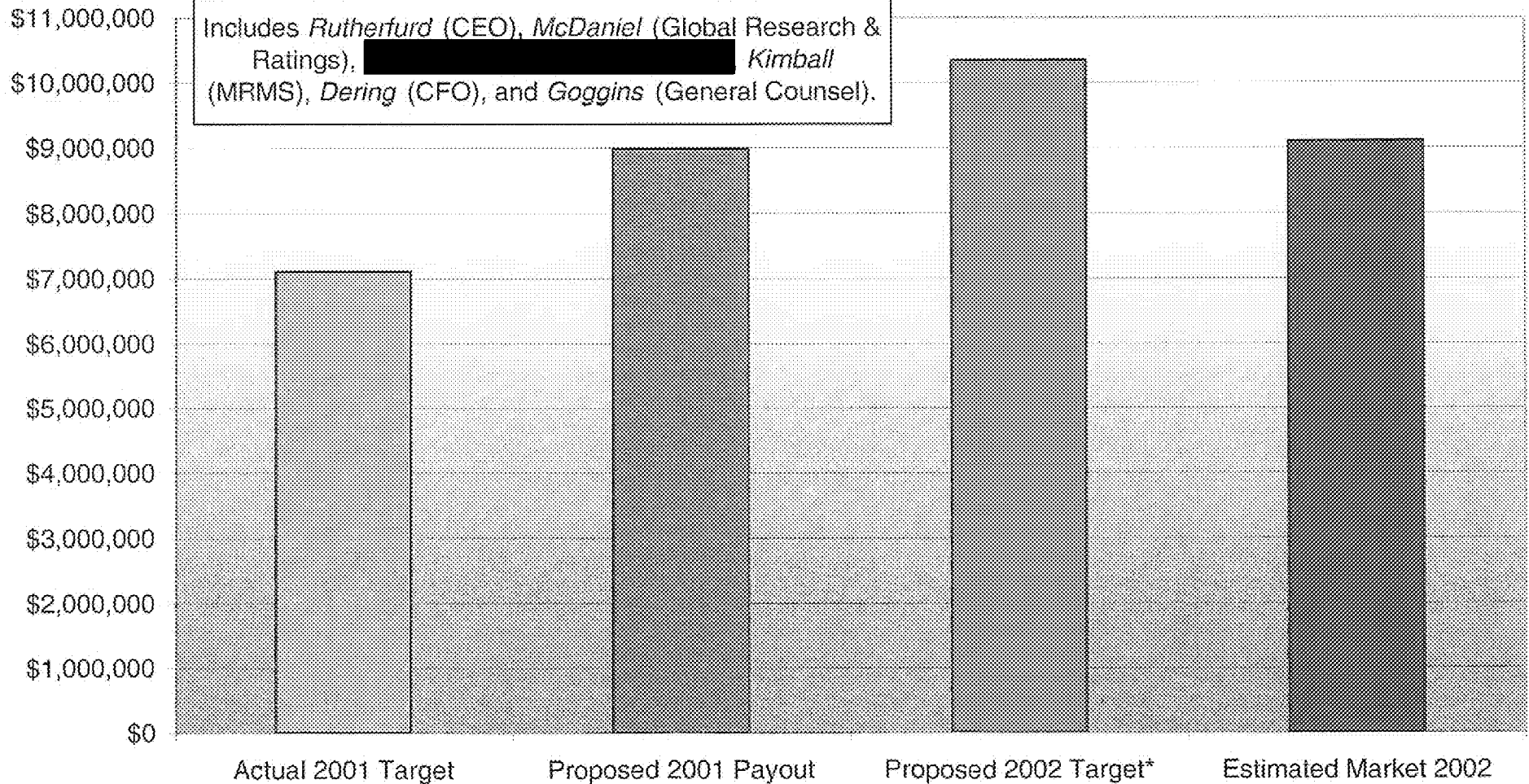
Aggregate Management Team Proposed 2002 Target reflects 34% increase from 2001 Target and is approximately 102% of Estimated Market 2002 Target

## Moody's Total Cash Comparison Corporate Executive Group



Aggregate Corporate Executive Proposed 2002 Target reflects 9% increase from 2001 Target and is approximately 95% of Estimated Market 2002 Target

## Moody's Total Compensation Comparison Corporate Executive Group

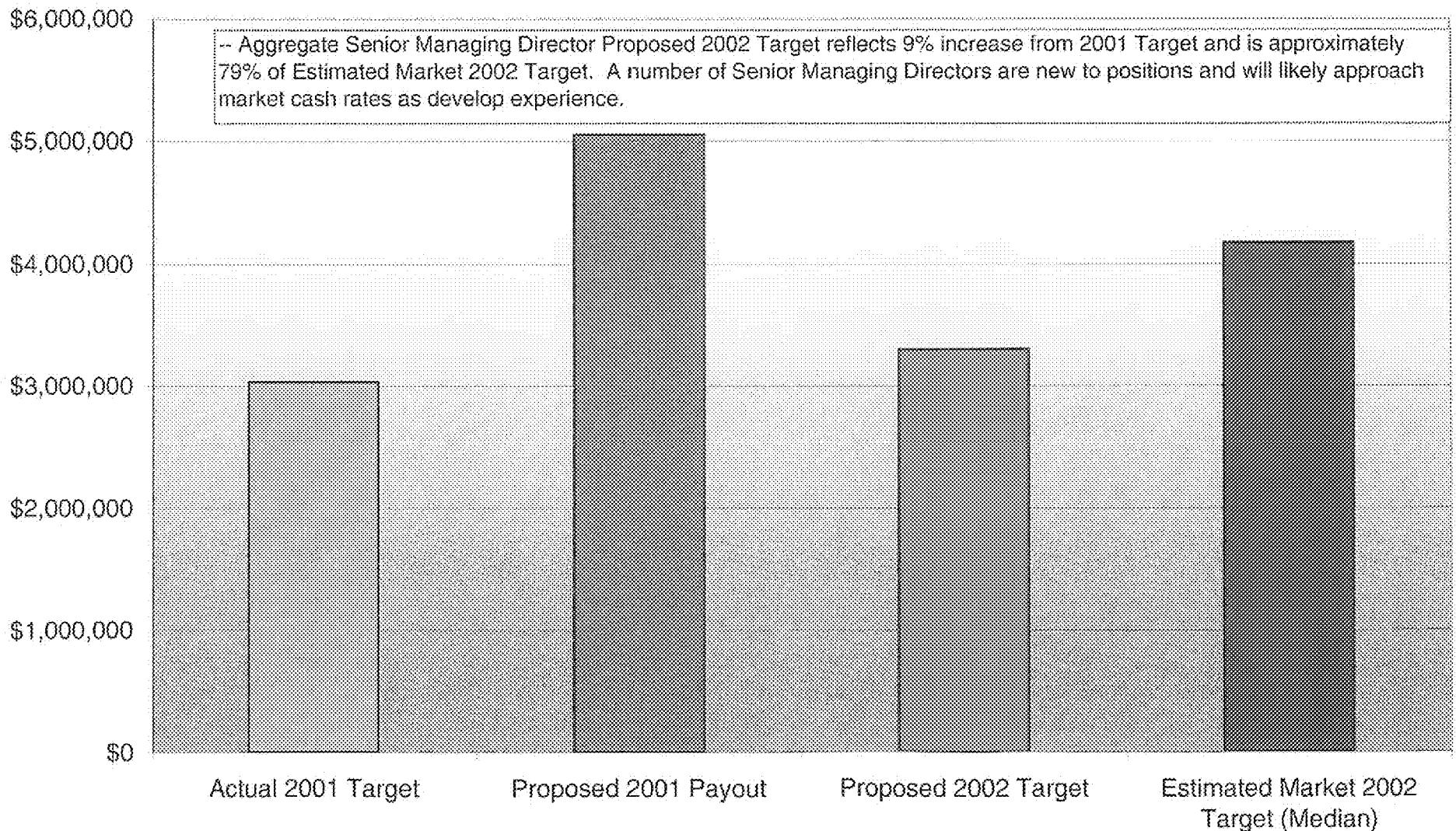


\* Most significant difference is the Corporate Development and Head MRMS positions

Aggregate Corporate Executive Proposed 2002 Target reflects 45% increase from 2001 Target and is approximately 114% of Estimated Market 2002 Target.

## Moody's Total Cash Comparison Senior Managing Directors

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# **MOODY'S**

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## **2005 Competitive Market Compensation Update and Projections**

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**December 5, 2005**

**JOHNSON ASSOCIATES, INC.**

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## **Introduction**

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Johnson Associates was asked by Moody's to prepare a brief summary report on 2005 year-end competitive positioning. The objective is to provide the Compensation Committee with an indication of where Moody's 2006 target total compensation for senior professionals will be positioned against the competitive marketplace. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms across industry sectors.

The business environment in 2005 has once again impacted most major financial service firms in a positive way. Continued strong fixed income and trading results have produced strong business results and increased compensation across firms. Additionally, for the majority of financial service comparators, other business units like those focused on corporate finance, equities, and private equity/venture capital, will have also contributed positively to year-over-year results, funding company-wide bonus and equity pools at a 5%-10%+ increase over 2004. Importantly, there is noticeable dispersion among firms with several major investment banks having compensation increases well above the market norm. Moreover, for select Wall Street comparators this is a year where more senior positions will be aggressively rewarded.

Firms are increasingly optimistic about 2006, and earnings momentum is expected to be sustained across most sectors. Moody's will encounter increased market demand for its professionals, particularly in the structured area.



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## **Overview of Moody's Market Positioning and Proposed 2006**

- Similar to previous years' exercise, Johnson Associates benchmarked Moody's senior executives (Group Managing Directors and above) to market comparators
  - Comparator group emphasizes other rating agencies and financial guarantors, with additional reference to broader financial services and to a much lesser degree investment/commercial banks (more relevant for Team MD's and below)
- Analysis focused on target compensation for 2005 and 2006 relative to market. As a group, executive 2005 target compensation at about  $\approx 65^{\text{th}}$  percentile of market
  - Consistent with the past few years, actual incentive (EPIC) payouts expected to be down year-over-year
  - Management does not believe retention of senior executives will be a major issue this year. Driving factor continues to be significant embedded, unvested equity gains from previous equity awards
  - Moody's rapidly rising stock price has helped to produce attractive actual compensation
  - For 2006, moderate adjustments in compensation mix from equity to cash and moving to 50%/50% blend by value for stock options and restricted stock. Net impact to increase retention across range of scenarios
- Johnson Associates believes management's proposed  $\approx 9\%$ -10% aggregate increase in 2006 target total compensation for Sr Managing Directors (SMD) and Group Managing Directors (GMD) consistent with market. Proposal incorporates both market movements and promotions
  - More aggressive increase proposed on average for EVPs and above must reflect relative contributions. Due to their heavy weighting in pay of equity they are the group most impacted by changes in projected value created by a rising stock price and the Black Scholes model value

## **Overview of Moody's Market Positioning and Proposed 2006**

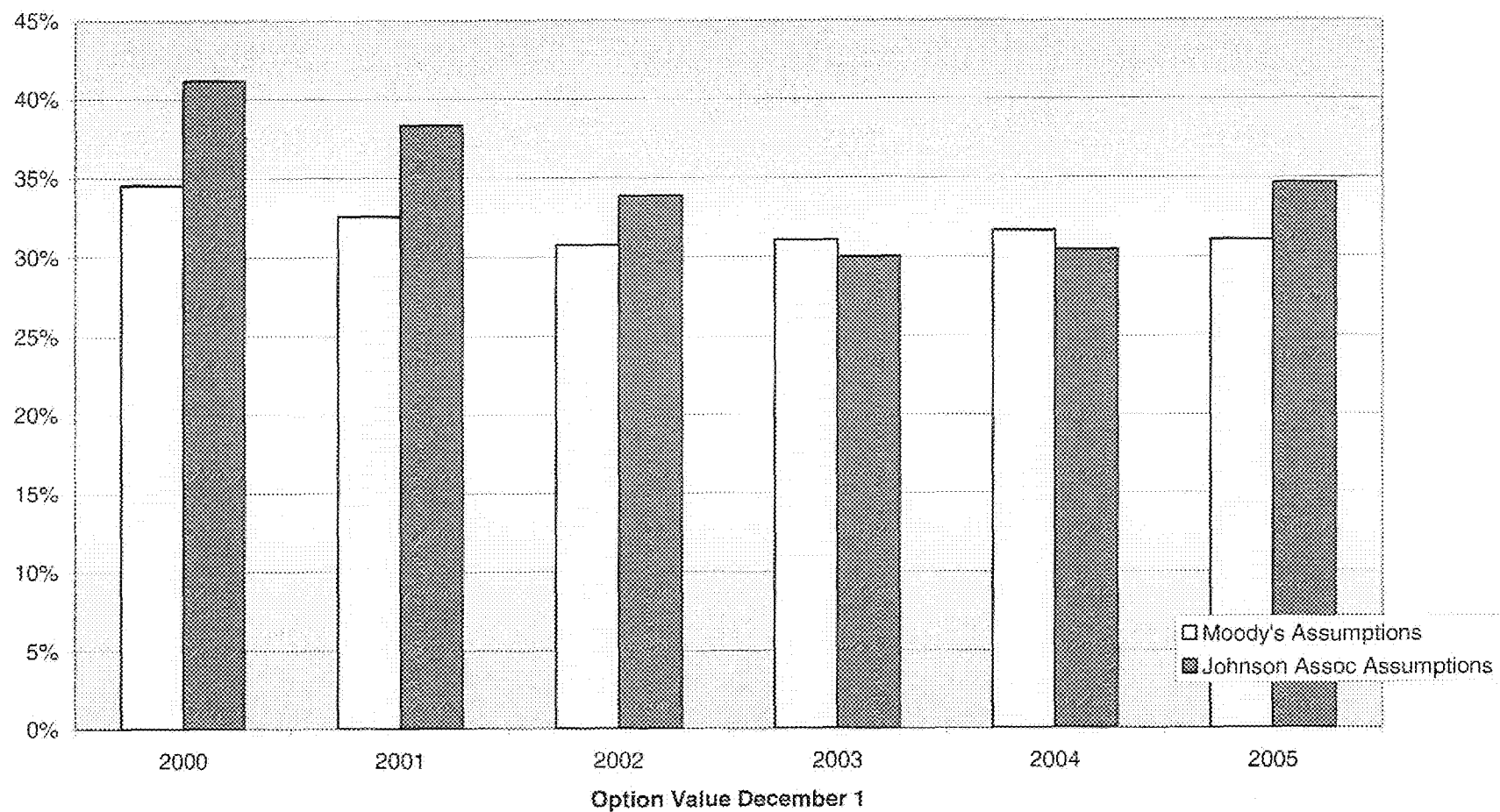
- In total, Moody's will be positioned at the median for equity utilization, which is a decline from the past
  - Reflects reductions in the number of shares awarded to manage total compensation compared to market, movement to greater utilization of restricted stock, and elimination of lowest participant levels with foregone value moved into cash compensation

## **Moody's Black Scholes Model – Current Perspective**

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- Since Moody's has been a public company stock option awards have been valued using the Black Scholes model. Unlike in some other organizations, grants were never considered a "free good" without a meaningful cost to shareholders
  - A detailed analysis shows stock options at Moody's currently have a Black Scholes value in the 30%-35% range using current assumptions
  - This result runs counter to that found in many other organizations where larger absolute dividend levels and more significant declines in price volatility have driven lower model values
- In utilizing both stock options and restricted shares at Moody's, a "rule of thumb" has been applied that three stock options equals in value one restricted share. Said another way, stock options are assumed to be worth  $\approx 33\%$  of their face value, with restricted shares at grant at 100% of market
  - This "rule of thumb" for Moody's continues to be very realistic. For current awards there appears no obvious reason to change it. However, the value trade-off should be monitored to insure that the planned amount of value is delivered regardless of the mix between stock options and restricted stock

## Black Scholes as % of Grant Price



Note: Moody's proxy disclosure (2000-2004): 5 year term, 30% volatility. 2005 Moody's assumptions: 6 year term, 23% volatility  
Johnson Associates: 7 year term, estimates of volatility using historical and implied rates

## **Summary and Potential Directions**

- Market comparators expected to increase bonus and long-term compensation  $\approx 5\%-10\%+$  from 2004
- Moody's proposed increases in 2006 GMD and SMD target total compensation will maintain market positioning at about 55<sup>th</sup>-60<sup>th</sup> percentile
  - Proposed 2006 target changes for EVPs and above will position total compensation at about 65<sup>th</sup> percentile. Bulk of increase driven by significant changes in Black Scholes value and only partial reduction in shares granted (although more aggressively than for lower level managers and professionals)
  - Overall, total compensation positioning versus market will be about the same as prior year
- Management equity change to 50% stock options and 50% restricted stock reasonable. Valuation of awards continues to be realistic

## Senior Executive Market Compensation

EVPs & Above		2005 Target <sup>(1)</sup>		2006 Target <sup>(1)</sup>		2005 Market Compensation			
Name	Title/Description	Total Cash	Total Comp	Total Cash	Total Comp	Median Total Cash	Median Total Comp	75th %ile Total Cash	75th %ile Total Comp
McDaniel, Raymond	CEO, Pres	\$1,500	\$4,619	--	--	\$2,400	\$5,500	\$3,200	\$6,750
Huber, Linda	Chief Financial Officer - MCO	\$750	\$2,084	\$866	\$2,442	\$1,075	\$2,000	\$1,200	\$2,500
Dering, Jeanne <sup>(2)</sup>	EVP, Glob Regulatory Affairs & Compliance	\$763	\$2,010	\$845	\$2,071	\$750	\$1,100	\$925	\$1,500
Goggins, John	SVP - General Counsel	\$504	\$1,315	\$577	\$1,435	\$800	\$1,200	\$1,000	\$1,600
EVPs & Above TOTAL (excluding R. McDaniel & J. Dering)		\$4,331	\$11,590	\$5,032	\$13,200	\$6,575	\$10,800	\$8,900	\$15,850

(1) Moody's target compensation includes 16.7% downward adjustment to bonus for EVPs & above

(2) Previously matched to CFO, currently Head of Global Regulatory Affairs & Compliance

### SMDs

SMDs TOTAL	\$3,134	\$7,251	\$3,407	\$7,890	\$4,650	\$7,375	\$5,625	\$10,000
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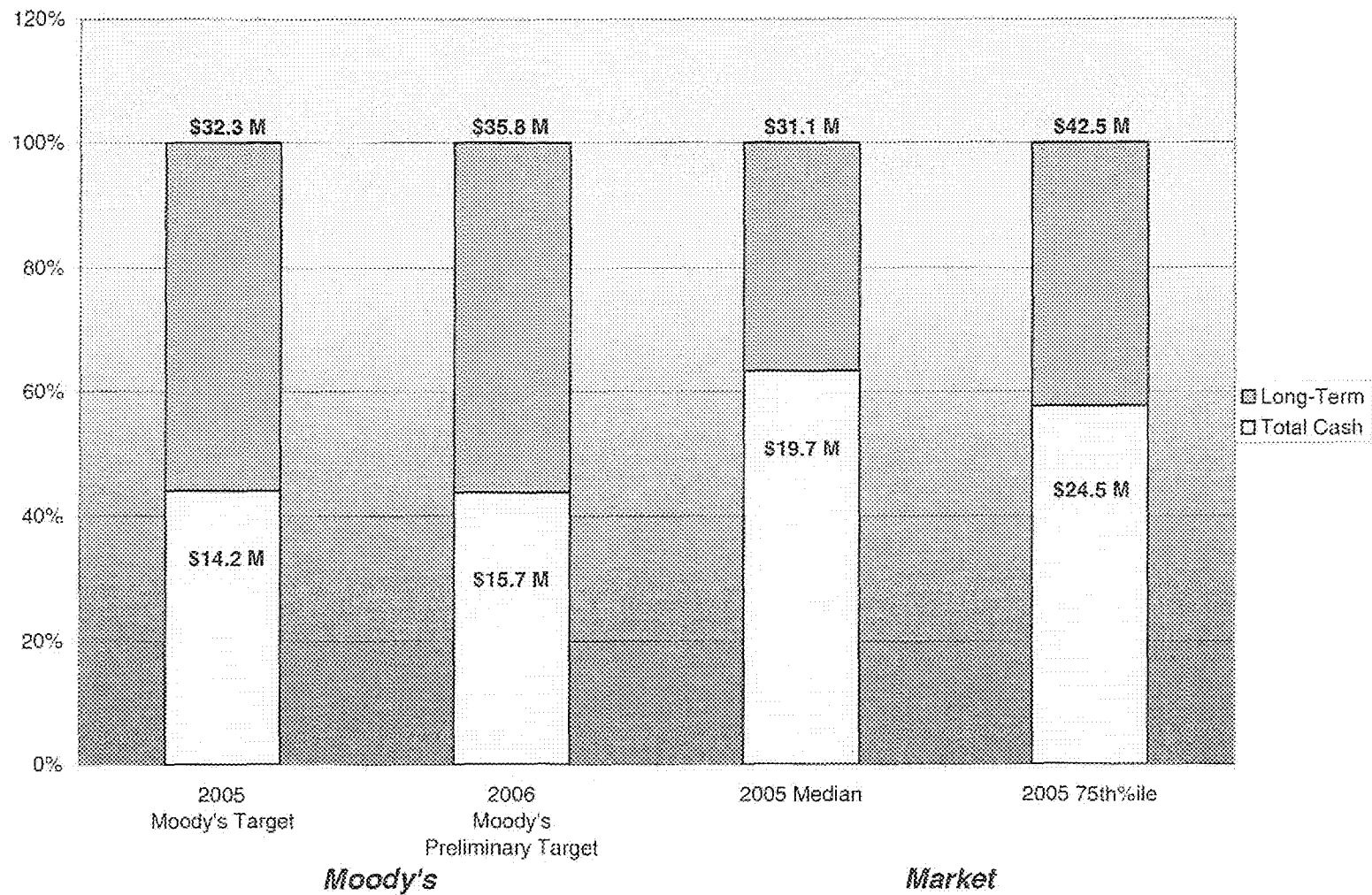
### GMDs

Elliott, Jennifer	Chief Human Resources Officer	\$462	\$886	\$512	\$1,038	\$675	\$875	\$825	\$1,250
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GMDs TOTAL	\$5,989	\$11,455	\$6,395	\$12,641	\$7,750	\$11,800	\$9,050	\$15,125
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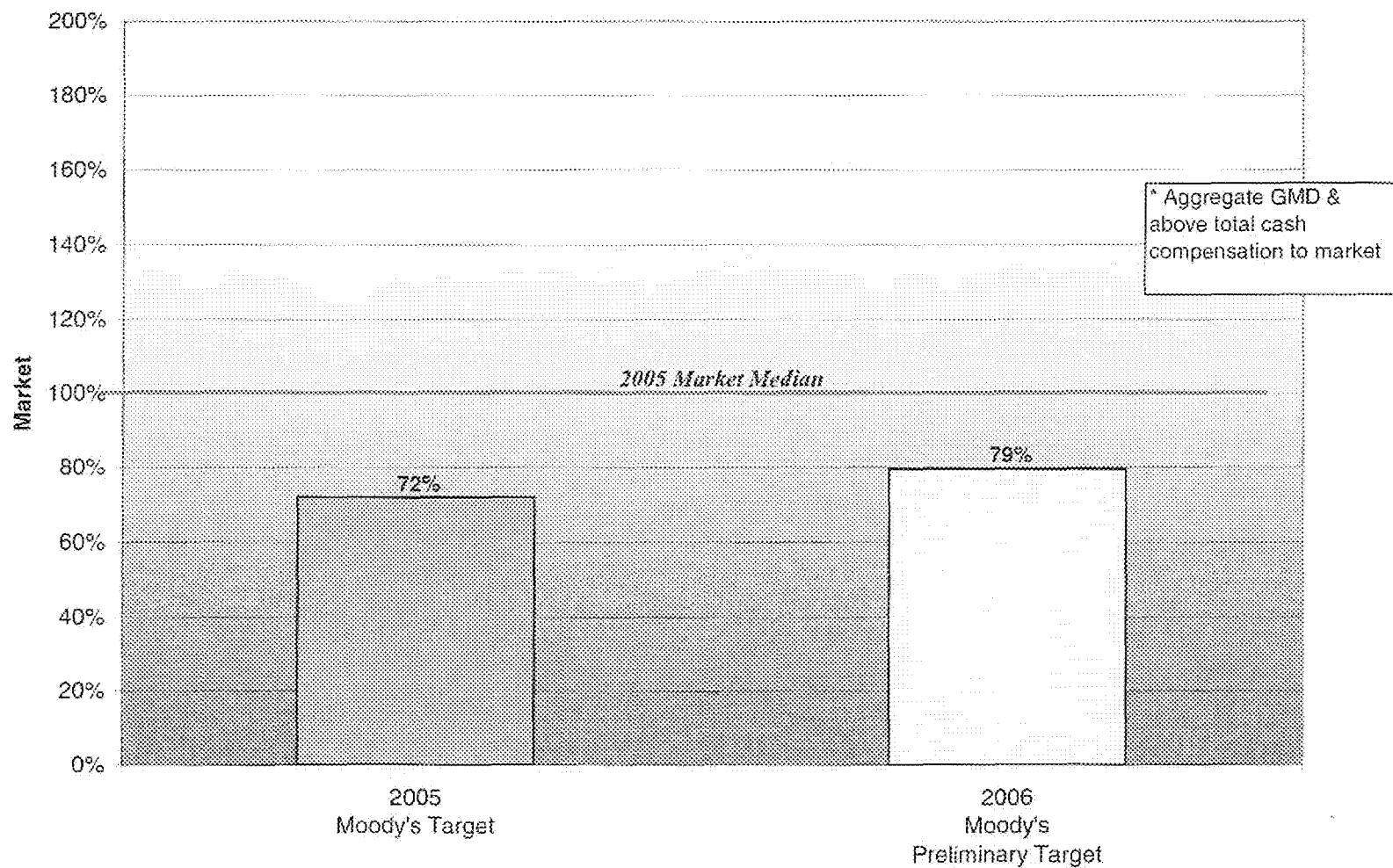
GMDs & Above TOTAL (excluding R. McDaniel & J. Dering)	\$13,454	\$30,296	\$14,834	\$33,731	\$18,975	\$29,975	\$23,575	\$40,975
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## Cash vs. Long-Term Compensation Mix: *GMDs & Above (excluding R. McDaniel)*

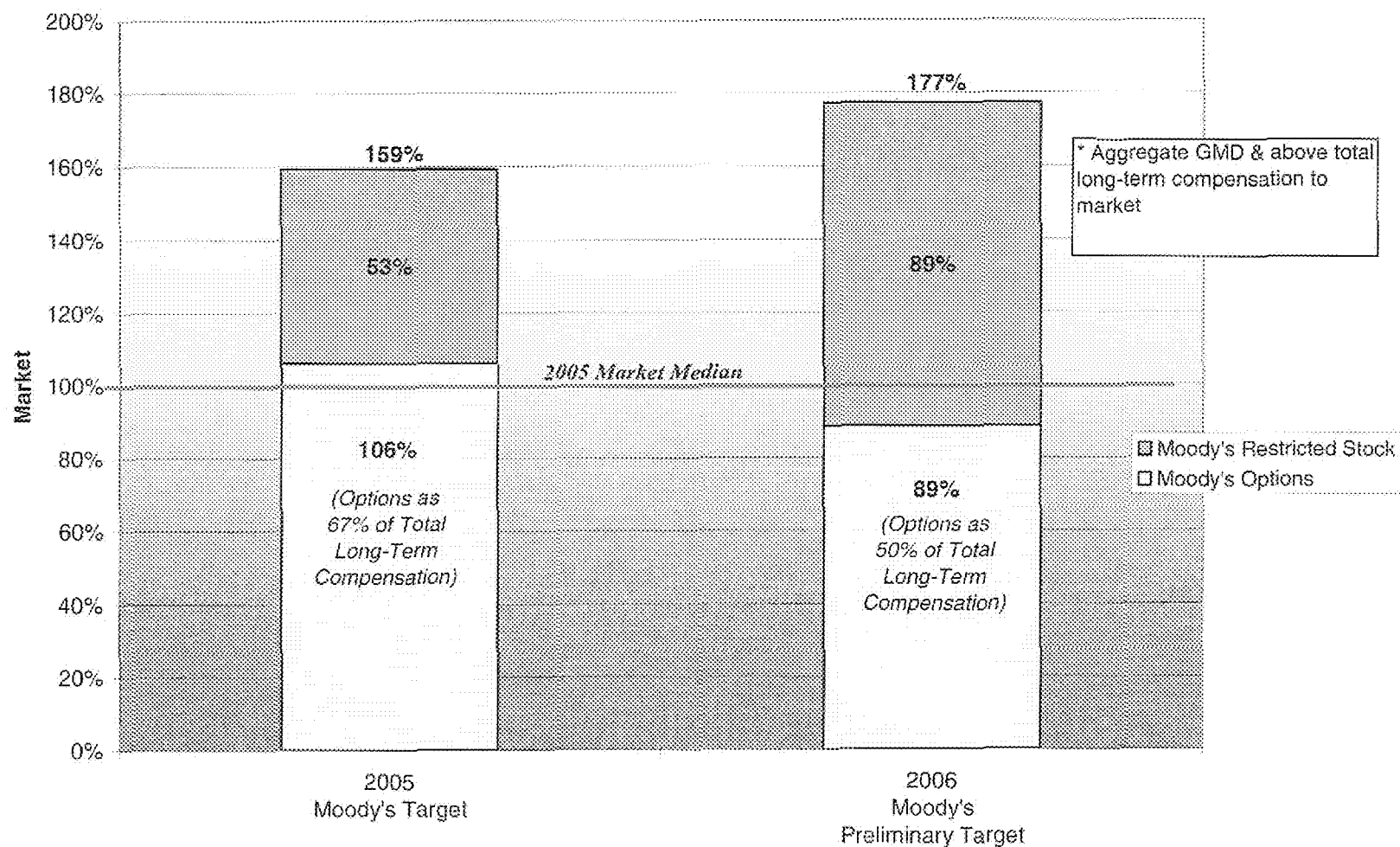




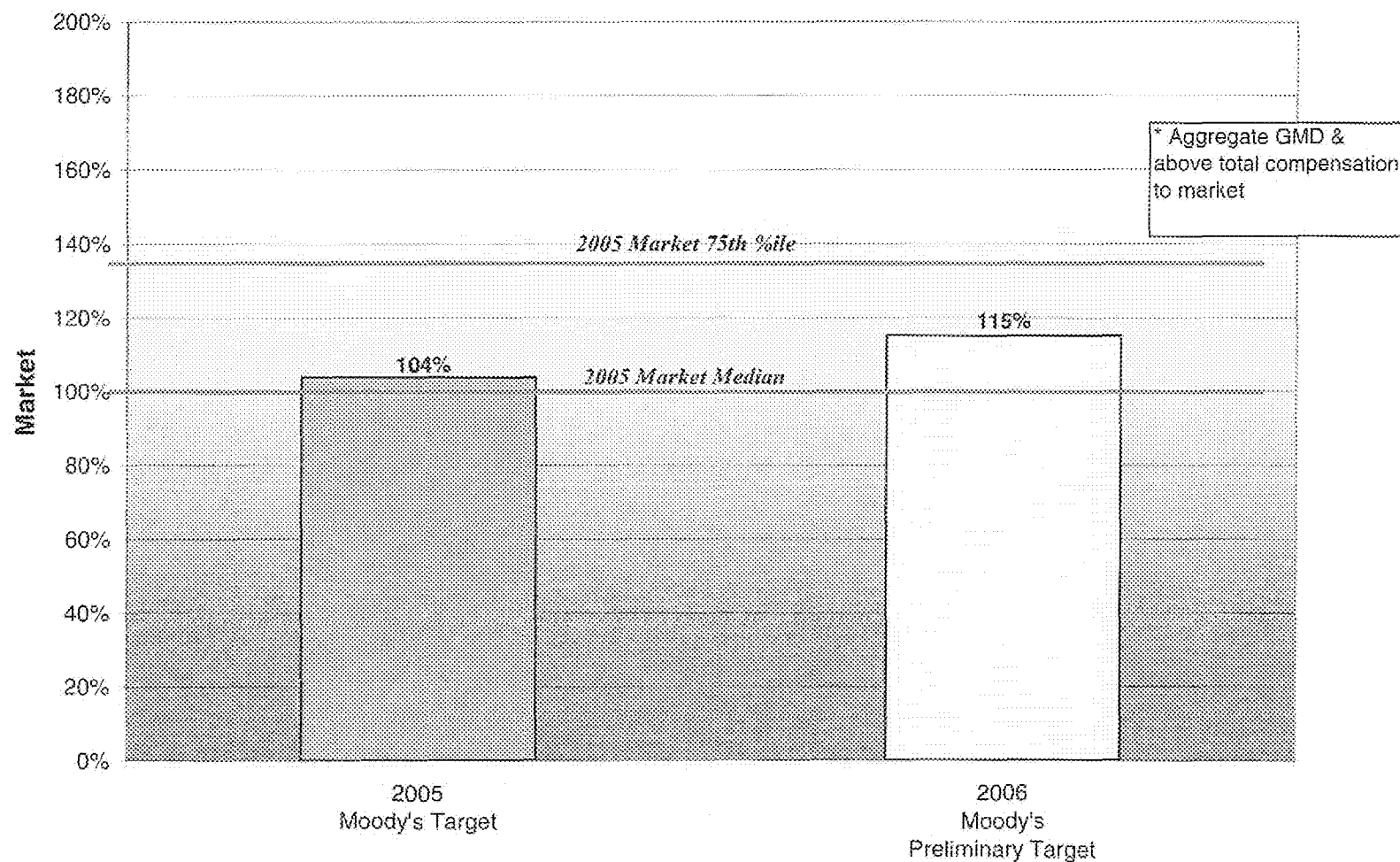
## Total Cash Compensation: GMDs & Above (excluding R. McDaniel)



## Total Long-Term Compensation: GMDs & Above (excluding R. McDaniel)



## Total Compensation: GMDs & Above (excluding R. McDaniel)



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## **APPENDIX**

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## 2004 CEO Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Genworth Financial	Frazer, M.D.	CEO, Pres, Director	\$1,025,000	\$1,800,000	\$2,825,000	\$12,350,000	\$0	\$5,650,000	\$18,000,000	\$20,825,000	86%
Legg Mason	Mason, R.A.	COB, Pres, CEO	\$493,750	\$7,100,000	\$7,593,750	\$433,917	\$2,584,000	\$0	\$2,997,917	\$10,591,667	28%
BlackRock	Fink, L.D.	COB, CEO	\$500,000	\$7,210,000	\$7,710,000	\$450,333	\$2,400,000	\$0	\$2,850,333	\$10,560,333	27%
Lincoln National	Boscia, J.A.	COB, CEO	\$850,000	\$4,371,745	\$5,221,745	\$0	\$0	\$5,200,000	\$5,200,000	\$10,421,745	50%
Mellon Financial	McGuinn, M.G.	COB, CEO	\$933,333	\$1,444,000	\$2,377,333	\$2,299,847	\$5,400,022	\$0	\$7,699,869	\$10,077,202	76%
MBIA	Dunlon, G.C.	CEO (from 5/6/04)	\$779,247	\$0	\$779,247	\$3,922,667	\$1,925,000	\$2,100,000	\$7,947,666	\$8,726,913	91%
Safeco	McGavick, M.S.	COB, Pres, CEO	\$1,150,000	\$2,000,000	\$3,150,000	\$0	\$4,333,747	\$1,148,564	\$5,482,311	\$8,632,311	64%
AmSouth	Ritter, C.D.	COB, Pres, CEO	\$995,000	\$1,636,775	\$2,631,775	\$4,729,088	\$0	\$1,167,000	\$5,896,088	\$8,527,863	69%
Fair Isaac	Grudnowski, T.G.	Pres, CEO	\$625,000	\$0	\$625,000	\$7,421,250	\$0	\$0	\$7,421,250	\$8,046,250	92%
XL Capital	O'Hara, B.M.	Pres, CEO	\$1,000,000	\$1,800,000	\$2,800,000	\$2,269,372	\$1,509,600	\$0	\$3,778,972	\$6,578,972	57%
PMI Group	Haughton, W.R.	COB, CEO	\$775,000	\$1,400,000	\$2,175,000	\$1,667,107	\$2,532,600	\$0	\$4,199,707	\$6,374,707	66%
MGIC	Culver, C.S.	COB, CEO, Pres	\$644,231	\$780,392	\$1,424,623	\$1,818,667	\$973,989	\$2,041,600	\$4,834,256	\$6,258,879	77%
First Horizon	Glass, J.K.	Pres, CEO, COB	\$813,215	\$285,000	\$1,098,215	\$2,509,367	\$0	\$2,573,622	\$5,082,989	\$6,181,204	82%
Ambac Financial	Genader, R.J.	Pres, CEO (CEO from 1/24/2004)	\$525,000	\$1,012,500	\$1,537,500	\$2,457,000	\$1,950,100	\$0	\$4,407,100	\$5,944,600	74%
Franklin Resources	Flanagan, M.L.	Pres, Co-CEO	\$789,138	\$2,650,000	\$3,439,138	\$0	\$2,350,014	\$0	\$2,350,014	\$5,789,152	41%
Franklin Resources	Johnson, G.E.	Pres, Co-CEO	\$789,138	\$2,650,000	\$3,439,138	\$0	\$2,350,014	\$0	\$2,350,014	\$5,789,152	41%
Everest Re	Taranto, J.V.	COB, CEO	\$1,000,000	\$2,000,000	\$3,000,000	\$0	\$2,617,650	\$0	\$2,617,650	\$5,617,650	47%
Assured Guaranty	Frederico, D.J.	Pres, CEO	\$700,000	\$1,650,000	\$2,350,000	\$1,001,669	\$1,502,494	\$0	\$2,504,163	\$4,854,163	52%
Regions Financial	Jones, C.E. Jr.	COB, CEO	\$900,000	\$843,750	\$1,743,750	\$0	\$2,608,401	\$0	\$2,608,401	\$4,352,151	60%
Old Republic	Zucaro, A.C.	Pres, CEO	\$693,203	\$584,125	\$1,277,328	\$2,233,875	\$0	\$584,125	\$2,818,000	\$4,095,328	69%
Jefferson Pilot	Glass, D.R.	CEO (from 3/04), Pres	\$925,000	\$925,000	\$1,850,000	\$1,766,000	\$0	\$388,000	\$2,154,000	\$4,004,000	54%
Radian	Filipps, F.P.	COB, CEO (retired April 30, 2005)	\$725,000	\$1,350,000	\$2,075,000	\$0	\$1,350,000	\$0	\$1,350,000	\$3,425,000	39%
Nationwide Financial	Jurgensen, W.G.	CEO	\$281,700	\$1,007,366	\$1,289,066	\$997,058	\$0	\$1,046,520	\$2,043,578	\$3,332,644	61%
Raymond James	James, T.A.	COB, CEO	\$285,000	\$1,900,000	\$2,399,063	\$0	\$437,472	\$0	\$437,472	\$2,836,535	15%
Torchmark	Hudson, C.B.	COB, Pres, CEO	\$800,000	\$300,000	\$1,100,000	\$1,406,000	\$0	\$0	\$1,406,000	\$2,506,000	58%
A.G. Edwards	Bagby, R.L.	COB, CEO and COB & CEO of Brokerage Company	\$494,000	\$1,084,737	\$1,578,737	\$0	\$308,840	\$0	\$308,840	\$1,887,577	16%
M&T Bank	Wilmers, R.G.	COB, Pres, CEO of M&T Bank Corp, CEO of M&T Bank	\$544,808	\$500,000	\$1,044,808	\$0	\$0	\$0	\$0	\$1,044,808	0%
25th Percentile			\$584,904	\$812,071	\$1,356,845	\$0	\$0	\$0	\$2,252,007	\$4,049,664	41%
Median			\$779,247	\$1,400,000	\$2,175,000	\$1,001,669	\$1,350,000	\$0	\$2,850,333	\$5,944,600	57%
75th Percentile			\$912,500	\$1,950,000	\$2,912,500	\$2,284,610	\$2,375,007	\$1,097,542	\$5,141,495	\$8,580,087	72%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 Second Highest Paid Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp
BlackRock	Kapilo, R.S.	VCOB	\$350,000	\$7,977,915	\$8,327,915	\$0	\$1,350,000	\$0	\$1,350,000	\$9,677,915
Genworth Financial	Mann, T.H.	Pres & CEO, Mortgage Insurance	\$556,190	\$1,200,000	\$1,756,190	\$4,420,000	\$0	\$1,756,190	\$6,176,190	\$7,932,380
Mellon Financial	Elliott, S.G.	SVCOB	\$660,000	\$1,055,000	\$1,715,000	\$1,341,580	\$3,150,008	\$0	\$4,491,588	\$6,206,588
First Horizon	Baker, G.L.	Pres First Horizon Fin Svcs	\$571,345	\$3,651,241	\$4,222,586	\$239,579	\$0	\$1,359,516	\$1,599,095	\$5,821,681
MBIA	Brown, J.W.	Executive Chairman (former CEO)	\$779,769	\$1,512,000	\$2,291,769	\$0	\$3,820,000	\$0	\$3,820,000	\$6,111,769
Lincoln National	Gotta, J.H.	Pres & CEO, Lincoln Nat'l Life Insurance	\$600,000	\$1,851,563	\$2,451,563	\$0	\$0	\$2,100,000	\$2,100,000	\$4,551,563
Regions Financial	Moore, J.W.	Pres, CEO Designate	\$810,000	\$982,125	\$1,792,125	\$114,132	\$2,441,654	\$0	\$2,555,786	\$4,347,911
XL Capital	Tobin, C.R.	EVP, CEO of Insurance Operations	\$518,750	\$800,000	\$1,318,750	\$1,989,067	\$754,800	\$0	\$2,723,867	\$4,042,617
Raymond James	Trocin, J.E.	EVP, Equity Capital Markets	\$228,750	\$2,580,000	\$2,808,797	\$50,400	\$649,980	\$0	\$700,380	\$3,509,177
Safeco	Mead, C.	Co-Pres of Insurance Subsidiaries, CFO	\$516,667	\$1,075,000	\$1,591,667	\$0	\$1,408,433	\$294,668	\$1,703,101	\$3,294,768
Legg Mason	Fetting, M.R.	SrEVP, Pres Legg Mason Asset Mgmt	\$295,834	\$2,243,000	\$2,538,834	\$260,350	\$286,000	\$0	\$546,350	\$3,085,184
MGIC	Sinks, P.	EVP-Field Operations	\$303,077	\$279,184	\$582,261	\$909,333	\$348,289	\$1,020,800	\$2,278,422	\$2,860,683
Ambac Financial	Lassiter, P.B.	COB, CEO (retired from CEO post 1/24/04)	\$76,154	\$0	\$76,154	\$0	\$3,685,500	\$0	\$3,685,500	\$3,761,654
M&T Bank	Brumback, E.L.	EVP of M&T Bank Corp, Pres & COO M&T Bank	\$446,154	\$330,000	\$776,154	\$1,986,173	\$0	\$0	\$1,986,173	\$2,762,327
Nationwide Financial	Thresher, M.R.	Pres, COO	\$509,346	\$1,070,685	\$1,580,031	\$547,759	\$0	\$574,938	\$1,122,697	\$2,702,728
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,000,000	\$1,500,000	\$480,800	\$721,200	\$0	\$1,202,000	\$2,702,000
PMI Group	Smith, L.S.	Pres, COO, Director	\$500,000	\$767,700	\$1,267,700	\$970,000	\$0	\$0	\$970,000	\$2,237,700
Torchmark	McAndrew, M.S.	COB - Insurance Ops, Pres & CEO - Globe	\$750,000	\$200,000	\$950,000	\$1,124,800	\$0	\$0	\$1,124,800	\$2,074,800
Jefferson Pilot	Stonecipher, D.A.	COB, (retired from CEO post 2/04)	\$800,000	\$800,000	\$1,600,000	\$5,739,500	\$0	\$0	\$5,739,500	\$7,339,500
AmSouth	Stephenson, E.W. Jr	SrEVP; Grp Head - Regional Bkg	\$440,000	\$383,000	\$823,000	\$924,868	\$0	\$227,000	\$1,151,868	\$1,974,868
Old Republic	Simpson, W.A.	SVP Mortgage Guaranty	\$308,146	\$475,000	\$783,146	\$664,125	\$0	\$475,000	\$1,139,125	\$1,922,271
Everest Re	Gallagher, T.J.	Pres, COO	\$469,231	\$550,000	\$1,019,231	\$0	\$628,236	\$0	\$628,236	\$1,647,467
Franklin Resources	Tatlock, A.M.	VCOB, Member - Office of the Chairman	\$596,535	\$650,000	\$1,246,535	\$0	\$383,909	\$0	\$383,909	\$1,630,444
Radian	Kasmar, R.J.	Pres, COO	\$455,000	\$615,000	\$1,070,000	\$335,504	\$0	\$0	\$335,504	\$1,405,504
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP; EVP, Treasurer, CFO & Dir of Law & Compliance, Dir of Admin at Bkg Co.	\$223,385	\$651,865	\$875,250	\$0	\$173,776	\$0	\$173,776	\$1,049,026
Fair Isaac	Becker, C.L.	VP, General Manager	\$329,884	\$0	\$329,884	\$546,667	\$0	\$0	\$546,667	\$876,551
25th Percentile			\$334,913	\$493,750	\$893,938	\$0	\$0	\$0	\$767,785	\$1,999,851
Median			\$500,000	\$800,000	\$1,409,375	\$408,152	\$229,888	\$0	\$1,276,000	\$2,972,934
75th Percentile			\$590,238	\$1,168,750	\$1,783,141	\$958,717	\$746,400	\$277,751	\$2,486,445	\$4,500,850

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 Third Highest Paid Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
BlackRock	Schlosstein, R.L.	Pres	\$400,000	\$4,370,000	\$4,770,000	\$180,133	\$1,460,000	\$0	\$1,640,133	\$6,410,133	26%
Genworth Financial	Schutz, P.S.	Pres & CEO, Retirement Income Investments	\$457,143	\$700,000	\$1,157,143	\$3,575,000	\$0	\$1,157,143	\$4,732,143	\$5,889,286	80%
First Horizon	Hughes, J.L.	Pres FTN Financial	\$517,737	\$3,425,000	\$3,942,737	\$239,579	\$0	\$1,359,516	\$1,599,095	\$5,541,832	29%
XL Capital	Keeling, H.C.V.	Operations	\$590,617	\$700,000	\$1,290,617	\$1,969,067	\$754,800	\$0	\$2,723,867	\$4,014,484	68%
Mellon Financial	O'Hanley, R.P.	VCOB, VP Mellon Institutional Asset Management	\$525,000	\$2,000,000	\$2,525,000	\$289,404	\$1,026,726	\$0	\$1,316,130	\$3,841,130	34%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$1,590,286	\$2,105,286	\$0	\$0	\$1,700,000	\$1,700,000	\$3,805,286	45%
Regions Financial	Horsley, R.D.	VCOB, COO	\$575,000	\$507,938	\$1,082,938	\$1,159,335	\$932,314	\$0	\$2,091,649	\$3,174,587	66%
Safeco	LaRocco, M.E.	Co-Pres of Insurance Subsidiaries	\$516,667	\$775,000	\$1,291,667	\$0	\$1,408,433	\$294,435	\$1,702,868	\$2,994,535	57%
Legg Mason	Scheve, T.C.	SrEVP; Pres & CEO Legg Mason Wood Walker	\$297,916	\$2,108,000	\$2,405,916	\$173,567	\$270,000	\$0	\$443,567	\$2,849,483	16%
M&T Bank	Pinto, M.P.	EVP & CFO of M&T Bank Corp & M&T Bank; VCOB & CFO of M&T Bank	\$400,000	\$330,000	\$730,000	\$1,986,173	\$0	\$0	\$1,986,173	\$2,716,173	73%
MGIC	Lauer, J.M.	EVP, CFO	\$330,462	\$299,888	\$630,350	\$613,800	\$374,122	\$689,040	\$1,676,962	\$2,307,312	73%
Ambac Financial	Boyle, D.L.	VCOB, Portfolio Risk Assessment & Internal Audit	\$370,000	\$450,000	\$820,000	\$1,105,650	\$920,147	\$0	\$2,025,797	\$2,845,797	71%
Assured Guaranty	Schozer, M.J.	President, Assured Guaranty Corp	\$350,000	\$675,000	\$1,025,000	\$480,800	\$721,200	\$0	\$1,202,000	\$2,227,000	54%
Nationwide Financial	Rosholt, R.A.	EVP, CFO, Chief Investment Officer	\$171,666	\$889,611	\$1,061,277	\$491,943	\$0	\$516,348	\$1,008,291	\$2,069,568	49%
AmSouth	Mooney, B.E.	SrEVP; CFO	\$436,667	\$383,000	\$819,667	\$924,868	\$0	\$227,000	\$1,151,868	\$1,971,535	58%
MBIA	Budnick, N.G.	VP, Insurance Corp.	\$589,455	\$0	\$589,455	\$1,961,333	\$1,200,000	\$1,249,997	\$4,411,330	\$5,000,785	88%
Torchmark	Brill, T.G.	EVP, CAO	\$600,000	\$150,000	\$750,000	\$1,031,067	\$0	\$0	\$1,031,067	\$1,781,067	58%
Raymond James	Helck, C.	Pres, COO	\$253,750	\$1,180,000	\$1,434,127	\$50,400	\$212,478	\$0	\$262,878	\$1,697,005	15%
Franklin Resources	Simpson, M.L.	EVP, General Counsel	\$671,344	\$406,250	\$1,077,594	\$0	\$399,943	\$0	\$399,943	\$1,477,537	27%
Jefferson Pilot	Stone, T.M.	Communications Co.	\$490,675	\$456,131	\$946,806	\$883,000	\$0	\$160,500	\$1,043,500	\$1,990,306	52%
Everest Re	Limauro, S.L.	EVP, CFO	\$294,231	\$400,000	\$694,231	\$613,458	\$0	\$0	\$613,458	\$1,307,689	47%
PMI Group	Shuster, B.M.	President International & Strategic Investments	\$330,000	\$450,384	\$780,384	\$517,333	\$0	\$0	\$517,333	\$1,297,717	40%
Old Republic	Yeager, R.K.	SVP, Title Insurance	\$265,483	\$900,000	\$1,165,483	\$120,750	\$0	\$0	\$120,750	\$1,286,233	9%
Radlan	Kamarck, M.	Pres. of Enhance Fin. Svcs Gp	\$435,000	\$500,000	\$935,000	\$335,504	\$0	\$0	\$335,504	\$1,270,504	26%
A.G. Edwards	Kessler, R.J.	VCOB and VCOB, EVP, Dir of Ops of Bkg Co.	\$202,064	\$622,733	\$824,797	\$0	\$168,129	\$0	\$168,129	\$992,926	17%
Fair Isaac	Nowacki, W.F., Jr	VP, Chief Marketing Officer (until 8/6/04)	\$348,929	\$0	\$348,929	\$532,500	\$0	\$0	\$532,500	\$881,429	60%
25th Percentile			\$313,958	\$403,125	\$793,237	\$176,850	\$0	\$0	\$480,450	\$1,430,241	27%
Median			\$400,000	\$622,733	\$1,061,277	\$491,943	\$0	\$0	\$1,151,868	\$2,227,000	49%
75th Percentile			\$517,202	\$894,806	\$1,291,142	\$856,783	\$560,572	\$382,224	\$1,688,481	\$3,489,936	59%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 Fourth Highest Paid Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Genworth Financial	Zippel, G.R.	Pres & CEO, Protection	\$401,270	\$475,000	\$876,270	\$3,575,000	\$0	\$876,270	\$4,451,270	\$5,327,540	84%
XL Capital	Giordano, P.S.	EVP, CEO of Fin Prod & Services Ops of Co.	\$525,000	\$650,000	\$1,175,000	\$1,969,067	\$754,800	\$0	\$2,723,867	\$3,898,867	70%
Lincoln National	Dineen, R.W.	Pres & CEO, Lincoln Financial Advisors	\$400,000	\$1,935,417	\$2,335,417	\$0	\$0	\$1,300,000	\$1,300,000	\$3,635,417	36%
Mellon Financial	Canter, S.E.	VCOB; COB & CEO The Dreyfus Corp	\$500,000	\$1,100,000	\$1,600,000	\$317,117	\$1,125,061	\$0	\$1,442,178	\$3,042,178	47%
Legg Mason	Bain, P.L.	SrEVP & CAO	\$295,834	\$1,973,000	\$2,268,834	\$173,567	\$253,000	\$0	\$426,567	\$2,695,401	16%
First Horizon	Burkett, C.G.	Pres Retail Fin Svcs & Memphis Fin Svcs	\$524,942	\$535,000	\$1,059,942	\$208,331	\$0	\$1,182,188	\$1,390,519	\$2,450,461	57%
Safeco	Ruddy, J.W.	EVP, General Counsel	\$380,000	\$732,000	\$1,112,000	\$0	\$1,070,472	\$248,804	\$1,319,276	\$2,431,276	54%
Regions Financial	Fleischauer, J.I. Jr.	Regional President	\$400,000	\$442,969	\$842,969	\$1,043,401	\$516,887	\$0	\$1,560,288	\$2,403,257	65%
MGIC	Pierchalski, L.J.	EVP-Risk Management	\$319,692	\$292,687	\$612,379	\$613,800	\$365,125	\$689,040	\$1,667,965	\$2,280,344	73%
Ambac Financial	Uhlein, J.W. III	Infrastructure, Consumer Asset-Backed, Conduit and Struct. Ins. Grps	\$250,000	\$875,000	\$1,125,000	\$788,697	\$365,110	\$0	\$1,153,807	\$2,278,807	51%
AmSouth	Bagby, C.W.	SrEVP; Grp Head - Consumer Bkg	\$410,000	\$356,900	\$766,900	\$924,868	\$0	\$227,000	\$1,151,868	\$1,918,768	60%
MBIA	Corso, C.D.	VP, Chief Investment Officer	\$356,090	\$450,000	\$806,090	\$588,400	\$0	\$470,014	\$1,058,414	\$1,864,504	57%
M&T Bank	Sheehy, E.J.	EVP of M&T Bank Corp; EVP, COB & CEO of Mid-Atlantic Division of M&T Bank	\$350,000	\$300,000	\$650,000	\$1,069,469	\$0	\$0	\$1,069,469	\$1,719,469	62%
BlackRock	Audet, P.L.	CFO	\$260,000	\$1,105,000	\$1,365,000	\$90,067	\$195,000	\$26,000	\$311,067	\$1,676,067	19%
Assured Guaranty	Michener, J.M.	General Counsel	\$350,000	\$550,000	\$900,000	\$300,500	\$450,750	\$0	\$751,250	\$1,651,250	45%
Torchmark	Coleman, G.L.	EVP, CFO	\$425,000	\$150,000	\$575,000	\$1,031,067	\$0	\$0	\$1,031,067	\$1,606,067	64%
Raymond James	Riess, R.K.	EVP; Pres and CEO of Eagle; MD, Asset Mgt.	\$228,750	\$1,110,000	\$1,338,750	\$50,400	\$187,475	\$0	\$237,875	\$1,576,625	15%
Nationwide Financial	Gasper, J.J.	Pres, COO (resigned 5/5/04)	\$392,504	\$1,061,820	\$1,454,324	\$0	\$0	\$0	\$0	\$1,454,324	0%
Jefferson Pilot	Bates, R.D.	EVP; Pres Jefferson-Pilot Benefit Partners	\$474,024	\$550,000	\$1,024,024	\$211,920	\$0	\$147,000	\$358,920	\$1,382,944	26%
Franklin Resources	Bolt, J.J.	SVP, Chief Information Officer	\$401,782	\$390,000	\$791,782	\$0	\$550,333	\$0	\$550,333	\$1,342,115	41%
PMI Group	Bacigalupi, V.J.	EVP, CAO, General Counsel & Secretary	\$320,000	\$409,440	\$729,440	\$491,467	\$0	\$0	\$491,467	\$1,220,907	40%
Old Republic	LeRoy, S.III	SVP, Secretary & General Counsel	\$366,257	\$153,960	\$520,217	\$402,500	\$0	\$153,960	\$556,460	\$1,076,677	52%
Radian	Quint, C.R.	EVP, CFO	\$335,000	\$455,000	\$790,000	\$204,851	\$0	\$0	\$204,851	\$994,851	21%
A.G. Edwards	Miller, P.M.	EVP, Dir of Sales & Marketing of Bkg Co.	\$202,172	\$607,733	\$809,905	\$0	\$153,515	\$0	\$153,515	\$963,420	16%
Everest Re	de Saram, M.S.	SVP; MD, CEO - Bermuda Re	\$305,148	\$225,000	\$530,148	\$294,460	\$0	\$0	\$294,460	\$824,608	36%
Fair Isaac	Rosenberger, L.E.	VP, Research & Development	\$336,345	\$0	\$336,345	\$457,917	\$0	\$0	\$457,917	\$794,262	58%
25th Percentile			\$319,769	\$365,175	\$738,805	\$110,942	\$0	\$0	\$375,832	\$1,352,322	28%
Median			\$361,174	\$505,000	\$869,620	\$308,809	\$0	\$0	\$891,158	\$1,697,768	49%
75th Percentile			\$401,654	\$839,250	\$1,162,500	\$744,973	\$365,121	\$208,740	\$1,314,457	\$2,424,271	59%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)



## 2004 Fifth Highest Paid Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Genworth Financial	Baldwin, K.R.	SVP, Employee Benefits Group	\$450,000	\$475,000	\$925,000	\$2,600,000	\$0	\$925,000	\$3,525,000	\$4,450,000	79%
XL Capital	Luck, F.E.	EVP, Global Hd of Corp Svcs, Assistant Secretary	\$537,500	\$650,000	\$1,187,500	\$1,230,667	\$1,132,200	\$0	\$2,362,867	\$3,550,367	67%
Lincoln National	Driscoll, J.T.	Pres & CEO, Lincoln National Investment Cos & Delaware Investments	\$450,000	\$1,648,828	\$2,098,828	\$0	\$0	\$1,200,000	\$1,200,000	\$3,298,828	36%
Mellon Financial	Lamere, D.F.	Wealth Mgmt	\$470,000	\$1,551,000	\$2,021,000	\$131,548	\$466,706	\$0	\$598,254	\$2,619,254	23%
Regions Financial	Miller, P.D.	Regional President	\$400,000	\$442,969	\$842,969	\$1,043,401	\$516,887	\$0	\$1,560,288	\$2,403,257	65%
Safeco	Senegor, Y.	EVP, Chief Information Officer, Chief Strategy Officer	\$375,000	\$525,000	\$900,000	\$0	\$1,056,456	\$242,325	\$1,298,781	\$2,198,781	59%
Ambac Financial	McKinnon, W.T.	SMD, Chief Risk Officer	\$244,231	\$881,250	\$1,125,481	\$513,513	\$366,784	\$0	\$880,297	\$2,005,778	44%
MGIC	Lane, J.H.	SVP, General Counsel	\$266,539	\$243,177	\$509,716	\$613,800	\$303,307	\$689,040	\$1,606,147	\$2,115,863	76%
Legg Mason	Mulroy, T.P.	EVP & Head of Equity Capital Markets	\$250,000	\$1,438,000	\$1,688,000	\$86,783	\$181,000	\$0	\$267,783	\$1,955,783	14%
AmSouth	Mayer, W.C. III	SrEVP; Grp Head - General Bkg	\$400,000	\$348,160	\$748,160	\$924,868	\$0	\$227,000	\$1,151,868	\$1,900,028	61%
First Horizon	Martin, L.B.	Pres Bus Fin Svcs & Tennessee Fin Svcs	\$441,938	\$100,000	\$541,938	\$185,496	\$0	\$1,052,620	\$1,238,116	\$1,780,054	70%
Assured Guaranty	Samson, P.A.	President, Assured Guaranty Re Int'l	\$350,000	\$525,000	\$875,000	\$240,400	\$360,600	\$0	\$601,000	\$1,476,000	41%
BlackRock	Connolly, R.P.	General Counsel	\$250,000	\$1,000,000	\$1,250,000	\$0	\$175,000	\$23,500	\$198,500	\$1,448,500	14%
Raymond James	Averitt, R.G., III	Pres and CEO of RJFS	\$229,524	\$920,000	\$1,150,113	\$50,400	\$131,242	\$0	\$181,642	\$1,331,755	14%
Torchmark	McWhorter, A.L.	Pres, CEO - Liberty & ULLIC	\$463,750	\$80,000	\$543,750	\$749,867	\$0	\$0	\$749,867	\$1,293,617	58%
MBIA	Whaley, R.M.	VP, Chief Risk Officer	\$375,000	\$430,000	\$805,000	\$588,400	\$0	\$470,014	\$1,058,414	\$1,863,414	57%
Nationwide Financial	Karas, R.A.	SVP, Non-Affiliated Sales	\$400,000	\$567,563	\$967,563	\$152,805	\$0	\$160,380	\$313,185	\$1,280,748	24%
Franklin Resources	Baio, J.R.	SVP, CFO	\$401,169	\$373,750	\$774,919	\$0	\$476,784	\$0	\$476,784	\$1,251,703	38%
PMI Group	Lofe, D.P., Jr	EVP, CFO	\$315,000	\$400,000	\$715,000	\$478,533	\$0	\$0	\$478,533	\$1,193,533	40%
M&T Bank	Sadler, R.E. Jr.	EVP of M&T Bank Corp, COB of M&T Bank	\$521,731	\$500,000	\$1,021,731	\$0	\$0	\$0	\$0	\$1,021,731	0%
Jefferson Pilot	May, W.H.	EVP, Marketing & Distribution	\$413,556	\$96,058	\$509,614	\$708,400	\$0	\$130,500	\$836,900	\$1,346,514	62%
A.G. Edwards	Goldman, A.E.	Corp. VP; Dir. Of Market Analysis of Bkg Co.	\$220,254	\$566,478	\$786,732	\$0	\$118,165	\$0	\$118,165	\$904,897	13%
Radian	Yaruss, H.S.	EVP, Sec, General Counsel & Corp Resp. Officer	\$278,000	\$355,000	\$633,000	\$153,235	\$0	\$0	\$153,235	\$786,235	19%
Old Republic	Kellog, J.	SVP, General Insurance	\$344,067	\$137,500	\$481,567	\$161,000	\$0	\$137,500	\$298,500	\$780,067	38%
Fair Isaac	Sjoblad, S.A.	VP, Consumer Solutions	\$362,693	\$0	\$362,693	\$355,000	\$0	\$0	\$355,000	\$717,693	49%
Everest Re	Shoemaker, K.T.	Comptroller, Principal Accounting Officer	\$186,923	\$55,000	\$241,923	\$134,961	\$0	\$0	\$134,961	\$376,884	36%
25th Percentile			\$269,404	\$269,423	\$566,063	\$59,486	\$0	\$0	\$275,463	\$1,208,076	23%
Median			\$375,000	\$458,985	\$823,985	\$173,248	\$0	\$0	\$599,627	\$1,462,260	40%
75th Percentile			\$434,843	\$629,391	\$1,099,544	\$607,450	\$348,277	\$210,345	\$1,187,967	\$2,088,342	60%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 CFO Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$1,590,286	\$2,105,286	\$0	\$0	\$1,700,000	\$1,700,000	\$3,805,286	45%
Safeco	Mead, C.	Co-Pres of Insurance Subsidiaries, CFO	\$516,667	\$1,075,000	\$1,591,667	\$0	\$1,408,433	\$294,668	\$1,703,101	\$3,294,768	52%
XL Capital	de St. Paer, J.	EVP, CFO	\$537,500	\$650,000	\$1,187,500	\$1,230,667	\$754,800	\$0	\$1,985,467	\$3,172,967	63%
M&T Bank	Pinto, M.P.	CFO of M&T Bank	\$400,000	\$330,000	\$730,000	\$1,986,173	\$0	\$0	\$1,986,173	\$2,716,173	73%
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,000,000	\$1,500,000	\$480,800	\$721,200	\$0	\$1,202,000	\$2,702,000	44%
MGIC	Lauer, J.M.	EVP, CFO	\$330,462	\$299,888	\$630,350	\$613,800	\$374,122	\$689,040	\$1,676,962	\$2,307,312	73%
Nationwide Financial	Rosholt, R.A.	EVP, CFO, Chief Investment Officer	\$171,666	\$889,611	\$1,061,277	\$491,943	\$0	\$516,348	\$1,008,291	\$2,069,568	49%
Jefferson Pilot	Stone, T.M.	Communications Co.	\$490,675	\$456,131	\$946,806	\$883,000	\$0	\$160,500	\$1,043,500	\$1,990,306	52%
AmSouth	Mooney, B.E.	SrEVP, CFO	\$436,667	\$383,000	\$819,667	\$924,868	\$0	\$227,000	\$1,151,868	\$1,971,535	58%
BlackRock	Audet, P.L.	CFO	\$260,000	\$1,105,000	\$1,365,000	\$90,067	\$195,000	\$26,000	\$311,067	\$1,676,067	19%
Torchmark	Coleman, G.L.	EVP, CFO	\$425,000	\$150,000	\$575,000	\$1,031,067	\$0	\$0	\$1,031,067	\$1,606,067	64%
Everest Re	Limauro, S.L.	EVP, CFO	\$294,231	\$400,000	\$694,231	\$613,458	\$0	\$0	\$613,458	\$1,307,689	47%
Franklin Resources	Baio, J.R.	SVP, CFO	\$401,169	\$373,750	\$774,919	\$0	\$476,784	\$0	\$476,784	\$1,251,703	38%
PMI Group	Lofe, D.P., Jr	EVP, CFO	\$315,000	\$400,000	\$715,000	\$478,533	\$0	\$0	\$478,533	\$1,193,533	40%
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP; EVP, Treasurer, CFO & Dir of Law & Compliance, Dir of Admin at Bkg Co.	\$223,385	\$651,865	\$875,250	\$0	\$173,776	\$0	\$173,776	\$1,049,026	17%
Radian	Quint, C.R.	EVP, CFO	\$335,000	\$455,000	\$790,000	\$204,851	\$0	\$0	\$204,851	\$994,851	21%
25th Percentile			\$309,808	\$380,688	\$726,250	\$67,550	\$0	\$0	\$478,096	\$1,293,693	40%
Median			\$400,585	\$455,566	\$847,459	\$486,372	\$0	\$0	\$1,037,283	\$1,980,921	48%
75th Percentile			\$493,006	\$917,208	\$1,231,875	\$893,467	\$399,788	\$243,917	\$1,682,722	\$2,705,543	59%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 General Counsel Compensation

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Safeco	Ruddy, J.W.	EVP, General Counsel	\$380,000	\$732,000	\$1,112,000	\$0	\$1,070,472	\$248,804	\$1,319,276	\$2,431,276	54%
MGIC	Lane, J.H.	SVP, General Counsel	\$266,539	\$243,177	\$509,716	\$613,800	\$303,307	\$689,040	\$1,606,147	\$2,115,863	76%
Assured Guaranty	Michener, J.M.	General Counsel	\$350,000	\$550,000	\$900,000	\$300,500	\$450,750	\$0	\$751,250	\$1,651,250	45%
Franklin Resources	Simpson, M.L.	EVP, General Counsel	\$671,344	\$406,250	\$1,077,594	\$0	\$399,943	\$0	\$399,943	\$1,477,537	27%
BlackRock	Connolly, R.P.	General Counsel	\$250,000	\$1,000,000	\$1,250,000	\$0	\$175,000	\$23,500	\$198,500	\$1,448,500	14%
PMI Group	Bacigalupi, V.J.	EVP, CAO, General Counsel & Secretary	\$320,000	\$409,440	\$729,440	\$491,467	\$0	\$0	\$491,467	\$1,220,907	40%
Old Republic	LeRoy, S.III	SVP, Secretary & General Counsel	\$366,257	\$153,960	\$520,217	\$402,500	\$0	\$153,960	\$556,460	\$1,076,677	52%
Radian	Yaruss, H.S.	EVP, Sec, General Counsel & Corp Resp. Officer	\$278,000	\$355,000	\$633,000	\$153,235	\$0	\$0	\$153,235	\$786,235	19%
25th Percentile			\$275,135	\$327,044	\$604,804	\$0	\$0	\$0	\$348,582	\$1,184,849	25%
Median			\$335,000	\$407,845	\$814,720	\$226,868	\$239,154	\$11,750	\$523,963	\$1,463,019	43%
75th Percentile			\$369,693	\$595,500	\$1,086,196	\$424,742	\$412,645	\$177,871	\$893,257	\$1,767,403	52%

(1) Option Value = (number of options) x (exercise price) x (1/3 factor to approximate Black-Scholes value)

## 2004 Equity Award Grants

*\* Shares Outstanding reflects disclosure in 2004 Annual Reports. Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock*

Company	as Percentage of Fully <u>Diluted</u> Shares Outstanding			Dollar Value of Market Cap (\$ millions)		
	Total Granted			Total Granted		
	Options	Restricted Stock	Options & Restricted Stock	Options	Restricted Stock	Options & Restricted Stock
Fair Isaac Corporation	7.2%	0.0%	7.2%	\$200	\$0	\$200
Assured Guaranty Ltd	2.6%	1.4%	3.9%	\$43	\$23	\$67
Amsouth	2.5%	0.1%	2.6%	\$217	\$5	\$222
First Horizon National	2.3%	0.0%	2.4%	\$103	\$1	\$104
Raymond James Financial	2.0%	0.3%	2.3%	\$48	\$7	\$55
Genworth Financial	3.2%	0.0%	3.2%	\$466	\$0	\$466
Mellon Financial	1.5%	0.3%	1.8%	\$195	\$41	\$236
Moody's 2005 Comp Year	1.5%	0.3%	1.8%	\$233	\$40	\$273
M&T Bank	1.8%	0.0%	1.8%	\$207	\$0	\$207
XL Capital	1.3%	0.4%	1.8%	\$123	\$39	\$162
Regions Financial	1.2%	0.4%	1.6%	\$166	\$61	\$227
PMI Group	1.5%	0.1%	1.5%	\$52	\$2	\$54
A.G. Edwards	0.5%	1.0%	1.5%	\$15	\$33	\$48
Moody's 2006 Comp Year	1.0%	0.3%	1.4%	\$177	\$53	\$248
MBIA	0.8%	0.4%	1.2%	\$58	\$33	\$91
Jefferson Pilot	1.2%	0.0%	1.2%	\$85	\$0	\$85
Old Republic	1.1%	0.0%	1.1%	\$52	\$0	\$52
Torchmark	1.0%	0.0%	1.0%	\$53	\$0	\$53
MGIC	0.6%	0.3%	0.9%	\$36	\$16	\$53
Radian	0.9%	0.1%	0.9%	\$38	\$3	\$41
Everest Re	0.8%	0.1%	0.8%	\$41	\$4	\$45
Ambac Financial	0.4%	0.3%	0.8%	\$32	\$26	\$58
Franklin Resources	0.7%	0.0%	0.8%	\$147	\$8	\$156
Nationwide Financial	0.6%	0.0%	0.6%	\$39	\$0	\$39
Legg Mason	0.5%	0.0%	0.5%	\$56	\$5	\$61
Lincoln National	0.4%	0.1%	0.5%	\$36	\$6	\$42
Safeco	0.0%	0.4%	0.4%	\$0	\$25	\$25
BlackRock	0.0%	0.1%	0.1%	\$0	\$6	\$6
<b>25th Percentile (excluding Moody's)</b>	0.6%	0.0%	0.8%	\$38	\$0	\$49
<b>Median (excluding Moody's)</b>	1.0%	0.1%	1.2%	\$53	\$5	\$60
<b>75th Percentile (excluding Moody's)</b>	1.7%	0.3%	1.8%	\$141	\$25	\$160

## 2004 Equity Award Grants (3X Restricted Share Weight)

\* Shares Outstanding reflects disclosure in 2004 Annual Reports. Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding			Dollar Value of Market Cap (\$ millions)		
	Total Granted			Total Granted		
	Options	Restricted Stock	Options & Restricted Stock	Options	Restricted Stock	Options & Restricted Stock
Fair Isaac Corporation	7.2%	0.0%	7.2%	\$200	\$0	\$200
Assured Guaranty Ltd	2.5%	4.0%	6.5%	\$42	\$69	\$111
A.G. Edwards	0.4%	3.0%	3.4%	\$15	\$98	\$113
Raymond James Financial	2.0%	0.9%	2.9%	\$48	\$21	\$69
Amsouth	2.5%	0.2%	2.7%	\$217	\$14	\$231
XL Capital	1.3%	1.3%	2.6%	\$122	\$116	\$238
Regions Financial	1.2%	1.3%	2.5%	\$164	\$183	\$347
First Horizon National	2.3%	0.1%	2.4%	\$103	\$2	\$106
Mellon Financial	1.5%	0.9%	2.4%	\$194	\$121	\$315
Moody's 2005 Comp Year	1.5%	0.8%	2.3%	\$231	\$121	\$352
MBIA	0.8%	1.3%	2.0%	\$57	\$98	\$155
Genworth Financial	3.2%	0.0%	3.2%	\$466	\$0	\$466
Moody's 2006 Comp Year	1.0%	0.8%	1.8%	\$177	\$139	\$317
M&T Bank	1.8%	0.0%	1.8%	\$207	\$0	\$207
PMI Group	1.5%	0.2%	1.6%	\$52	\$7	\$59
MGIC	0.6%	0.9%	1.5%	\$36	\$49	\$85
Ambac Financial	0.4%	1.0%	1.5%	\$32	\$77	\$110
Jefferson Pilot	1.2%	0.0%	1.2%	\$85	\$0	\$85
Safeco	0.0%	1.1%	1.1%	\$0	\$75	\$75
Old Republic	1.1%	0.0%	1.1%	\$52	\$0	\$52
Everest Re	0.8%	0.2%	1.0%	\$40	\$12	\$53
Radian	0.9%	0.2%	1.1%	\$38	\$8	\$46
Torchmark	1.0%	0.0%	1.0%	\$53	\$0	\$53
Franklin Resources	0.7%	0.1%	0.8%	\$147	\$25	\$172
Nationwide Financial	0.6%	0.0%	0.6%	\$39	\$0	\$39
Lincoln National	0.4%	0.2%	0.6%	\$36	\$17	\$53
Legg Mason	0.5%	0.1%	0.6%	\$56	\$14	\$70
BlackRock	0.0%	0.3%	0.3%	\$0	\$18	\$18
<b>25th Percentile (excluding Moody's)</b>	0.6%	0.0%	1.0%	\$38	\$1	\$55
<b>Median (excluding Moody's)</b>	1.0%	0.2%	1.6%	\$53	\$16	\$95
<b>75th Percentile (excluding Moody's)</b>	1.7%	1.0%	2.6%	\$141	\$73	\$193

## 2004 Equity Award Outstanding

\* Shares Outstanding reflects disclosure in 2004 Annual Reports. Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding				Dollar Value of Market Cap (\$ millions)		
	Shares Authorized	Options Outstanding	Restricted Stock Outstanding	Options & Restricted Stock	Options Outstanding	Restricted Stock Outstanding	Options & Restricted Stock
Fair Isaac Corporation	8.5%	17.4%	0.0%	17.4%	\$481	\$1	\$482
First Horizon National	21.1%	14.1%	0.3%	14.4%	\$625	\$12	\$637
Mellon Financial	13.2%	8.2%	1.0%	9.2%	\$1,081	\$133	\$1,214
Torchmark	5.0%	9.1%	0.0%	9.1%	\$502	\$1	\$503
XL Capital	10.2%	7.9%	0.9%	8.8%	\$735	\$80	\$815
A.G. Edwards	15.3%	5.7%	2.9%	8.5%	\$187	\$95	\$281
Amsouth	13.3%	8.4%	0.1%	8.5%	\$717	\$10	\$727
Legg Mason	17.9%	8.4%	0.1%	8.5%	\$986	\$7	\$993
M&T Bank	7.0%	8.5%	0.0%	8.5%	\$988	\$0	\$988
Moody's	10.7%	8.1%	0.3%	8.4%	\$1,245	\$40	\$1,284
Raymond James Financial	16.0%	6.8%	0.9%	7.7%	\$161	\$21	\$182
BlackRock	12.3%	7.1%	0.2%	7.3%	\$401	\$12	\$413
Lincoln National	15.6%	7.0%	0.1%	7.1%	\$601	\$10	\$611
MBIA	4.2%	6.4%	0.7%	7.1%	\$487	\$50	\$537
Jefferson Pilot	9.9%	6.2%	0.0%	6.2%	\$450	\$0	\$450
PMI Group	16.1%	5.8%	0.1%	6.0%	\$210	\$4	\$214
Ambac Financial	13.9%	4.0%	1.5%	5.4%	\$295	\$110	\$405
Regions Financial	11.6%	4.6%	0.6%	5.2%	\$638	\$85	\$723
Nationwide Financial	11.6%	5.1%	0.0%	5.1%	\$306	\$1	\$307
Radian	9.6%	4.8%	0.1%	4.9%	\$207	\$5	\$212
Old Republic	5.7%	4.8%	0.0%	4.8%	\$228	\$0	\$228
Genworth Financial	7.2%	4.1%	0.3%	4.4%	\$607	\$42	\$649
Franklin Resources	12.5%	4.3%	0.1%	4.4%	\$876	\$13	\$889
MGIC	6.9%	3.5%	0.7%	4.2%	\$203	\$38	\$241
Everest Re	6.6%	4.0%	0.1%	4.1%	\$209	\$7	\$216
Safeco	8.6%	3.4%	0.5%	3.9%	\$226	\$34	\$261
Assured Guaranty Ltd	9.0%	2.3%	1.4%	3.7%	\$39	\$24	\$62
<b>25th Percentile</b> (excluding Moody's)	7.5%	4.4%	0.1%	4.9%	\$214	\$5	\$246
<b>Median</b> (excluding Moody's)	10.9%	6.0%	0.2%	6.6%	\$465	\$12	\$466
<b>75th Percentile</b> (excluding Moody's)	13.8%	8.1%	0.7%	8.5%	\$635	\$41	\$704

## 2004 Equity Award Outstanding (3X Restricted Share Weight)

\* Shares Outstanding reflects disclosure in 2004 Annual Reports. Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding				Dollar Value of Market Cap (\$ millions)		
	Shares Authorized	Options Outstanding	Restricted Stock Outstanding	Options & Restricted Stock	Options Outstanding	Restricted Stock Outstanding	Options & Restricted Stock
Fair Isaac Corporation	8.5%	17.4%	0.1%	17.5%	\$481	\$3	\$484
First Horizon National	21.1%	14.0%	0.8%	14.9%	\$621	\$36	\$658
A.G. Edwards	15.3%	5.4%	8.1%	13.5%	\$177	\$269	\$445
Mellon Financial	13.2%	8.0%	3.0%	11.0%	\$1,060	\$392	\$1,452
XL Capital	10.2%	7.8%	2.6%	10.4%	\$723	\$236	\$959
Raymond James Financial	16.0%	6.7%	2.7%	9.3%	\$158	\$63	\$220
Torchmark	5.0%	9.1%	0.1%	9.2%	\$502	\$3	\$505
Moody's	10.7%	8.1%	0.8%	8.8%	\$1,238	\$118	\$1,357
Amsouth	13.3%	8.3%	0.4%	8.7%	\$715	\$31	\$746
Legg Mason	17.9%	8.4%	0.2%	8.6%	\$985	\$21	\$1,006
M&T Bank	7.0%	8.5%	0.0%	8.5%	\$988	\$0	\$988
MBIA	4.2%	6.3%	2.0%	8.3%	\$481	\$148	\$629
Ambac Financial	13.9%	3.8%	4.3%	8.1%	\$287	\$319	\$606
BlackRock	12.3%	7.1%	0.6%	7.7%	\$400	\$35	\$435
Lincoln National	15.6%	7.0%	0.4%	7.4%	\$600	\$30	\$630
Regions Financial	11.6%	4.6%	1.8%	6.4%	\$630	\$251	\$881
Assured Guaranty Ltd	9.0%	2.2%	4.0%	6.3%	\$38	\$69	\$106
PMI Group	16.1%	5.8%	0.4%	6.2%	\$209	\$13	\$223
Jefferson Pilot	9.9%	6.2%	0.0%	6.2%	\$450	\$0	\$450
MGIC	6.9%	3.5%	2.0%	5.5%	\$200	\$114	\$314
Radian	9.6%	4.8%	0.3%	5.2%	\$207	\$14	\$221
Nationwide Financial	11.6%	5.1%	0.1%	5.1%	\$306	\$4	\$309
Genworth Financial	7.2%	4.1%	0.9%	5.0%	\$604	\$126	\$729
Safeco	8.6%	3.4%	1.5%	4.9%	\$224	\$102	\$326
Old Republic	5.7%	4.8%	0.0%	4.8%	\$228	\$0	\$228
Franklin Resources	12.5%	4.3%	0.2%	4.5%	\$875	\$38	\$914
Everest Re	6.6%	3.9%	0.4%	4.3%	\$208	\$21	\$229
<b>25th Percentile</b> (excluding Moody's)	7.5%	4.4%	0.2%	5.2%	\$213	\$14	\$310
<b>Median</b> (excluding Moody's)	10.9%	6.0%	0.5%	7.5%	\$465	\$36	\$494
<b>75th Percentile</b> (excluding Moody's)	13.8%	8.0%	2.0%	9.1%	\$628	\$123	\$742

# MOODY'S

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## 2004 Competitive Market Compensation Update and Projections

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December 7, 2004

JOHNSON ASSOCIATES, INC.

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## Introduction

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Johnson Associates was asked by Moody's to prepare a brief summary report on 2004 year-end competitive positioning. The objective is to provide the Compensation Committee with an indication of where Moody's 2004 and 2005 target total compensation for senior professionals will be positioned against the competitive marketplace. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms across industry sectors.

The business environment in 2004 has impacted most major financial service firms in a positive way. Continued strong bond issuances and other fixed income product investments have produced strong business results and increased compensation across firms. Additionally for majority of financial service comparators, other business units like those focused on corporate finance, equities, and private equity/venture capital, compensation will have also contributed positively to year-over-year results, funding company-wide bonus and equity pools at a 10%-15% increase over 2003.

The upturn in compensation is expected to continue into 2005 as earnings momentum is sustained across the majority of sectors. Moody's will likely need to somewhat aggressively use equity awards and adjust 2005 individual compensation opportunities to remain competitive.

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## Overview of Moody's Market Positioning and Proposed 2005

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- Similar to previous years' exercise, Johnson Associates benchmarked Moody's senior executives (Group Managing Directors and above) to market comparators
  - Comparator group emphasizes other rating agencies and financial guarantors, with additional reference to broader financial services and to a lesser degree investment/commercial banks (more relevant for Team MD's and below)
- Analysis focused on target compensation for 2004 and 2005 relative to market. As a group, executive 2004 target compensation at market median, with proposed 2005 targets at  $\approx 65^{\text{th}}$  percentile, or between market median and  $75^{\text{th}}$  percentile
  - Consistent with the past few years, actual incentive (EPIC) payouts expected to be down year-over-year, however actual projections generally still above target levels
  - While turnover has increased somewhat, management does not believe retention of senior executives will be an issue this year. Driving factor is embedded, unvested equity gains from previous option awards
  - Moody's rising stock price has help to bridge potential gap to market. Even with lower year-over-year annual bonus payouts, the increase in equity value delivered to participants has helped maintain market positioning. Without the proposed increase in equity awards, market positioning would be a competitive issue
  - Although equity has preserved Moody's market competitiveness, recognize current pay mix is over weighted toward equity and likely not optimal long-term

## Overview of Moody's Market Positioning and Proposed 2005

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- Johnson Associates supports management's proposed  $\approx 25\%$  increase in 2005 target total compensation. Proposal incorporates both market movements and promotions
  - Ideally, given the current mix of pay Johnson Associates would recommend larger increases to target bonus and more moderate increase to equity, however given the circumstances believe management's proposal is reasonable
  - Current Moody's outlook for 2005 is uncertain, and thus increasing target incentives with strong likelihood of below target payouts might be counter productive
  - Equity would provide better retention over the near term
  - A heavier emphasis on restricted stock vis-à-vis stock options to provide some downside protection
- For 2005 propose a serious review of cash incentive targets, not only for senior executives, but also, for Team MD's and below where lures of other career opportunities will be real and present. Believe current and potentially growing gap to market of target/actual cash incentive not sustainable
- In total, Moody's continues to be positioned at the 75<sup>th</sup> percentile for equity utilization, which is reasonable given current situation. Over time, if stock price is maintained or increases further, would expect annual utilization to decrease somewhat
  - In addition to significant individual awards, the mix of stock options (i.e., 75% of long-term award) versus restricted stock (i.e., 25% of long-term award) a contributing factor
  - Support management's proposal to increase proportion of restricted stock (i.e., from 25% to 33%), in line with competitive practice, but also to protect the Company. Given large option holdings, a decreased or languishing stock price would reduce "hand-cuff" effect of unvested awards

## Summary and Potential Directions

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- Market comparators generally expected to increase bonus and long-term compensation  $\cong$  10-15%+ from 2003
  - In contrast, majority of Moody's senior management expected to receive lower cash incentive payouts. However proposed increases to target cash and especially equity award value will help maintain market positioning
- Moody's expected to generally be positioned at 2004 market median. Strong market compensation environment expected to continue into 2005
  - Support Moody's proposed  $\cong$ 25% increase for 2005 compensation which places Moody's between the median and 75<sup>th</sup> percentile. While it is an aggressive move, although virtually all of it is in long-term (and includes a significant Black Scholes value)
- During 2005, consider reviewing and potentially adjusting bonus targets to ensure competitive opportunity for meeting performance expectations
  - Continue to review mix of pay (i.e., cash versus equity) as well as proportion of stock options versus restricted stock

## Senior Executive Market Compensation

### EVPs & Above

Name	Title / Description	2004 Target		2005 Target		2004 Market Compensation			
		Total Cash	Total Comp	Total Cash	Total Comp	Median Total Cash	Median Total Comp	75th %ile Total Cash	75th %ile Total Comp
Rutherford, John <sup>(1)</sup>	Chairman & CEO - MCO	\$1,817	\$4,810	\$1,889	\$5,736	\$2,250	\$4,750	\$2,800	\$5,600
McDaniel, Raymond	President & COO - MCO	\$1,035	\$3,230	\$1,500	\$4,771	\$1,550	\$3,000	\$1,900	\$3,900
Dering, Jeanne	Chief Financial Officer - MCO	\$663	\$1,661	\$763	\$2,071	\$1,000	\$1,500	\$1,125	\$1,950
Goggins, John	SVP - General Counsel	\$465	\$1,084	\$504	\$1,355	\$700	\$1,175	\$875	\$1,550
Murray, Chester <sup>(2)</sup>	EVP - MIS International	\$709	\$1,607	\$738	\$2,046	\$1,100	\$1,700	\$1,400	\$2,400
<b>EVPs &amp; Above TOTAL</b>									
<i>(excluding J. Rutherford &amp; R. McDaniel)</i>		\$3,987	\$9,105	\$4,343	\$11,867	\$5,950	\$9,475	\$7,925	\$13,800

(1) 2005 Target compensation for J. Rutherford reflects full year equity award, but board retains discretion in determining final/actual award

(2) Previously C. Murray matched as Head Human Resources, currently matched as Head MIS International

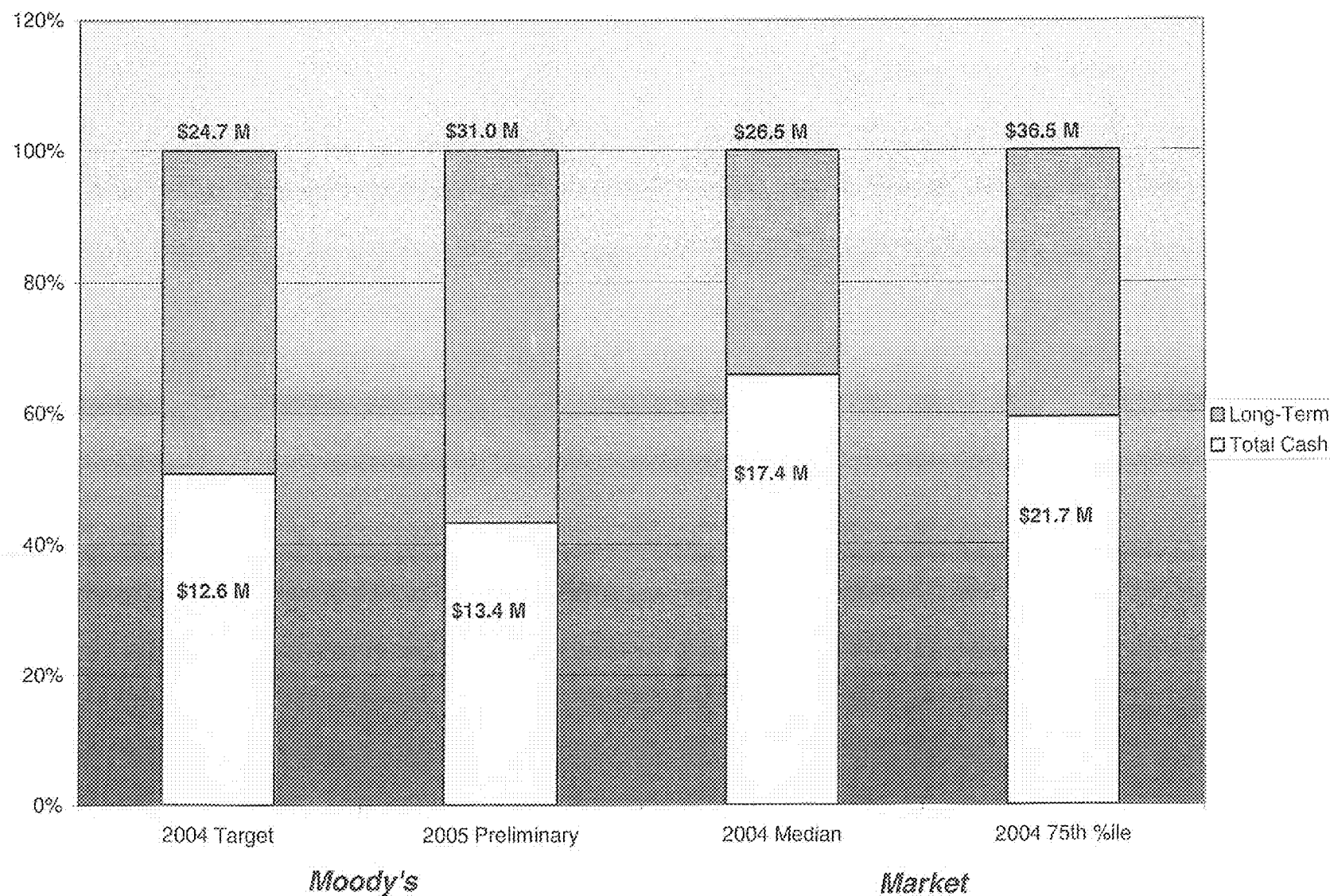
### SMDs

<b>SMDs TOTAL</b>		\$2,980	\$5,973	\$3,134	\$7,452	\$4,135	\$6,250	\$5,125	\$8,900

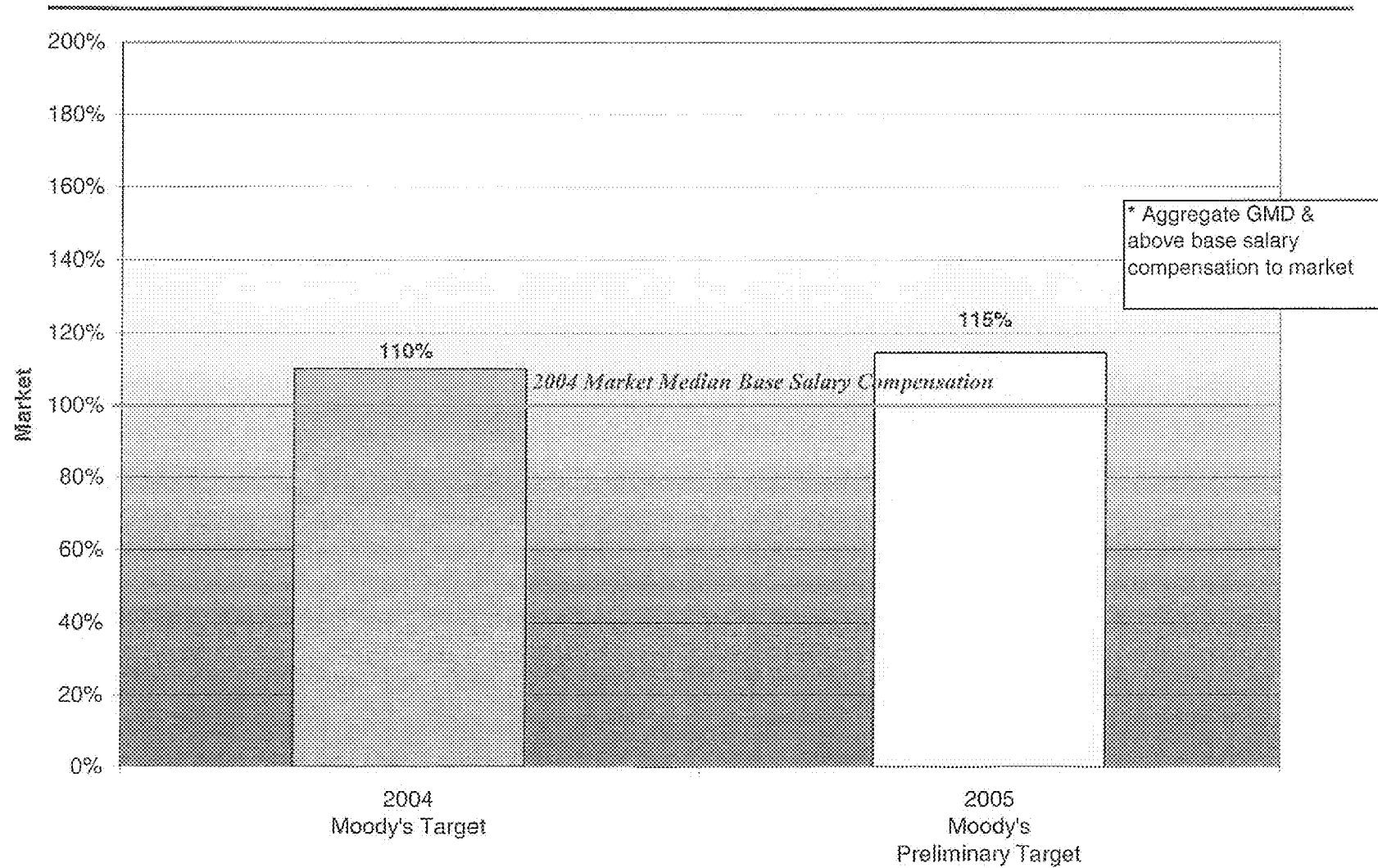
### GMDs

<b>GMDs TOTAL</b>		\$5,605	\$9,666	\$5,903	\$11,634	\$7,350	\$10,725	\$8,625	\$13,825
<b>GMDs &amp; Above TOTAL</b>									
<i>(excluding J. Rutherford &amp; R. McDaniel)</i>		\$12,572	\$24,744	\$13,381	\$30,964	\$17,435	\$26,450	\$21,675	\$38,525

# **Cash vs. Long-Term Compensation Mix** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*

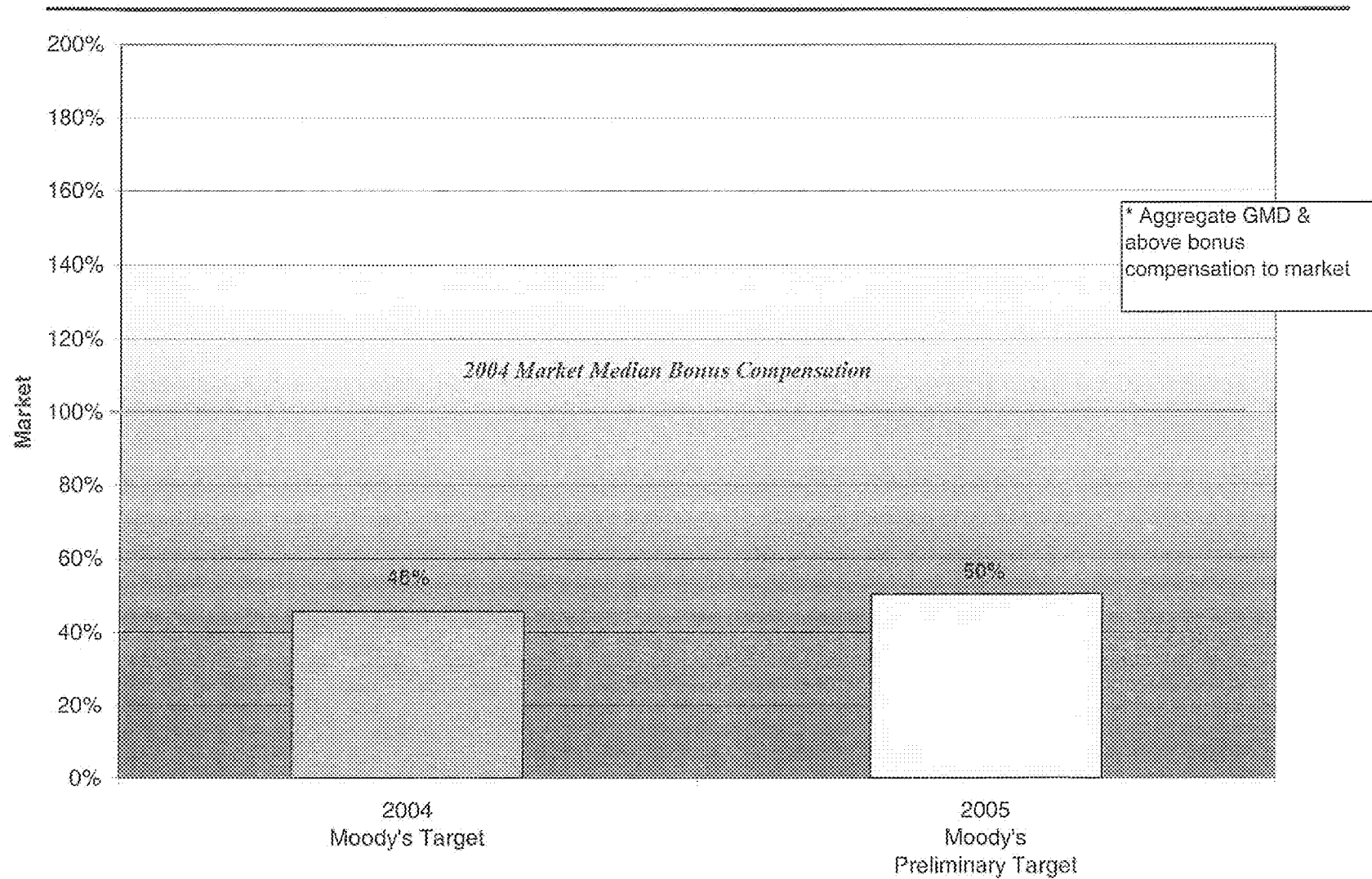


# **Base Salary Compensation** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*

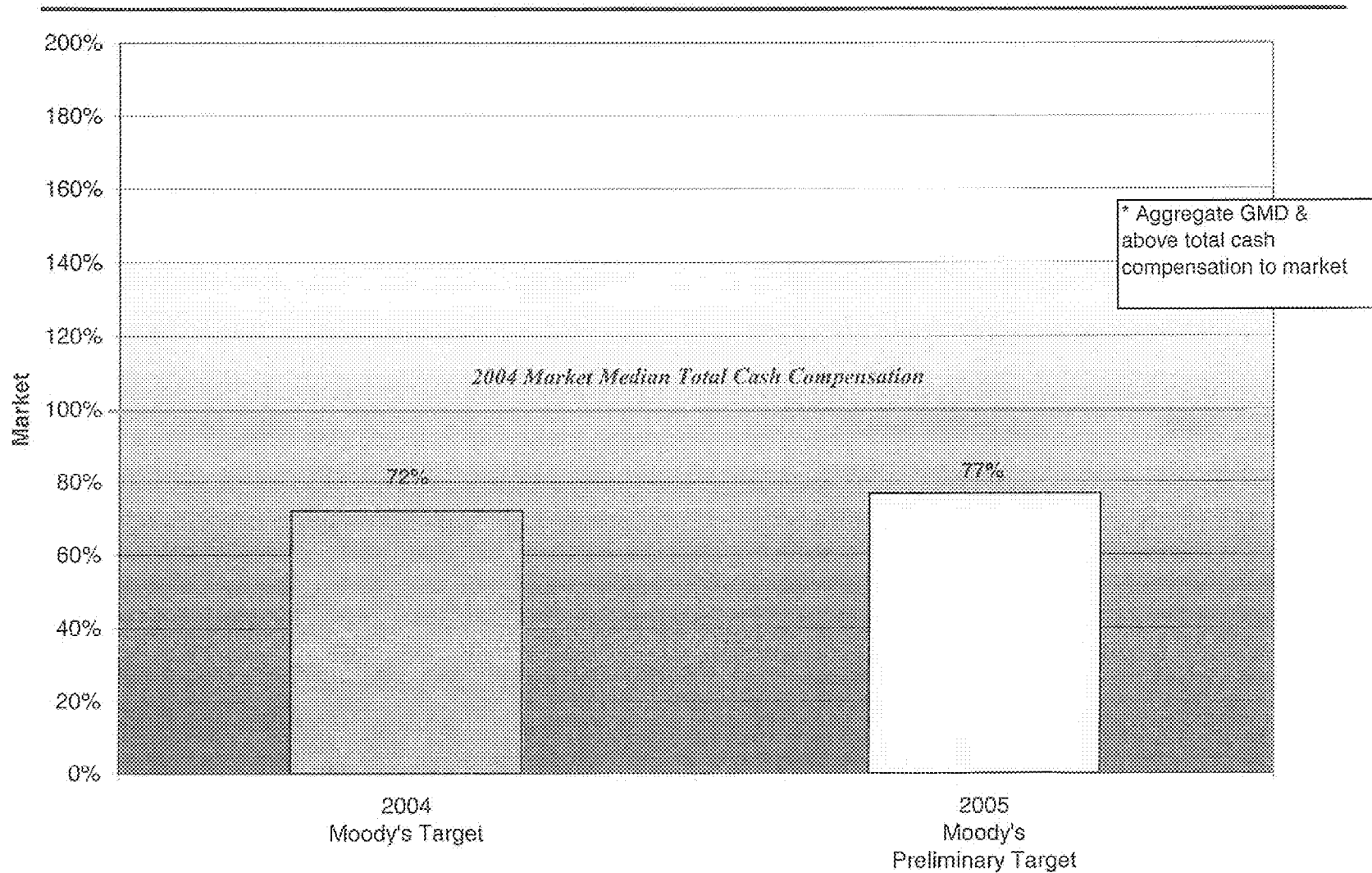




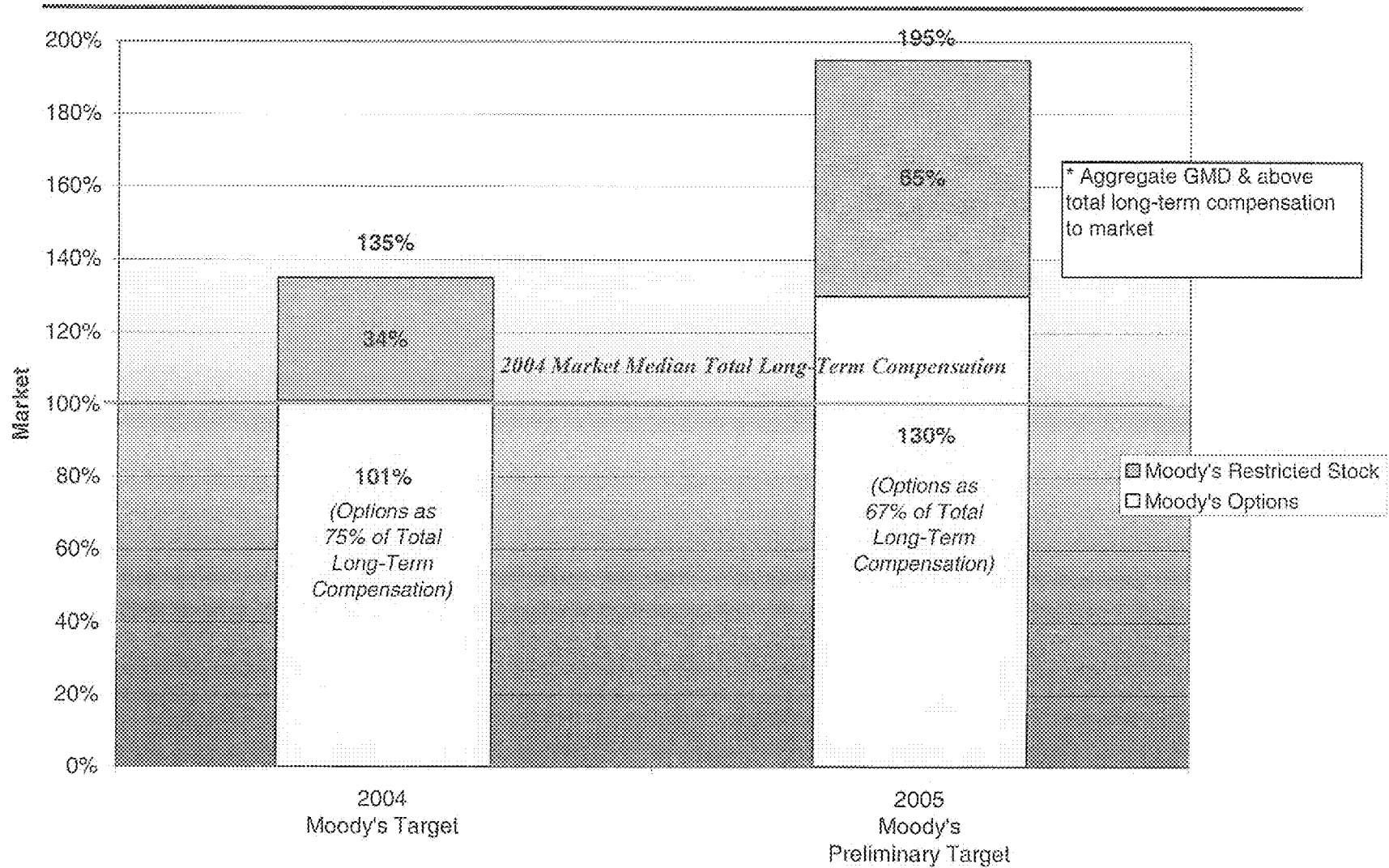
# **Target Bonus Compensation** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*



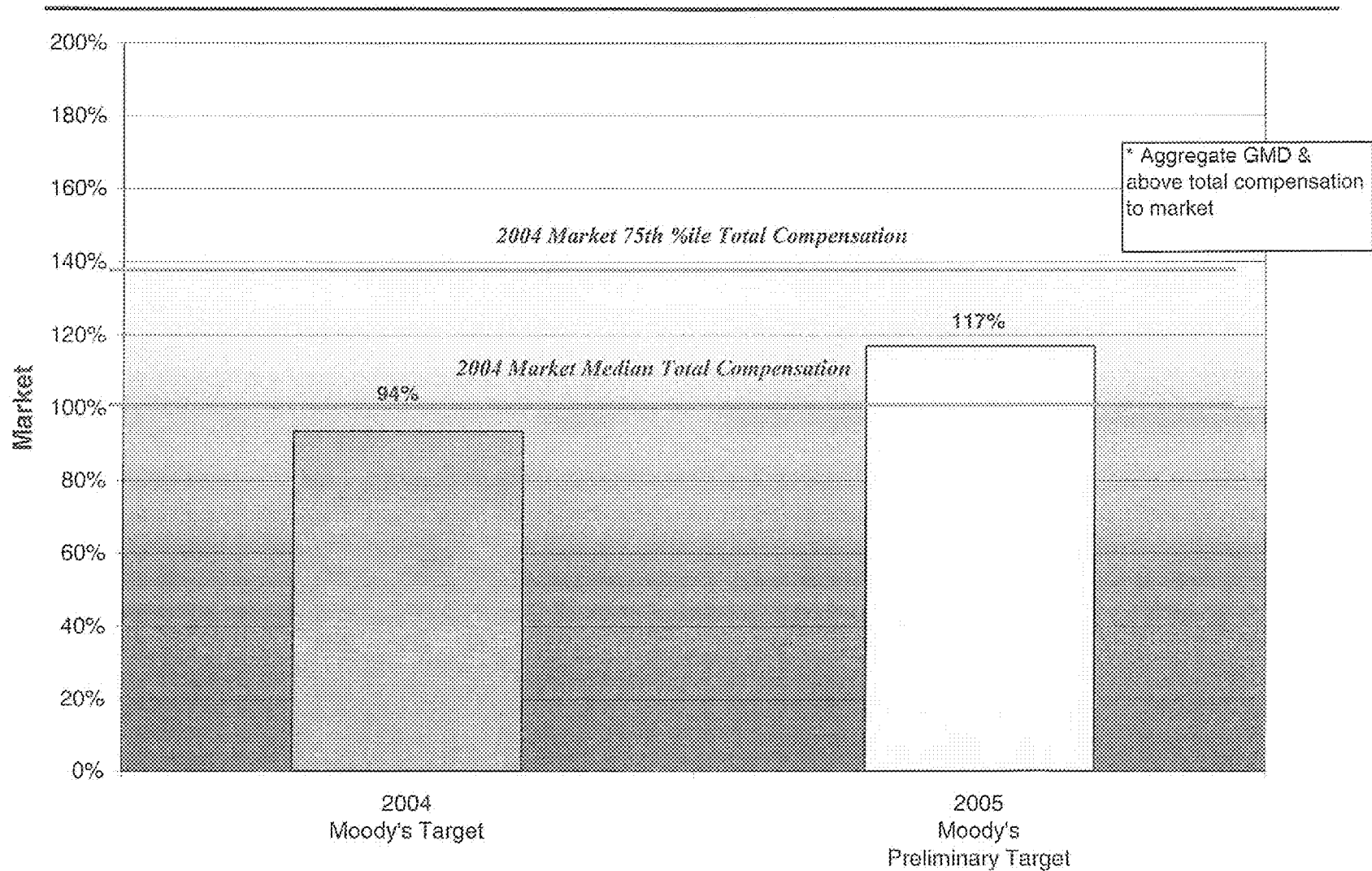
# **Total Cash Compensation** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*



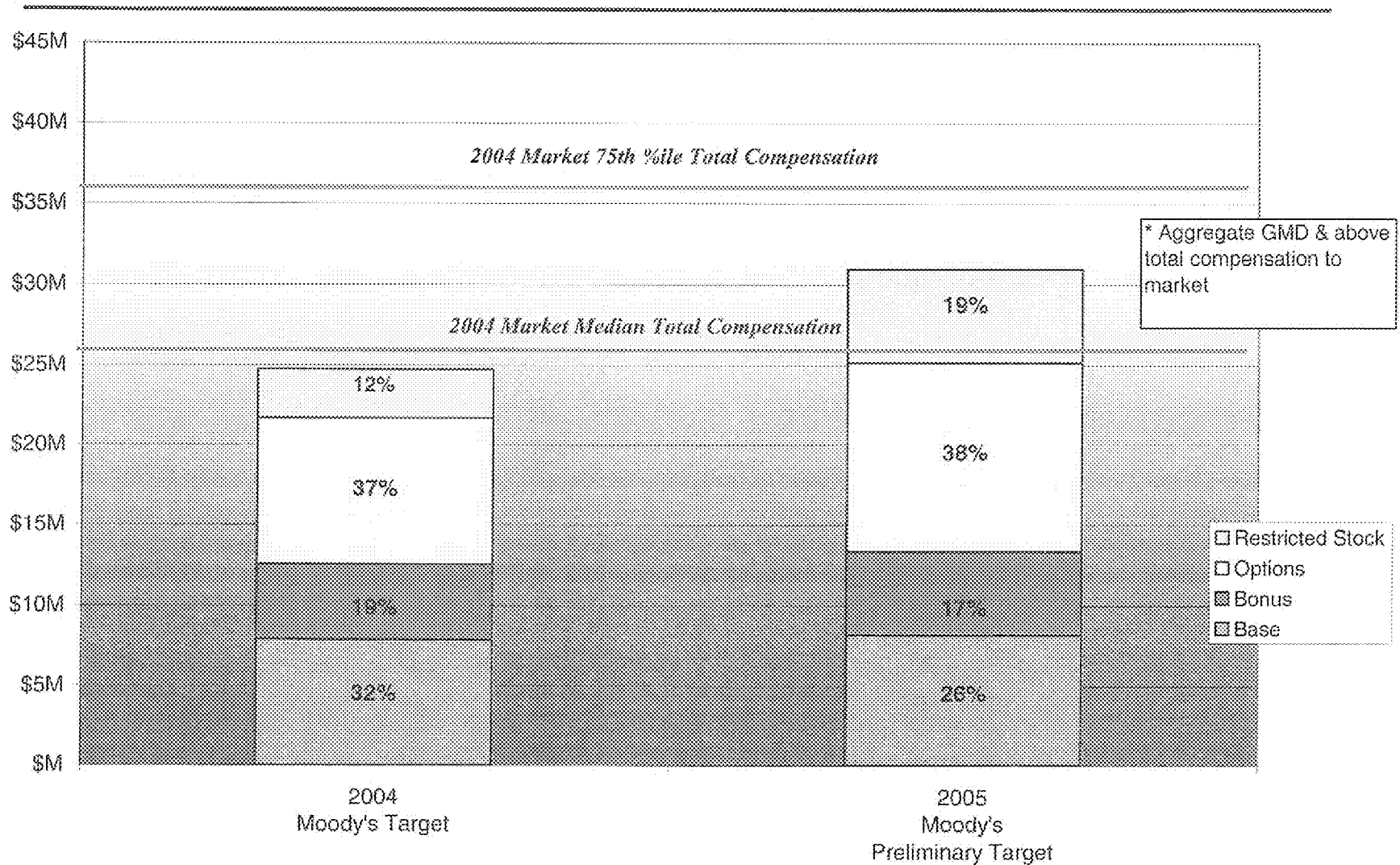
# **Total Long-Term Compensation** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*



# **Total Compensation** *GMDs & Above (excluding J. Rutherford & R. McDaniel)*



**Total Compensation (with Contribution by Element)**  
*GMDs & Above (excluding J. Rutherford & R. McDaniel)*



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## APPENDIX

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# 2003 Executive Compensation - Proxy Analysis

## Chief Executive Officer

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value (1)	Rest Stock	LTP	Total Long-Term	Total Direct Comp	Discretionary Bonus (2)	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Total Comp
John Hancock	D'Alessandro, D.F.	COB, Pres, CEO	\$1,000,000	\$2,840,000	\$0	\$3,840,000	\$0	\$13,012,085	\$0	\$13,012,085	\$16,852,085	\$812,125	\$12,000	\$824,125	\$1,116	\$17,677,328	5%
ACE Limited	Duperreault, B.	COB and CEO	\$1,030,000	\$4,000,000	\$0	\$5,030,000	\$2,323,200	\$5,227,200	\$0	\$7,550,400	\$12,580,400	\$0	\$454,500	\$454,500	\$638,751	\$13,673,851	3%
Mellon Financial	McGuinn, M.G.	COB, CEO	\$900,000	\$1,125,000	\$0	\$2,025,000	\$2,941,013	\$5,970,256	\$0	\$9,911,269	\$11,936,269	\$156,517	\$8,500	\$163,017	\$259,175	\$12,358,461	1%
MBIA	Brown, J.W.	COB, CEO (stepping down as CEO 5/6/04)	\$750,000	\$2,000,000	\$0	\$2,750,000	\$0	\$9,234,680	\$0	\$9,234,680	\$10,984,680	\$0	\$412,500	\$412,500	\$954,366	\$12,351,548	3%
Lincoln National	Bosola, J.A.	COB, CEO	\$850,000	\$4,247,571	\$0	\$5,097,571	\$0	\$0	\$5,200,000	\$5,200,000	\$10,287,571	\$451,315	\$68,986	\$520,301	\$116,036	\$10,933,908	5%
SouthTrust	Malone, W.D. Jr.	COB, CEO, Pres	\$1,000,000	\$1,725,248	\$3,183,827	\$5,910,075	\$3,064,333	\$0	\$1,080,290	\$4,114,623	\$10,024,898	\$500,555	\$0	\$500,555	\$87,822	\$10,613,076	5%
Safeco	McGavick, M.S.	COB, Pres, CEO	\$1,000,000	\$1,850,000	\$0	\$2,850,000	\$5,356,784	\$638,537	\$685,402	\$6,690,723	\$9,540,723	\$270,078	\$14,000	\$284,078	\$0	\$9,824,801	3%
AmSouth	Ritter, C.D.	COB, Pres, CEO	\$895,000	\$1,865,000	\$0	\$2,860,000	\$4,111,860	\$0	\$1,152,000	\$5,263,860	\$8,123,660	\$848,966	\$67,370	\$914,326	\$142,481	\$9,180,467	10%
First Tennessee Natl	Glass, J.K.	Pres, CEO, COB (from 1/1/04)	\$764,346	\$1,272,416	\$0	\$2,036,762	\$2,255,101	\$2,075,750	\$2,310,469	\$6,641,320	\$8,678,082	\$233,820	\$6,000	\$239,820	\$128,597	\$9,046,489	3%
Jefferson Pilot	Stonecipher, D.A.	COB, CEO (retired from CEO post 2/04)	\$1,134,858	\$2,250,000	\$0	\$3,384,858	\$4,228,597	\$0	\$0	\$4,228,597	\$7,613,255	\$1,002,328	\$6,600	\$1,008,928	\$0	\$8,622,182	12%
Logg Mason	Mason, R.A.	COB, Pres, CEO	\$394,171	\$7,244,688	\$0	\$7,638,859	\$263,067	\$0	\$0	\$263,067	\$7,901,926	\$0	\$10,000	\$10,000	\$0	\$7,911,926	0%
Financial Security Assurance	Cochran, R.P.	COB, CEO	\$490,000	\$3,200,000	\$0	\$3,690,000	\$0	\$0	\$3,708,000	\$3,708,800	\$7,388,800	\$349,680	\$90,000	\$439,680	\$0	\$7,838,480	6%
Ambac Financial	Lassiter, P.B.	COB, CEO (retired from CEO post 1/24/04)	\$660,000	\$2,000,000	\$0	\$2,660,000	\$2,339,167	\$1,964,725	\$0	\$4,303,892	\$6,963,892	\$315,091	\$59,485	\$374,576	\$0	\$7,338,468	5%
XL Capital	O'Hara, B.M.	Pres, CEO	\$1,000,000	\$0	\$0	\$1,000,000	\$5,426,667	\$0	\$0	\$5,426,667	\$8,426,667	\$94,764	\$0	\$94,764	\$134,428	\$8,655,859	1%
Everest Re	Taranto, J.V.	COB, CEO	\$1,000,000	\$1,800,000	\$0	\$2,800,000	\$0	\$2,231,100	\$0	\$2,231,100	\$5,031,100	\$653,372	\$29,308	\$682,680	\$1,158	\$5,714,938	12%
PMI Group	Haughton, W.R.	COB, CEO	\$750,000	\$419,198	\$0	\$1,169,198	\$1,525,768	\$1,608,600	\$0	\$3,134,368	\$4,303,564	\$301,233	\$10,200	\$311,433	\$134,624	\$4,749,621	7%
Regions Financial	Jones, C.E. Jr.	COB, Pres, CEO	\$800,000	\$1,200,000	\$0	\$2,000,000	\$1,224,767	\$1,013,600	\$0	\$2,238,367	\$4,238,367	\$213,220	\$152,720	\$365,940	\$0	\$4,604,306	8%
MGIC	Culver, C.S.	Pres., CEO	\$619,231	\$418,922	\$0	\$1,038,153	\$1,185,333	\$520,161	\$1,117,440	\$2,802,934	\$3,839,087	\$98,190	\$11,800	\$109,990	\$2,467	\$3,951,345	3%
Old Republic	Zucaro, A.C.	Pres, CEO	\$677,700	\$510,167	\$0	\$1,187,867	\$1,681,300	\$0	\$510,167	\$2,171,467	\$3,359,334	\$94,979	\$0	\$94,979	\$14,311	\$3,468,624	3%
Nationwide Financial	Jurgensen, W.G.	COB, CEO	\$300,000	\$771,919	\$0	\$1,071,919	\$1,816,290	\$0	\$0	\$1,816,290	\$2,688,209	\$248,762	\$6,000	\$255,762	\$40,000	\$3,183,971	8%
Waddell & Reed (2)	Tucker, K.A.	COB, CEO	\$800,016	\$1,200,000	\$0	\$2,000,016	\$0	\$400,000	\$0	\$400,000	\$2,400,016	\$189,530	\$0	\$189,530	\$269,314	\$2,658,860	7%
Franklin Resources (3)	Johnson, C.B.	COB, CEO (resigned from CEO position 12/31/03)	\$594,330	\$2,000,000	\$0	\$2,594,330	\$0	\$0	\$0	\$0	\$2,594,330	\$0	\$7,557	\$7,557	\$75,222	\$2,677,109	0%
Torchmark	Hudson, C.B.	COB, Pres, CEO	\$800,000	\$300,000	\$0	\$1,100,000	\$1,421,517	\$0	\$0	\$1,421,517	\$2,521,517	\$104,241	\$0	\$104,241	\$0	\$2,625,757	4%
Radian	Fripps, F.P.	COB, CEO	\$725,000	\$335,000	\$0	\$1,060,000	\$1,072,167	\$185,000	\$0	\$1,237,167	\$2,297,167	\$216,910	\$0	\$216,910	\$61,231	\$2,575,307	8%
T.Rowe Price	Roche, G.A.	COB, Pres	\$300,000	\$2,000,000	\$0	\$2,300,000	\$0	\$0	\$0	\$0	\$2,300,000	\$0	\$26,085	\$26,085	\$1,500	\$2,327,585	1%
Raymond James	James, T.A.	COB, CEO	\$263,250	\$1,300,013	\$243,886	\$1,807,149	\$0	\$249,984	\$0	\$249,984	\$2,057,133	\$0	\$0	\$0	\$38,810	\$2,095,943	0%
		COB, CEO and COB & CEO of Brokerage															
A.G. Edwards	Bagby, R.L.	Company	\$456,000	\$671,003	\$0	\$1,327,003	\$0	\$211,752	\$0	\$211,752	\$1,538,755	\$0	\$100,744	\$100,744	\$0	\$1,639,499	6%
M&T Bank	Winters, R.G.	Bank	\$480,768	\$450,000	\$0	\$930,768	\$0	\$0	\$0	\$0	\$930,768	\$41,864	\$10,612	\$52,476	\$2,665	\$986,109	6%
25th Percentile			\$598,249	\$706,491	\$0	\$1,304,740	\$0	\$0	\$0	\$1,304,740	\$2,578,127	\$31,938	\$4,500	\$36,438	\$0	\$2,614,565	5%
Median			\$787,173	\$1,513,131	\$0	\$2,300,304	\$1,195,000	\$186,376	\$0	\$2,686,680	\$5,128,883	\$201,975	\$10,406	\$212,381	\$26,561	\$5,468,391	5%
75th Percentile			\$896,250	\$2,000,000	\$0	\$2,896,250	\$2,327,192	\$1,897,031	\$266,478	\$5,049,951	\$9,999,722	\$223,739	\$51,456	\$275,195	\$130,055	\$10,346,372	7%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

(3) CEO is a principal shareholder of the company and his compensation is significantly lower than other CEO peers

# 2003 Executive Compensation - Proxy Analysis

## Second Highest Paid

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTP	Total Long-Term	Total Direct Comp	Dispositive Defined Benefit Pension (SERP)	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Tot Comp
MBIA	Dunton, G.C.	Pres, COO (will be CEO on 5/6/04)	\$700,000	\$0	\$0	\$700,000	\$4,322,687	\$2,000,000	\$1,850,000	\$8,172,687	\$8,872,687	\$0	\$327,500	\$327,500	\$416,892	\$9,617,059	3%
Mellon Financial	Elliott, S.G.	SVC OB	\$660,000	\$550,000	\$0	\$1,210,000	\$1,822,987	\$4,937,818	\$0	\$6,890,805	\$8,070,805	\$93,524	\$7,800	\$101,324	\$290,163	\$8,462,291	1%
John Hancock	Maloney, T.E.	CFO, Sr. EVP	\$700,000	\$1,841,000	\$0	\$2,541,000	\$0	\$5,163,647	\$0	\$5,163,647	\$7,504,647	\$495,100	\$12,000	\$507,100	\$1,287	\$8,013,034	6%
ACE Limited	Greenberg, E.G.	Pres, COO (will be CEO on 5/27/2004)	\$975,000	\$2,000,000	\$0	\$2,975,000	\$1,161,600	\$2,613,600	\$0	\$3,775,200	\$6,750,200	\$0	\$386,250	\$386,250	\$315,094	\$7,451,544	5%
Financial Security Assurance	McCarthy, S.W.	Pres, COO	\$300,000	\$2,600,000	\$0	\$3,100,000	\$0	\$0	\$2,688,880	\$2,688,880	\$5,788,880	\$293,769	\$90,000	\$383,769	\$0	\$6,172,649	8%
Ambac Financial	Gonsder, R.J.	Pres, COO	\$425,000	\$862,500	\$0	\$1,287,500	\$2,526,300	\$383,368	\$0	\$2,909,668	\$4,197,166	\$152,511	\$36,308	\$188,819	\$0	\$4,385,985	4%
Nationwide Financial	Gasper, J.J.	Pres, COO	\$735,598	\$901,266	\$500,000	\$2,136,862	\$1,792,296	\$0	\$0	\$1,792,296	\$3,929,158	\$381,397	\$6,000	\$387,397	\$0	\$4,316,555	9%
Franklin Resources	Flanagan, M.L.	Pres, Member - Office of the Pres (Co-CEO from 1/1/04)	\$785,758	\$1,050,000	\$0	\$1,835,758	\$1,193,333	\$1,134,132	\$0	\$2,327,465	\$4,163,223	\$0	\$8,754	\$8,754	\$0	\$4,171,977	0%
Lincoln National	Gotta, J.H.	EVP, Lincoln Nat'l Life Insurance	\$504,807	\$1,413,604	\$0	\$1,918,411	\$0	\$0	\$1,950,000	\$1,950,000	\$3,868,411	\$169,847	\$35,137	\$204,984	\$5,060	\$4,079,055	5%
Waddell & Reed (2)	Hermann, H.J.	Pres, Chief Investment Officer	\$800,000	\$1,200,000	\$0	\$2,000,000	\$0	\$1,503,496	\$0	\$1,503,496	\$3,503,496	\$189,529	\$0	\$189,529	\$174,453	\$3,667,478	5%
SouthTrust	Banton, J.W.	Former Pres, Former Pres & CEO - Bank	\$702,500	\$788,439	\$0	\$1,490,939	\$1,483,533	\$0	\$523,600	\$2,007,133	\$3,498,072	\$273,745	\$0	\$273,745	\$7,699	\$3,779,517	7%
Jefferson Pilot	Glass, D.R.	Pres, (CEO from 3/04)	\$612,000	\$650,000	\$0	\$1,262,000	\$1,722,470	\$0	\$370,000	\$2,092,470	\$3,354,470	\$373,727	\$6,400	\$380,127	\$0	\$3,734,597	10%
XL Capital	Tobin, C.R.	CEO of XL Insurance Global Risk Operations	\$425,000	\$400,000	\$0	\$825,000	\$1,295,667	\$848,100	\$0	\$2,143,767	\$2,968,767	\$78,181	\$0	\$78,181	\$527,185	\$3,574,132	2%
T.Rowe Price	Rogers, B.C.	VP (Chief Investment Officer from 1/1/04)	\$300,000	\$2,100,000	\$0	\$2,400,000	\$869,000	\$0	\$0	\$869,000	\$3,269,000	\$0	\$26,085	\$26,085	\$4,500	\$3,299,585	1%
Safeco	Talbot, R.H.	Pres, Life & Investments	\$525,000	\$735,000	\$0	\$1,260,000	\$1,522,508	\$181,479	\$197,748	\$1,801,735	\$3,181,735	\$119,403	\$14,000	\$133,403	\$0	\$3,295,138	4%
Legg Mason	Brinkley, J.W.	Sr EVP; COB Legg Mason Wood Walker	\$297,917	\$2,350,000	\$0	\$2,647,917	\$131,533	\$0	\$0	\$131,533	\$2,779,450	\$0	\$10,000	\$10,000	\$0	\$2,789,450	0%
AmSouth	Gibson, S.D.	VCOB, CFO, Grp Head - Fin. & Credit (to resign after 2/4/04)	\$470,000	\$432,400	\$0	\$902,400	\$1,195,250	\$0	\$323,000	\$1,518,250	\$2,420,650	\$267,235	\$28,200	\$295,435	\$0	\$2,716,085	11%
Torchmark	McAndrew, M.S.	Pres, CEO - United American, Globe and American Income	\$722,753	\$300,000	\$0	\$1,022,753	\$1,421,517	\$0	\$0	\$1,421,517	\$2,444,270	\$96,921	\$0	\$96,921	\$0	\$2,541,190	4%
Regions Financial	Horsley, R.D.	VCOB, COO	\$430,000	\$507,938	\$0	\$937,938	\$791,875	\$633,500	\$0	\$1,425,375	\$2,363,313	\$99,993	\$67,389	\$167,382	\$0	\$2,530,695	7%
M&T Bank	Pinio, M.P.	EVP & CFO of M&T Bank Corp & M&T Bank; COB M&T Bank	\$359,326	\$250,000	\$0	\$609,326	\$1,738,317	\$0	\$0	\$1,738,317	\$2,347,643	\$27,406	\$10,612	\$38,018	\$1,710	\$2,387,371	2%
First Tennessee Nat'l	Burkett, C.G.	Pres Retail Fin Svcs & Memphis Fin Svcs	\$420,308	\$472,847	\$0	\$893,155	\$176,667	\$0	\$954,000	\$1,130,667	\$2,023,822	\$102,534	\$6,000	\$108,534	\$46,585	\$2,178,941	5%
Raymond James	Saylor, V.C.	SVP, Fixed Income - RJA	\$146,000	\$1,540,014	\$1,199	\$1,687,213	\$53,333	\$324,982	\$0	\$378,315	\$2,065,528	\$0	\$0	\$0	\$33,720	\$2,099,248	0%
MGIC	MacLeod, J.S.	EVP-Field Operations (retired 1/30/04)	\$308,846	\$250,400	\$0	\$559,246	\$582,667	\$0	\$558,720	\$1,141,387	\$1,700,633	\$52,997	\$11,600	\$64,597	\$0	\$1,765,229	4%
Old Republic	Simpson, W.A.	SVP Mortgage Guaranty	\$310,858	\$425,000	\$0	\$735,858	\$493,900	\$0	\$425,000	\$918,900	\$1,654,758	Not applicable	\$20,000	\$20,000	\$19,535	\$1,694,293	1%
Everest Re	Gallagher, T.J.	Pres, COO	\$446,538	\$500,000	\$0	\$946,538	\$0	\$446,220	\$0	\$446,220	\$1,392,758	\$220,872	\$13,381	\$234,253	\$1,158	\$1,628,169	14%
PMI Group	Smith, I.S.	Dir, Pres, COO	\$425,000	\$213,791	\$0	\$638,791	\$778,497	\$0	\$0	\$778,497	\$1,414,288	\$184,578	\$10,200	\$174,778	\$0	\$1,588,066	11%
Radian	Kasmar, R.J.	Pres, COO	\$455,000	\$304,850	\$0	\$759,850	\$456,500	\$150,150	\$0	\$609,650	\$1,369,500	\$155,489	\$0	\$155,489	\$41,554	\$1,566,543	10%
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP and EVP, Treasurer, CFO & Dir of Law & Compliance and Dir of Admin at Bkg Co.	\$206,188	\$545,044	\$0	\$751,232	\$0	\$132,498	\$0	\$132,498	\$883,730	\$0	\$54,506	\$54,506	\$0	\$938,236	6%
25th Percentile			\$347,200	\$418,750	\$0	\$765,950	\$183,100	\$0	\$0	\$183,100	\$2,044,675	\$19,703	\$6,000	\$25,703	\$0	\$2,169,015	2%
Median			\$457,763	\$600,000	\$0	\$1,057,763	\$683,000	\$0	\$0	\$683,000	\$2,666,761	\$102,534	\$11,400	\$113,934	\$1,220	\$2,781,315	5%
75th Percentile			\$700,000	\$1,283,631	\$0	\$1,983,631	\$1,503,021	\$539,650	\$397,500	\$2,340,171	\$4,048,181	\$205,200	\$29,534	\$279,188	\$38,079	\$4,387,122	7%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy



# 2003 Executive Compensation - Proxy Analysis

## Third Highest Paid

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Direct Comp	Illustrative Defined Benefit Pension (SERP)	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Fin Tot Comp
John Hancock	Beil, M.A.	Sr. EVP	\$600,000	\$1,192,801	\$0	\$1,792,801	\$0	\$4,349,272	\$0	\$4,349,272	\$6,142,073	\$379,181	\$12,000	\$391,181	\$1,118	\$6,534,352	6%
ACE Limited (2)	Frederico, D.J.	VCOB, Pres. and COO of Assured Guaranty	\$975,000	\$1,000,000	\$0	\$1,975,000	\$1,055,558	\$1,563,327	\$0	\$2,638,885	\$4,613,885	\$0	\$273,750	\$273,750	\$483,906	\$5,371,541	5%
MBIA	Butnick, N.G.	VP, CFO	\$675,000	\$500,000	\$0	\$1,075,000	\$1,188,733	\$550,000	\$1,000,000	\$2,738,733	\$3,813,733	\$0	\$221,875	\$221,875	\$365,919	\$4,401,527	5%
Franklin Resources	Johnson, G.E.	Pres. Member - Office of the Pres (Co-CEO from 1/1/04)	\$763,303	\$1,050,000	\$0	\$1,833,303	\$1,193,333	\$1,134,132	\$0	\$2,327,465	\$4,160,768	\$0	\$2,214	\$2,214	\$0	\$4,162,982	0%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$1,545,116	\$0	\$2,060,116	\$0	\$0	\$1,500,000	\$1,500,000	\$3,560,116	\$182,393	\$40,961	\$223,354	\$22,092	\$3,805,562	6%
Mellon Financial	O'Hanley, R.P.	VCOB, VP Mellon Institutional Asset Management	\$525,000	\$900,000	\$0	\$1,425,000	\$179,467	\$1,403,206	\$110,869	\$1,693,542	\$3,118,542	\$110,141	\$6,715	\$116,856	\$82,516	\$3,317,915	4%
Jefferson Pilot	Mlekush, K.C.	VCOB (until 2/04)	\$612,000	\$500,000	\$0	\$1,112,000	\$1,800,048	\$0	\$0	\$1,800,048	\$2,912,048	\$329,306	\$3,560	\$332,866	\$0	\$3,244,914	10%
XL Capital	Luck, F.E.	EVP, Group Operations	\$475,000	\$300,000	\$0	\$775,000	\$1,038,533	\$925,200	\$0	\$1,961,733	\$2,736,733	\$73,442	\$0	\$73,442	\$146,802	\$2,956,778	2%
T. Rowe Price	Kennedy, J.A.C.	VP and Director - Equity	\$300,000	\$1,900,000	\$0	\$2,200,000	\$724,187	\$0	\$0	\$724,187	\$2,924,187	\$0	\$26,085	\$26,085	\$4,875	\$2,955,127	1%
Safeco	Mead, C.	SVP, CFO, Secretary	\$450,000	\$680,614	\$0	\$1,130,614	\$1,304,825	\$155,662	\$169,487	\$1,629,974	\$2,740,588	\$105,247	\$6,000	\$111,247	\$0	\$2,851,835	4%
Ambac Financial	Boyle, D.L.	VCOB, Portfolio Mgmt Group	\$350,000	\$412,500	\$0	\$762,500	\$1,684,200	\$183,390	\$0	\$1,867,590	\$2,630,090	\$90,322	\$31,846	\$122,168	\$0	\$2,752,258	4%
Regions Financial	Morgan, A.B. Jr.	Pres & CEO, Morgan Keegan & Co.	\$130,000	\$1,670,000	\$0	\$1,800,000	\$443,450	\$0	\$0	\$443,450	\$2,243,450	\$191,898	\$2,650	\$194,548	\$0	\$2,437,998	8%
AmSouth	Stephenson, E.W. Jr	SEVP; Grp Head - Regional Bkg	\$425,000	\$463,250	\$0	\$888,250	\$831,894	\$0	\$225,000	\$1,056,894	\$1,945,144	\$263,045	\$30,310	\$293,355	\$0	\$2,238,499	13%
SouthTrust	Coley, T.H.	VCOB	\$397,333	\$765,853	\$22,586	\$1,185,772	\$523,600	\$0	\$261,800	\$785,400	\$1,971,172	\$213,568	\$0	\$213,568	\$6,100	\$2,190,840	10%
First Tennessee Natl	Martin, L.B.	Pres Bus Fin Svcs & Tennessee Fin Svcs	\$420,308	\$459,712	\$0	\$880,020	\$178,687	\$0	\$954,000	\$1,130,667	\$2,010,687	\$101,026	\$6,000	\$107,026	\$51,483	\$2,169,197	5%
Financial Security Assurance	Brower, R.B., II	MD, Chief Underwriting Officer	\$240,000	\$800,000	\$0	\$1,040,000	\$0	\$0	\$927,200	\$927,200	\$1,967,200	\$98,555	\$90,000	\$188,555	\$0	\$2,155,755	8%
Legg Mason	Scheve, T.C.	Walker	\$249,171	\$1,350,000	\$0	\$1,599,171	\$184,147	\$164,100	\$0	\$348,247	\$1,947,418	\$0	\$10,000	\$10,000	\$0	\$1,957,418	1%
Torchmark	Britt, T.G.	EVP, CAO	\$590,016	\$140,000	\$0	\$730,016	\$872,617	\$0	\$0	\$872,617	\$1,702,633	\$69,179	\$0	\$69,179	\$0	\$1,771,812	4%
Raymond James	Helck, C.	Pres, COO	\$250,000	\$780,613	\$330	\$1,030,943	\$564,863	\$94,234	\$0	\$659,117	\$1,670,060	\$0	\$0	\$0	\$61,712	\$1,731,772	0%
PMI Group	Lofe, D.P. Jr.	EVP, CFO	\$300,000	\$287,375	\$0	\$587,375	\$419,016	\$159,150	\$0	\$578,166	\$1,145,541	\$146,179	\$0	\$146,179	\$253,571	\$1,545,291	9%
MGIC	Lauer, J.M.	EVP, CFO	\$319,231	\$171,872	\$0	\$491,103	\$393,300	\$214,284	\$377,136	\$984,720	\$1,475,823	\$46,536	\$11,600	\$58,139	\$0	\$1,533,962	4%
Radian	Kamarck, M.	Pres. of Enhance Fin. Svcs Gp	\$435,000	\$284,164	\$0	\$719,164	\$428,667	\$139,961	\$0	\$568,628	\$1,287,992	\$147,164	\$0	\$147,164	\$55,453	\$1,490,608	10%
M&T Bank	Shoohy, E.J.	EVP of M&T Bank Corp; EVP, COB & CEO of Mid-Atlantic Division of M&T Bank	\$358,973	\$250,000	\$0	\$608,973	\$816,700	\$0	\$0	\$816,700	\$1,425,673	\$27,380	\$10,612	\$38,002	\$1,315	\$1,464,991	3%
Nationwide Financial	Thresher, M.R.	Pres & COO - Elect, CFO	\$364,615	\$255,199	\$0	\$619,814	\$548,459	\$0	\$0	\$546,459	\$1,166,273	\$144,420	\$6,000	\$150,420	\$0	\$1,316,693	11%
Waddell & Reed (3)	Sundeen, J.E. Jr.	SVP, CFO, Treasurer	\$325,000	\$441,000	\$0	\$766,000	\$0	\$453,393	\$0	\$453,393	\$1,219,393	Not applicable	\$0	\$0	\$10,417	\$1,229,810	0%
Everest Re	Limauro, S.L.	EVP, CFO, Comptroller	\$270,515	\$350,000	\$0	\$620,515	\$0	\$334,665	\$0	\$334,665	\$955,580	\$144,889	\$8,127	\$153,016	\$1,156	\$1,109,754	14%
Old Republic	Yeager, R.K.	SVP Title Insurance, Pres, Old Republic Natl Title Insurance	\$252,950	\$875,000	\$0	\$927,950	\$89,800	\$0	\$0	\$89,800	\$1,017,750	Not applicable	\$0	\$0	\$11,398	\$1,029,148	0%
A.G. Edwards	Goldman, A.E.	CVP and Director of Market Analysis for the Brokerage Co.	\$209,478	\$521,508	\$0	\$730,986	\$0	\$126,761	\$0	\$126,761	\$857,747	\$0	\$53,164	\$53,164	\$0	\$910,911	6%
25th Percentile			\$285,459	\$325,000	\$0	\$730,500	\$178,067	\$0	\$0	\$274,437	\$1,450,749	\$6,946	\$0	\$49,374	\$0	\$1,825,124	5%
Median			\$397,333	\$521,508	\$0	\$1,010,943	\$523,600	\$126,761	\$0	\$972,817	\$1,973,172	\$93,797	\$6,886	\$110,512	\$1,237	\$2,180,518	5%
75th Percentile			\$520,000	\$550,000	\$0	\$1,070,000	\$1,004,575	\$274,475	\$197,244	\$1,748,795	\$2,918,159	\$146,916	\$27,141	\$199,303	\$2,476	\$3,028,612	0%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Long-term awards are expected grants under Assured Guaranty spin-off based on expected IPO price

(3) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

# 2003 Executive Compensation - Proxy Analysis

## Fourth Highest Paid

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value (1)	Rest Stock	LTIP	Total Long-Term Compensation	Total Direct Comp	Illustrative Defined Benefit Pension (SERP)	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Total Comp
MBIA	Caouette, J.B.	VP, International	\$525,000	\$600,000	\$0	\$1,125,000	\$0	\$1,000,000	\$925,000	\$1,925,000	\$3,050,000	\$0	\$281,250	\$281,250	\$497,853	\$3,828,903	7%
John Hancock (2)	Goldfarb, M.R.F.	EVP	\$500,000	\$994,001	\$0	\$1,494,001	\$605,781	\$1,172,441	\$0	\$1,978,222	\$3,472,223	\$315,968	\$12,000	\$327,968	\$898	\$3,800,889	9%
Lincoln National	Driscoll, J.T.	Pres & CEO, Lincoln National Investment Cos & Delaware Investments	\$442,635	\$1,457,923	\$0	\$1,900,558	\$0	\$346,750	\$1,200,000	\$1,546,750	\$3,447,308	\$168,287	\$89,291	\$257,558	\$0	\$3,704,866	7%
ACE Limited	Bancroft, P.	CFO	\$630,000	\$625,000	\$0	\$1,255,000	\$435,600	\$1,001,880	\$0	\$1,437,480	\$2,692,480	\$0	\$203,250	\$203,250	\$271,228	\$3,166,958	0%
Medion Financial	Canter, S.E.	VCOB; COB & CEO The Dreyfus Corp	\$500,000	\$750,000	\$0	\$1,250,000	\$196,729	\$1,437,985	\$113,906	\$1,748,620	\$2,998,620	\$96,615	\$7,800	\$104,415	\$50,393	\$3,153,428	3%
XL Capital	Greenham, C.V.	EVP, Chief Investment Officer	\$386,250	\$400,000	\$0	\$786,250	\$1,036,533	\$771,000	\$0	\$1,807,533	\$2,593,783	\$74,508	\$0	\$74,508	\$111,540	\$2,779,832	3%
Safeco	LaRocco, M.E.	Pres, COO - Personal Insurance	\$420,000	\$688,000	\$0	\$1,008,000	\$1,210,261	\$145,275	\$158,183	\$1,521,719	\$2,528,719	\$95,522	\$14,000	\$109,522	\$0	\$2,638,241	4%
Regions Financial	Fleischauer, J.J. Jr.	Regional President	\$375,000	\$442,969	\$0	\$817,969	\$791,875	\$633,500	\$0	\$1,425,375	\$2,243,344	\$87,204	\$52,834	\$140,038	\$0	\$2,383,382	6%
T.Rowe Price	Testa, M.D.	VCOB, VP, Chief Investment Officer	\$300,000	\$2,000,000	\$0	\$2,300,000	\$0	\$0	\$0	\$0	\$2,300,000	\$0	\$26,085	\$26,085	\$4,500	\$2,330,585	1%
Jefferson Pilot	Stone, T.M.	EVP; CFO & Treasurer, Pres Jefferson-Pilot Communications Co.	\$475,000	\$432,000	\$0	\$907,000	\$867,450	\$0	\$147,203	\$1,014,653	\$1,921,653	\$268,598	\$6,590	\$275,188	\$0	\$2,196,841	13%
Financial Security Assurance	Stern, B.E.	MD, General Counsel, Secretary	\$240,000	\$800,000	\$0	\$1,040,000	\$0	\$0	\$827,200	\$927,200	\$1,967,200	\$98,555	\$90,000	\$188,555	\$0	\$2,155,755	9%
AmSouth	Bagby, C.W.	SrEVP; Grp Head - Consumer Bkg	\$375,000	\$435,000	\$0	\$810,000	\$831,894	\$0	\$225,000	\$1,056,894	\$1,866,894	\$239,872	\$22,500	\$262,372	\$0	\$2,129,266	12%
First Tennessee Natl	Thomas, E.L. Jr.	EVP, Interest Rate Risk Mgr	\$371,030	\$463,788	\$0	\$834,818	\$155,954	\$0	\$842,150	\$998,104	\$1,832,922	\$95,837	\$2,493	\$98,330	\$27,328	\$1,958,580	5%
Franklin Resources	Tallock, A.M.	VCOB, Member - Office of the Chairman, Pres Fiduciary Trust Int'l	\$596,690	\$526,500	\$0	\$1,123,190	\$493,500	\$306,223	\$0	\$799,723	\$1,922,913	\$0	\$4,402	\$4,402	\$5,000	\$1,932,315	0%
Legg Mason	Sullivan, J.A.	SVP & Head of Fixed Income Capital Markets	\$248,338	\$1,350,000	\$0	\$1,598,338	\$157,840	\$164,100	\$0	\$321,940	\$1,920,278	\$0	\$10,000	\$10,000	\$0	\$1,930,278	1%
SouthTrust	Eubanks, R.G.	COB & CEO - Bank	\$419,333	\$376,322	\$0	\$795,655	\$523,600	\$0	\$261,800	\$785,400	\$1,581,055	\$146,087	\$0	\$146,087	\$6,100	\$1,733,242	8%
Ambac Financial	Uhllein, J.W. III	Consumer Asset-backed Securities, and Structured Insurance	\$210,000	\$581,250	\$0	\$791,250	\$411,693	\$258,354	\$0	\$670,047	\$1,461,297	\$93,728	\$19,233	\$112,961	\$0	\$1,574,258	7%
MGIC	Pierzchalski, L.J.	EVP-Risk Management	\$299,231	\$171,245	\$0	\$470,476	\$393,300	\$213,602	\$377,136	\$984,038	\$1,454,514	\$44,584	\$11,800	\$56,384	\$0	\$1,510,898	4%
Torchmark	McWhorter, A.L.	Pres, CEO - Liberty & ULLIC	\$445,016	\$102,000	\$0	\$547,016	\$822,983	\$0	\$0	\$822,983	\$1,369,999	\$51,838	\$0	\$51,838	\$0	\$1,421,837	4%
Raymond James	Averitt, R.G., III	Pres and CEO of RJFS	\$225,000	\$646,021	\$820	\$870,841	\$298,217	\$78,105	\$0	\$376,322	\$1,247,163	\$0	\$0	\$0	\$40,152	\$1,287,315	0%
Waddell & Reed (3)	Butch, T.W.	SVP, Chief Marketing Officer	\$345,000	\$405,000	\$0	\$750,000	\$0	\$453,393	\$0	\$453,393	\$1,203,393	Not applicable	\$0	\$0	\$14,085	\$1,217,458	0%
Nationwide Financial	Karas, R.A.	SVP, Sales for Financial Services	\$400,000	\$210,444	\$0	\$610,444	\$382,853	\$0	\$0	\$382,853	\$993,097	\$142,236	\$6,000	\$148,236	\$0	\$1,141,334	13%
PMI Group	Shuster, B.M.	Pres of Inter'l and Strategic Investments	\$315,000	\$140,850	\$0	\$455,850	\$466,232	\$0	\$0	\$466,232	\$922,082	\$117,445	\$10,200	\$127,645	\$84,735	\$1,134,463	11%
Radian	Quist, C.R.	EVP, CFO	\$335,000	\$202,005	\$0	\$537,005	\$306,333	\$99,495	\$0	\$405,828	\$942,833	\$109,888	\$0	\$109,888	\$20,858	\$1,073,580	10%
M&T Bank	Sadler, R.E. Jr.	EVP of M&T Bank Corp, COB of M&T Bank	\$480,768	\$425,000	\$0	\$905,768	\$0	\$0	\$0	\$0	\$905,768	\$40,739	\$10,812	\$51,551	\$970	\$958,089	5%
Old Republic	LeRoy, S.III	SVP, Secretary & General Counsel	\$352,866	\$121,549	\$0	\$474,415	\$248,950	\$0	\$121,549	\$388,499	\$842,914	\$37,933	\$0	\$37,933	\$10,842	\$891,689	4%
A.G. Edwards	Kessler, R.J.	VCOB and VCOB, EVP, Dir of Ops of Bkg Co.	\$188,228	\$519,967	\$0	\$706,193	\$0	\$126,416	\$0	\$126,416	\$832,609	\$0	\$51,283	\$51,283	\$0	\$883,892	6%
Everest Re	Bennett, P.J.	SVP; MD, CEO - Bermuda Re	\$276,708	\$150,000	\$0	\$426,708	\$0	\$74,370	\$0	\$74,370	\$501,078	\$99,571	\$14,355	\$113,926	\$1,623	\$616,627	18%
25th Percentile			\$339,500	\$521,253	\$0	\$860,753	\$77,977	\$0	\$0	\$1379,455	\$1,121,130	\$18,968	\$1,670	\$51,254	\$0	\$1,189,427	1%
Median			\$375,000	\$435,379	\$0	\$810,379	\$831,894	\$99,495	\$0	\$822,983	\$1,966,964	\$95,728	\$10,400	\$106,128	\$1,257	\$1,931,287	6%
75th Percentile			\$452,512	\$830,008	\$0	\$1,282,520	\$851,735	\$326,457	\$191,591	\$1,451,425	\$2,814,659	\$119,697	\$23,398	\$143,095	\$22,475	\$2,447,547	8%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

# 2003 Executive Compensation - Proxy Analysis

## Fifth Highest Paid

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTP	Total Long-Term	Total Direct Comp	401k/Other Retirement	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	% of Total
MBIA	Weir, R.L.	VCOB, VP, Secretary	\$525,000	\$900,000	\$0	\$1,425,000	\$0	\$1,000,000	\$0	\$1,000,000	\$2,425,000	\$0	\$326,250	\$326,250	\$533,626	\$3,284,876	10%
XL Capital	Keeling, H.C.V.	EVP, CEO Reinsurance Operations	\$430,295	\$0	\$0	\$430,295	\$1,166,100	\$925,200	\$0	\$2,091,300	\$2,521,595	\$40,777	\$0	\$40,777	\$51,672	\$2,614,244	2%
Regions Financial	Miler, P.D.	Regional President	\$375,000	\$442,969	\$0	\$817,969	\$791,875	\$633,500	\$0	\$1,425,375	\$2,243,344	\$87,204	\$58,173	\$145,377	\$0	\$2,388,721	6%
Safeco	Ruddy, J.W.	SVP, General Counsel	\$380,000	\$532,000	\$0	\$912,000	\$1,102,418	\$131,374	\$143,136	\$1,376,928	\$2,288,928	\$68,425	\$12,987	\$99,392	\$0	\$2,388,320	4%
Mellon Financial	Lamere, D.F.	VCOB; COB & CEO Mellon New England; Pres Private Wealth Mgmt	\$400,000	\$900,000	\$0	\$1,300,000	\$82,866	\$843,214	\$0	\$926,080	\$2,226,080	\$100,480	\$8,735	\$107,215	\$32,309	\$2,365,603	5%
Lincoln National	Thompson, W.V.	Pres & CEO, Lincoln Financial Distributors	\$325,000	\$1,000,000	\$0	\$1,325,000	\$0	\$0	\$800,000	\$800,000	\$2,125,000	\$117,309	\$0	\$117,309	\$114,316	\$2,356,625	5%
T.Rowe Price	Riepe, J.S.	VCOB, Director Investment Services Division	\$300,000	\$2,000,000	\$0	\$2,300,000	\$0	\$0	\$0	\$0	\$2,300,000	\$0	\$26,085	\$26,085	\$0	\$2,326,085	1%
John Hancock	Benson, J.M.	Sr. EVP	\$600,000	\$1,192,801	\$0	\$1,792,801	\$0	\$0	\$0	\$0	\$1,792,801	\$379,161	\$11,077	\$390,238	\$775	\$2,183,814	18%
AmSouth	Mooney, B.E.	SrEVP; Grp Head - Regional Bkg (new CFO after 2/4/04)	\$385,000	\$404,250	\$0	\$789,250	\$931,894	\$0	\$225,000	\$1,056,894	\$1,846,144	\$233,727	\$23,100	\$256,827	\$0	\$2,102,971	12%
ACE Limited	Kramer, D.	VCOB; COB of Assured Guaranty	\$535,692	\$406,000	\$0	\$941,692	\$203,280	\$435,600	\$0	\$638,880	\$1,580,572	\$0	\$152,534	\$152,534	\$178,162	\$1,911,268	8%
Legg Mason	Mulroy, T.P.	EVP & Head of Equity Capital Markets	\$249,171	\$1,282,500	\$0	\$1,531,671	\$157,840	\$155,900	\$0	\$313,740	\$1,845,411	\$0	\$10,000	\$10,000	\$0	\$1,855,411	1%
SouthTrust	Schmidt, E.F.	VCOB - Bank	\$330,667	\$315,797	\$0	\$646,464	\$623,600	\$0	\$219,912	\$743,512	\$1,389,976	\$118,695	\$0	\$118,695	\$6,100	\$1,514,771	8%
Franklin Resources	Lippman, W.J.	SVP (resigned as exec officer in 2003, continues to work for co)	\$481,668	\$520,000	\$0	\$1,001,668	\$164,500	\$302,452	\$0	\$468,952	\$1,468,620	\$0	\$27,783	\$27,783	\$0	\$1,496,403	2%
Financial Security Assurance	Simon, J.W.	MD, CFO	\$240,000	\$500,000	\$0	\$740,000	\$0	\$0	\$649,040	\$649,040	\$1,389,040	\$70,126	\$0	\$70,126	\$0	\$1,459,166	5%
Torchmark	Coleman, G.L.	EVP, CFO	\$390,000	\$140,000	\$0	\$530,000	\$822,983	\$0	\$0	\$822,983	\$1,352,983	\$50,225	\$0	\$50,225	\$0	\$1,403,208	4%
MGIC	Fisk, J.D.	EVP, Strategic Planning	\$300,000	\$195,000	\$0	\$495,000	\$393,300	\$0	\$377,136	\$770,436	\$1,265,436	\$46,908	\$11,600	\$58,508	\$0	\$1,323,944	4%
First Tennessee Nat'l	Horn, R.	COB (retired 12/31/03)	\$920,426	\$0	\$0	\$920,426	\$0	\$0	\$0	\$0	\$920,426	\$105,665	\$6,000	\$111,665	\$200,100	\$1,232,191	9%
Waddell & Reed (2)	Strohm, M.D.	SVP, COO	\$325,000	\$405,000	\$0	\$730,000	\$0	\$438,385	\$0	\$438,385	\$1,168,385	Not applicable	\$0	\$0	\$14,726	\$1,183,111	0%
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$184,000	\$360,000	\$0	\$544,000	\$374,267	\$120,074	\$0	\$494,341	\$1,038,341	\$64,440	\$16,893	\$81,333	\$0	\$1,119,673	7%
Jefferson Pilot	Bates, R.D.	EVP; Pres Jefferson-Pilot Benefit Partners	\$465,000	\$250,000	\$0	\$715,000	\$0	\$0	\$142,290	\$142,290	\$857,290	\$211,739	\$4,860	\$216,399	\$0	\$1,073,689	20%
Raymond James	Riess, R.K.	EVP; Pres and CEO of Eagle; MD, Asset Mgt	\$216,260	\$691,774	\$0	\$908,024	\$62,583	\$78,033	\$0	\$131,616	\$1,039,640	\$0	\$0	\$0	\$33,763	\$1,073,403	0%
PMI Group	Bacigalupi, V.J.	SEVP, Sec and General Counsel	\$308,000	\$129,113	\$0	\$437,113	\$430,728	\$0	\$0	\$430,728	\$867,841	\$112,818	\$10,200	\$122,818	\$48,995	\$1,039,854	12%
Nationwide Financial	Phelan, M.D.	SVP, Tech & Operations	\$332,308	\$180,494	\$0	\$512,802	\$338,252	\$0	\$0	\$338,252	\$852,054	\$119,485	\$6,000	\$125,485	\$0	\$977,539	13%
Radian	Yarus, H.S.	Sr VP, Sec. General Counsel & Corp Responsibility Officer	\$278,000	\$174,619	\$0	\$452,619	\$275,700	\$86,006	\$0	\$361,706	\$814,325	\$92,820	\$0	\$92,820	\$10,233	\$917,178	10%
A.G. Edwards	Miller, P.M.	EVP and Director Sales and Marketing of Bkg Co.	\$188,248	\$522,588	\$0	\$708,836	\$54,439	\$63,495	\$0	\$117,928	\$826,764	\$0	\$49,114	\$49,114	\$0	\$875,878	8%
M&T Bank	Brumback, E.L.	EVP of M&T Bank Corp, Pres & COO M&T Bank	\$344,902	\$230,000	\$0	\$574,902	\$0	\$0	\$0	\$574,902	\$574,902	\$25,858	\$10,812	\$36,470	\$145,931	\$757,303	5%
Old Republic	Kellog, J.	SVP, General Insurance	\$326,667	\$87,500	\$0	\$414,167	\$44,800	\$0	\$87,500	\$132,400	\$546,567	Not applicable	\$0	\$0	\$14,701	\$561,268	0%
Everest Re	Shoemaker, K.T.	Comptroller, Principal Accounting Officer	\$177,231	\$65,000	\$0	\$242,231	\$134,961	\$0	\$0	\$134,961	\$377,192	\$56,524	\$5,317	\$61,841	\$621	\$430,854	14%
25th Percentile			\$294,900	\$176,025	\$0	\$470,925	\$0	\$0	\$0	\$133,600	\$604,525	\$2,484	\$0	\$2,484	\$0	\$1,064,989	3%
Median			\$331,466	\$404,625	\$0	\$736,091	\$157,640	\$0	\$0	\$466,952	\$1,393,640	\$87,285	\$8,369	\$95,654	\$768	\$1,491,187	5%
75th Percentile			\$407,574	\$571,944	\$0	\$979,518	\$412,014	\$143,637	\$114,895	\$813,492	\$1,895,572	\$110,880	\$18,445	\$129,325	\$37,571	\$2,219,382	10%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

## 2003 Executive Compensation - Proxy Analysis

### #2 in Firm: Pres or COO (not CEO)

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value (1)	Rest Stock	LTP	Total Long-Term	Total Direct Comp	Nonrecurring Defined Benefit	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Percentage of Total Comp
MBIA	Dunton, G.C.	Pres, COO (will be CEO on 5/6/04)	\$700,000	\$0	\$0	\$700,000	\$4,322,667	\$2,000,000	\$1,850,000	\$8,172,667	\$8,872,667	\$0	\$327,500	\$327,500	\$416,892	\$9,617,059	3%
ACE Limited	Greenberg, E.G.	Pres, COO (will be CEO on 5/27/2004)	\$975,000	\$2,000,000	\$0	\$2,975,000	\$1,161,600	\$2,613,600	\$0	\$3,775,200	\$6,750,200	\$0	\$386,250	\$386,250	\$315,094	\$7,451,544	5%
Financial Security Assurance	McCarthy, S.W.	Pres, COO	\$300,000	\$2,600,000	\$0	\$3,100,000	\$0	\$0	\$2,688,880	\$2,688,880	\$5,788,880	\$293,769	\$00,000	\$383,769	\$0	\$6,172,649	6%
Ambac Financial	Genador, R.J.	Pres, COO	\$425,000	\$862,500	\$0	\$1,287,500	\$2,526,300	\$363,386	\$0	\$2,909,686	\$4,197,166	\$162,511	\$36,308	\$188,819	\$0	\$4,385,985	4%
Nationwide Financial	Gosper, J.J.	Pres, COO	\$735,596	\$901,266	\$500,000	\$2,136,862	\$1,792,286	\$0	\$0	\$1,792,286	\$3,929,156	\$381,397	\$6,000	\$387,397	\$0	\$4,316,555	9%
Franklin Resources	Flanagan, M.L.	Pres, Member - Office of the Pres (Co-CEO from 1/1/04)	\$785,756	\$1,050,000	\$0	\$1,835,756	\$1,193,333	\$1,134,132	\$0	\$2,327,465	\$4,163,223	\$0	\$8,754	\$8,754	\$0	\$4,171,977	0%
SouthTrust	Benton, J.W.	Former Pres, Former Pres & CEO - Bank	\$702,600	\$788,439	\$0	\$1,490,939	\$1,483,533	\$0	\$523,600	\$2,007,133	\$3,498,072	\$273,745	\$0	\$273,745	\$7,699	\$3,779,617	7%
Regions Financial	Horsley, R.D.	VCOB, COO	\$430,000	\$507,938	\$0	\$937,938	\$781,875	\$633,500	\$0	\$1,425,375	\$2,363,313	\$99,993	\$67,389	\$167,382	\$0	\$2,530,695	7%
Waddell & Reed (2)	Hermann, H.J.	Pres, Chief Investment Officer	\$800,000	\$1,200,000	\$0	\$2,000,000	\$0	\$1,503,496	\$0	\$1,503,496	\$3,503,496	\$189,529	\$0	\$189,529	\$174,453	\$3,867,478	5%
PMI Group	Smith, L.S.	Dir, Pres, COO	\$426,000	\$213,791	\$0	\$639,791	\$775,497	\$0	\$0	\$775,497	\$1,414,288	\$164,578	\$10,200	\$174,778	\$0	\$1,589,066	11%
Raymond James	Helck, C.	Pres, COO	\$250,000	\$760,613	\$330	\$1,010,943	\$564,883	\$94,234	\$0	\$659,117	\$1,670,060	\$0	\$0	\$0	\$61,712	\$1,731,772	0%
Everest Re	Gallagher, T.J.	Pres, COO	\$446,538	\$500,000	\$0	\$946,538	\$0	\$446,220	\$0	\$446,220	\$1,392,758	\$220,872	\$13,381	\$234,253	\$1,158	\$1,628,169	14%
Radian	Kasmar, R.J.	Pres, COO	\$455,000	\$304,850	\$0	\$759,850	\$459,500	\$150,150	\$0	\$609,650	\$1,369,500	\$155,489	\$0	\$155,489	\$41,554	\$1,566,543	10%
Nationwide Financial	Thresher, M.R.	Pres & COO - Elect, CFO	\$364,615	\$255,199	\$0	\$619,814	\$546,459	\$0	\$0	\$546,459	\$1,166,273	\$144,420	\$6,000	\$150,420	\$0	\$1,316,693	11%
25th Percentile			\$425,000	\$862,500	\$0	\$1,287,500	\$2,526,300	\$0	\$0	\$2,526,300	\$4,197,166	\$162,511	\$36,308	\$188,819	\$0	\$4,385,985	4%
Median			\$455,000	\$774,920	\$0	\$1,229,920	\$781,875	\$633,500	\$0	\$1,415,375	\$2,363,313	\$99,993	\$67,389	\$167,382	\$0	\$2,530,695	7%
75th Percentile			\$735,596	\$901,266	\$500,000	\$2,136,862	\$1,792,286	\$0	\$0	\$1,792,286	\$3,929,156	\$381,397	\$6,000	\$387,397	\$0	\$4,316,555	9%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

# 2003 Executive Compensation - Proxy Analysis

## Chief Financial Officer

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTP	Total Long-Term	Total Direct Comp	Illustrative Defined Benefit	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Total Comp
John Hancock	Moloney, T.E.	CFO, Sr. EVP	\$700,000	\$1,641,000	\$0	\$2,341,000	\$0	\$5,163,647	\$0	\$5,163,647	\$7,504,647	\$495,100	\$12,000	\$507,100	\$1,287	\$8,013,034	6%
MBIA	Budnick, N.G.	VP, CFO	\$575,000	\$500,000	\$0	\$1,075,000	\$1,188,733	\$550,000	\$1,000,000	\$2,738,733	\$3,813,733	\$0	\$221,875	\$221,875	\$365,919	\$4,401,527	5%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$1,545,116	\$0	\$2,060,116	\$0	\$0	\$1,500,000	\$1,500,000	\$3,560,116	\$182,393	\$40,961	\$223,354	\$22,092	\$3,805,562	6%
ACE Limited	Bancroft, P.	CFO	\$630,000	\$625,000	\$0	\$1,255,000	\$435,600	\$1,001,880	\$0	\$1,437,480	\$2,692,480	\$0	\$203,250	\$203,250	\$271,228	\$3,168,958	6%
Safeco	Moad, C.	SVP, CFO, Secretary VCOB, CFO, Grp Head - Fin. & Credit (to resign after 2/4/04)	\$450,000	\$660,614	\$0	\$1,110,614	\$1,304,825	\$155,662	\$189,487	\$1,629,974	\$2,740,588	\$105,247	\$8,000	\$111,247	\$0	\$2,851,835	4%
AmSouth	Gibson, S.D.	EVP, CFO	\$470,000	\$432,400	\$0	\$902,400	\$1,195,250	\$0	\$323,000	\$1,518,250	\$2,420,650	\$267,235	\$28,200	\$295,435	\$0	\$2,716,085	11%
XL Capital	do St. Paer, J.	EVP, CFO EVP & CFO of M&T Bank Corp & M&T Bank; COB	\$475,000	\$300,000	\$0	\$775,000	\$1,036,533	\$578,250	\$0	\$1,614,783	\$2,389,783	\$73,442	\$0	\$73,442	\$218,396	\$2,681,562	3%
M&T Bank	Pinto, M.P.	M&T Bank EVP, CFO & Treasurer; Pres Jefferson-Pilot Communications Co.	\$359,328	\$250,000	\$0	\$609,328	\$1,738,317	\$0	\$0	\$1,738,317	\$2,347,643	\$27,406	\$10,612	\$38,018	\$1,710	\$2,387,371	2%
Jefferson Pilot	Stone, T.M.	EVP, CFO	\$475,000	\$432,000	\$0	\$907,000	\$867,450	\$0	\$147,203	\$1,014,653	\$1,921,653	\$258,598	\$6,590	\$275,188	\$0	\$2,196,841	13%
PMI Group	Lofe, D.P. Jr.	EVP, CFO	\$300,000	\$267,375	\$0	\$567,375	\$419,016	\$159,150	\$0	\$578,166	\$1,145,541	\$146,179	\$0	\$146,179	\$253,571	\$1,545,291	9%
MGIC	Lauer, J.M.	EVP, CFO	\$319,231	\$171,872	\$0	\$491,103	\$393,300	\$214,284	\$377,136	\$984,720	\$1,475,823	\$46,539	\$11,800	\$58,139	\$0	\$1,533,962	4%
Financial Security Assurance	Simon, J.W.	MD, CFO	\$240,000	\$500,000	\$0	\$740,000	\$0	\$0	\$649,040	\$649,040	\$1,389,040	\$70,126	\$0	\$70,126	\$0	\$1,459,166	5%
Torchmark	Colman, G.L.	EVP, CFO	\$390,000	\$140,000	\$0	\$530,000	\$822,983	\$0	\$0	\$822,983	\$1,352,983	\$50,225	\$0	\$50,225	\$0	\$1,403,208	4%
Nationwide Financial	Thresher, M.R.	Pres & COO - Eliot, CFO	\$364,615	\$255,199	\$0	\$619,814	\$546,459	\$0	\$0	\$546,459	\$1,166,273	\$144,420	\$6,000	\$150,420	\$0	\$1,316,693	11%
Waddell & Reed (2)	Sundeen, J.E. Jr.	SVP, CFO, Treasurer	\$325,000	\$441,000	\$0	\$766,000	\$0	\$453,393	\$0	\$453,393	\$1,219,393	Not applicable	\$0	\$0	\$10,417	\$1,229,810	0%
Everest Re	Limaiuro, S.L.	EVP, CFO, Comptroller	\$270,915	\$350,000	\$0	\$620,915	\$0	\$334,665	\$0	\$334,665	\$955,580	\$144,889	\$8,127	\$153,016	\$1,158	\$1,109,754	14%
Radian	Quint, C.R.	EVP, CFO CFO, Treasurer, Secretary & VP and EVP, Treasurer, CFO & Dir of Law & Compliance and Dir of Admin at Bkg Co.	\$335,000	\$202,005	\$0	\$537,005	\$306,333	\$99,495	\$0	\$405,828	\$942,833	\$109,888	\$0	\$109,888	\$20,858	\$1,073,580	10%
A.G. Edwards	Kelly, D.L.		\$206,188	\$545,044	\$0	\$751,232	\$0	\$132,498	\$0	\$132,498	\$883,730	\$0	\$54,506	\$54,506	\$0	\$938,236	6%
25th Percentile			\$320,873	\$256,343	\$0	\$577,216	\$0	\$0	\$0	\$577,216	\$1,179,563	\$46,539	\$0	\$46,539	\$0	\$1,226,102	4%
Median			\$377,300	\$432,200	\$0	\$809,500	\$427,808	\$144,080	\$0	\$953,887	\$1,698,739	\$105,247	\$7,359	\$112,606	\$1,225	\$1,811,009	6%
75th Percentile			\$475,000	\$533,765	\$0	\$1,008,765	\$964,363	\$428,711	\$284,622	\$1,690,655	\$2,624,622	\$146,176	\$24,150	\$170,326	\$21,784	\$2,817,587	10%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Value of long-term compensation reflects 2002 awards; 2003 awards to be announced post-proxy

## 2003 Executive Compensation - Proxy Analysis

### General Counsel

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value (1)	Rest Stock	LTIP	Total Long-Term	Total Direct Comp	Illustrative Defined Benefit	401k/Other Retirement	Total Retirement	Other Comp	Final Total Comp	Retirement as % of Total Comp
Safeco	Ruddy, J.W.	SVP, General Counsel	\$380,000	\$532,000	\$0	\$912,000	\$1,102,418	\$131,374	\$143,136	\$1,376,928	\$2,288,928	\$88,425	\$12,967	\$99,392	\$0	\$2,388,320	4%
Financial Security Assurance	Stern, B.E.	MD, General Counsel, Secretary	\$240,000	\$800,000	\$0	\$1,040,000	\$0	\$0	\$927,200	\$927,200	\$1,967,200	\$98,555	\$90,000	\$188,555	\$0	\$2,155,755	9%
Franklin Resources	Simpson, M.L.	EVP, General Counsel	\$871,098	\$260,000	\$0	\$931,098	\$219,333	\$151,250	\$0	\$370,583	\$1,301,881	\$0	\$14,593	\$14,593	\$0	\$1,316,274	1%
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$184,000	\$360,000	\$0	\$544,000	\$374,267	\$120,074	\$0	\$494,341	\$1,038,341	\$64,440	\$18,893	\$81,333	\$0	\$1,119,673	7%
PMI Group	Bedigatupi, V.J.	SEVP, Sec and General Counsel	\$308,000	\$129,113	\$0	\$437,113	\$430,728	\$0	\$0	\$430,728	\$867,841	\$112,618	\$10,200	\$122,818	\$48,995	\$1,039,854	12%
Old Republic	LeRoy, S.III	SVP, Secretary & General Counsel	\$352,886	\$121,549	\$0	\$474,415	\$246,950	\$0	\$121,549	\$368,499	\$842,914	\$37,933	\$0	\$37,933	\$10,842	\$891,889	4%
Radian	Yarnes, M.S.	Officer	\$278,000	\$174,619	\$0	\$452,619	\$275,700	\$186,008	\$0	\$361,708	\$814,326	\$92,620	\$0	\$92,620	\$10,293	\$917,178	10%
Wash. Mortg. Inv.			\$250,000	\$151,819	\$0	\$401,819	\$233,142	\$117,858	\$0	\$350,941	\$752,777	\$51,180	\$5,100	\$56,280	\$0	\$808,116	4%
Wash. Mortg. Inv.			\$300,000	\$250,000	\$0	\$550,000	\$278,700	\$30,000	\$50,775	\$439,775	\$1,338,543	\$28,425	\$12,887	\$41,312	\$0	\$1,412,750	7%
Wash. Mortg. Inv.			\$350,000	\$445,000	\$0	\$795,000	\$422,487	\$100,728	\$137,798	\$715,770	\$1,594,543	\$0,500	\$18,743	\$11,185	\$10,500	\$1,735,016	9%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2003 Equity Award Grants

\* Shares Outstanding reflects disclosure in 2003 Annual Reports. Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock

Company	as Percentage of Fully <u>Diluted</u> Shares Outstanding		
		Total Granted	
	Options	Restricted Stock	Options & Restricted Stock
First Horizon National (formerly First Tennessee)	3.0%	0.2%	3.2%
T Rowe Price	2.9%	0.0%	2.9%
Amsouth	2.6%	0.0%	2.6%
Moody's (as of February 11, 2004)	2.5%	Not available	2.5%
Ace Limited	1.4%	0.6%	2.0%
Mellon Financial	1.6%	0.4%	1.9%
Nationwide	1.9%	0.0%	1.9%
Safeco	1.7%	0.1%	1.8%
Franklin Resources	1.4%	0.4%	1.8%
Regions (pre-merger)	1.6%	0.2%	1.7%
AG Edwards	0.7%	1.0%	1.7%
XL Capital	1.3%	0.4%	1.6%
Raymond James	1.0%	0.6%	1.6%
Ambac	1.5%	0.1%	1.6%
M&T Bank	1.5%	0.0%	1.5%
PMI Group	1.4%	0.0%	1.4%
MBIA	1.0%	0.2%	1.2%
Old Republic	1.0%	0.0%	1.0%
Radian	1.0%	0.0%	1.0%
Jefferson Pilot	1.0%	0.0%	1.0%
Torchmark	1.0%	0.0%	1.0%
MGIC	0.6%	0.3%	0.9%
SouthTrust	0.9%	0.0%	0.9%
Legg Mason <sup>(1)</sup>	0.8%	Not available	0.8%
Everest Re	0.4%	0.1%	0.5%
Lincoln National	0.5%	0.0%	0.5%
Waddell & Reed <sup>(1)</sup>	0.5%	Not available	0.5%
25th Percentile (excluding Moody's)	0.9%	0.0%	1.0%
Median (excluding Moody's)	1.1%	0.1%	1.5%
75th Percentile (excluding Moody's)	1.5%	0.3%	1.8%

(1) Restricted Stock Grants Not Available

## 2003 Equity Award Grants 3X Restricted Share Weight

\* Shares Outstanding reflects disclosure in 2003 Annual Reports. Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

as Percentage of Fully Diluted Shares Outstanding			
Company	Options	Total Granted	
		Restricted Stock	Options & Restricted Stock
AG Edwards	0.7%	2.8%	3.5%
First Horizon National (formerly First Tennessee)	3.0%	0.5%	3.5%
Ace Limited	1.4%	1.8%	3.2%
T Rowe Price	2.9%	0.0%	2.9%
Raymond James	1.0%	1.8%	2.8%
Mellon Financial	1.6%	1.1%	2.7%
Amsouth	2.6%	0.1%	2.7%
Franklin Resources	1.4%	1.1%	2.5%
Moody's (as of February 11, 2004)	2.5%	Not available	2.5%
XL Capital	1.3%	1.1%	2.3%
Regions (pre-merger)	1.6%	0.5%	2.0%
Safeco	1.7%	0.3%	2.0%
Nationwide	1.9%	0.0%	1.9%
Ambac	1.5%	0.3%	1.7%
MGIC	0.6%	0.9%	1.5%
MBIA	1.0%	0.5%	1.5%
M&T Bank	1.5%	0.0%	1.5%
PMI Group	1.4%	0.0%	1.4%
Radian	1.0%	0.0%	1.0%
Old Republic	1.0%	0.0%	1.0%
Jefferson Pilot	1.0%	0.0%	1.0%
Torchmark	1.0%	0.0%	1.0%
SouthTrust	0.9%	0.1%	0.9%
Legg Mason <sup>(1)</sup>	0.8%	Not available	0.8%
Everest Re	0.4%	0.2%	0.7%
Lincoln National	0.5%	0.1%	0.6%
Waddell & Reed <sup>(1)</sup>	0.5%	Not available	0.5%
25th Percentile (excluding Moody's)	0.9%	0.0%	1.0%
Median (excluding Moody's)	1.1%	0.3%	1.6%
75th Percentile (excluding Moody's)	1.5%	0.9%	2.6%

(1) Restricted Stock Grants Not Available



## 2003 Equity Awards Authorized and Outstanding

\* Shares Outstanding reflects disclosure in 2003 Annual Reports. Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock

Company	as Percentage of Fully Diluted Shares Outstanding				
	2004 Additional Authorization Requests	Shares Authorized	Options Outstanding	Restricted Stock Outstanding	Options + Restricted Stock Outstanding
T Rowe Price	X	9.4%	17.9%	0.0%	17.9%
First Horizon National (formerly First Tennessee)	X	22.5%	14.4%	0.3%	14.7%
Lincoln National		15.4%	9.4%	1.3%	10.8%
Legg Mason <sup>(1)</sup>	X	19.3%	10.6%	0.0%	10.6%
Waddell & Reed		29.3%	9.0%	1.1%	10.1%
Mellon Financial	X	13.1%	7.9%	1.0%	8.9%
Regions (pre-merger)		15.5%	8.2%	0.4%	8.7%
Torchmark		11.1%	8.5%	0.0%	8.5%
XL Capital		7.5%	7.8%	0.6%	8.4%
AG Edwards		11.5%	5.8%	2.5%	8.3%
Amsouth	X	13.3%	7.7%	0.3%	8.1%
M&T Bank		7.7%	8.0%	0.0%	8.0%
Ace Limited	X	10.6%	6.1%	1.1%	7.2%
Moody's (as of February 11, 2004)		10.8%	7.1%	0.0%	7.1%
Raymond James		16.2%	6.0%	1.1%	7.1%
MBIA		5.8%	6.5%	0.2%	6.8%
Jefferson Pilot		9.6%	6.4%	0.0%	6.4%
Franklin Resources		12.7%	5.0%	0.9%	6.0%
PMI Group	X	15.9%	5.8%	0.0%	5.8%
Nationwide		11.7%	5.2%	0.1%	5.3%
Safeco		7.9%	5.0%	0.2%	5.2%
Ambac		14.0%	5.0%	0.2%	5.2%
Radian	X	9.1%	4.9%	0.0%	5.0%
SouthTrust	X	7.0%	4.7%	0.1%	4.7%
Old Republic		5.7%	4.4%	0.0%	4.4%
MGIC		9.3%	3.8%	0.4%	4.2%
Everest Re		6.7%	4.1%	0.1%	4.1%
25th Percentile (excluding Moody's)		8.2%	5.0%	0.0%	5.2%
Median (excluding Moody's)		11.3%	6.2%	0.2%	7.1%
75th Percentile (excluding Moody's)		15.0%	8.2%	0.9%	8.6%

(1) Restricted Stock Outstanding Not Available

## 2003 Equity Awards Authorized and Outstanding 3X Restricted Share Weight

\* Shares Outstanding reflects disclosure in 2003 Annual Reports. Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully Diluted Shares Outstanding				
	2004 Additional Authorization Requests	Shares Authorized	Options Outstanding	Restricted Stock Outstanding	Options + Restricted Stock Outstanding
T Rowe Price	X	9.4%	17.9%	0.0%	17.9%
First Horizon National (formerly First Tennessee)	X	22.5%	14.4%	0.8%	15.1%
Lincoln National		15.4%	9.2%	3.9%	13.1%
AG Edwards		11.5%	5.5%	7.2%	12.7%
Waddell & Reed		29.3%	8.8%	3.1%	11.9%
Mellon Financial	X	13.1%	7.8%	2.9%	10.7%
Legg Mason <sup>(1)</sup>	X	19.3%	10.6%	Not available	10.6%
XL Capital		7.5%	7.7%	1.9%	9.6%
Regions (pre-merger)		15.5%	8.2%	1.3%	9.5%
Raymond James		16.2%	5.8%	3.4%	9.2%
Ace Limited	X	10.6%	5.9%	3.2%	9.1%
Amsouth	X	13.3%	7.7%	1.0%	8.7%
Torchmark		11.1%	8.5%	0.1%	8.6%
M&T Bank		7.7%	8.0%	0.0%	8.0%
Franklin Resources		12.7%	4.9%	2.8%	7.7%
MBIA		5.8%	6.5%	0.7%	7.2%
Moody's (as of February 11, 2004)		10.8%	7.1%	Not available	7.1%
Jefferson Pilot		9.6%	6.4%	0.0%	6.4%
PMI Group	X	15.9%	5.8%	0.0%	5.8%
Ambac		14.0%	5.0%	0.7%	5.7%
Safeco		7.9%	5.0%	0.7%	5.7%
Nationwide		11.7%	5.2%	0.2%	5.4%
MGIC		9.3%	3.8%	1.3%	5.1%
Radian	X	9.1%	4.9%	0.1%	5.0%
SouthTrust	X	7.0%	4.6%	0.2%	4.9%
Old Republic		5.7%	4.4%	0.0%	4.4%
Everest Re		6.7%	4.1%	0.2%	4.3%
25th Percentile (excluding Moody's)		8.2%	5.0%	0.1%	5.7%
Median (excluding Moody's)		11.3%	6.2%	0.7%	8.3%
75th Percentile (excluding Moody's)		15.0%	8.1%	2.8%	10.3%

(1) Restricted Stock Outstanding Not Available



**Moody's Corporation**

To: Moody's Corporation Governance and Compensation Committee  
From: Andrew Kriegler  
cc: Ray McDaniel  
Date: December 6, 2007  
Re: **2007 Competitive Market Compensation Update and Projections**

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The following report, prepared by Johnson Associates, provides a summary of market compensation conditions and projections for year-end within our compensation comparator group and broader financial services. The report also includes benchmark compensation information for Moody's Chief Executive Officer and his direct reports, the Senior Vice President and Chief Human Resources Officer as well as the Executive Vice Presidents and Senior Managing Directors of Moody's Investors Service.

Alan Johnson will be happy to answer any questions you have regarding this information.

**MOODY'S**

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**2007 Competitive Market Compensation Update and Projections**

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**December 6, 2007**

**JOHNSON ASSOCIATES, INC.**

19 West 44<sup>th</sup> Street, Suite 511, New York, New York 10036

(212) 221-7400 \* Fax (212) 221-3191

## **Introduction**

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For the October Board meeting, Johnson Associates was asked by Moody's to prepare a brief 2007 summary report on market compensation conditions and projected year-end competitive positioning. The objective was to provide the Governance and Compensation Committee with a high level update at that meeting, and at year-end present more detailed market compensation analysis and market perspectives which is the focus of this report. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms.

## **Market Environment**

Unlike 2006 where compensation generally increased, the outlook for 2007 compensation is mixed. A strong first 7-8 months will allow a number of firms to post flat or positive year-over-year results in spite of the recent turmoil. The current perception, or expectation for a mostly down market, differs from reality where incentives for a number of financial services firms will be flat, and a handful of Wall Street and asset management companies will be up significantly from a strong 2006 base. Across comparators, the larger issue looming, is the anticipation of a much more difficult and uncertain 2008.

Depending on business mix and trading positions, the issues in the mortgage backed security space proved to be either a large or non- event for Wall Street firms. Compensation at the margins expected to range from -20% to +20% or more. However compensation for the majority will be flat to up 5%. Incentives for traditional fixed income also will range from flat to up 5%, with variations by product and proprietary trading results, like mortgage backed securities where incentives are projected to be down  $\approx$ 40%. Guarantor incentives expected to experience a similar range (i.e., flat to up 5%).

The current outlook for hiring has moderated from the first half of the year. A number of financial firms currently have "soft freezes" in place and are planning for a reduction in campus recruiting. To date, selective reductions have mainly occurred in the mortgage backed and related CDO areas. Most firms are delaying additional actions until the beginning of 2008 when they are hoping to have a better feel for the business environment. Depending on credit markets, may see some continued demand for risk and "work-out" professionals. In general, however, retention should be less of an issue.

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## **Overview of Moody's Market Positioning and Proposed 2008**

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- Similar to previous years' exercise, Johnson Associates benchmarked Moody's senior executives (Senior Managing Directors and above) to market comparators
  - Comparator group emphasizes other rating agencies and financial guarantors, with additional reference to broader financial services and to a much lesser degree investment/commercial banks
  - This report focuses on the CEO, direct reports, EVPs and SMDs only
- Analysis compares target compensation for 2007 and 2008 relative to market. As a group, executive 2007 target compensation at about market median
  - Cash compensation continues to be well below market while value of long-term significantly above
  - Consistent with the past few years, actual incentive (EPIC) payouts expected to be down year-over-year, and different from previous years, projected to be only  $\approx 65\%$  of target. Whereas competitors broadly expect to be “flat” to up 5%
  - Management does not believe retention of senior executives will be a major issue this year given general market conditions
  - Unfortunately the large decline in stock price has resulted in underwater options and decreased value of unvested historical awards. In previous years, the healthy appreciation in stock price has helped maintain competitive positioning and has softened the impact of decreased EPIC payouts
  - For 2008, adjustments in target cash and equity awards for Moody's senior executives (excluding CEO) result in an approximate 3% year-over-year decrease. Overall decrease in line with 2008 market outlook (i.e., increased uncertainty and lower compensation projections)
- Market comparisons for Moody's senior executives incorporates a number of dynamics and market movements, in addition to significant changes to Moody's job scopes/oversight
  - International market compensation, particularly in London, has surged. Exchange rate differentials a bigger issue. Competitors taking a more “local” view of market

## **Overview of Moody's Market Positioning and Proposed 2008**

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- In utilizing both stock options and restricted shares at Moody's, a "rule of thumb" has been applied that five stock options equals in value two restricted share. Said another way, stock options are assumed to be worth  $\approx 40\%$  of their face value, with restricted shares at grant at 100% of market
  - This "rule of thumb" approach for Moody's continues to be realistic, based on current Black Scholes analysis. For current awards there appears no obvious reason to change it. However, the value trade-off should be monitored to insure that the planned amount of value is delivered regardless of the mix between stock options and restricted stock
  - If near term high stock volatility becomes norm, fewer options per restricted stock share should be awarded
- Through the course of business cycles firms often adjust the mix of stock options to restricted shares depending on circumstances
  - Senior management is recommending the CEO and other select senior executives receive 100% options for this year's award
  - Current common practice is to award a blend of stock options and restricted stock
  - Granting 100% of stock options is not an uncommon practice; especially when stock prices have experienced significant declines. A swing to all options is often intended to signal a vote of confidence in future financial performance



## Summary

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- Market comparators expected to have flat to slightly increased bonus and long-term compensation from 2006
- Moody's proposed decreases in 2008 senior executive (CEO, direct reports and SMDs) target total compensation will result in market positioning at about market median
  - Overall, total compensation positioning versus market has declined year-over-year
  - Moody's 2007 actual payouts will decrease year-over-year whereas competitors expected to be flat or slightly increased
  - Management does not expect retention of senior executives to be a large issue
- Significant turbulence and uncertainty expected for 2008. If current conditions persist, would expect moderate to large declines in financial service compensation
- Use of both restricted stock and options competitive practice. Valuation of awards continues to be realistic but needs to be increasingly monitored

*Note: Moody's proposed targets include 16.7% downward adjustment to bonus for: R. McDaniel, M. Almeida, B. Clarkson, J. Goggins, and L. Huber*

## CEO & Direct Reports

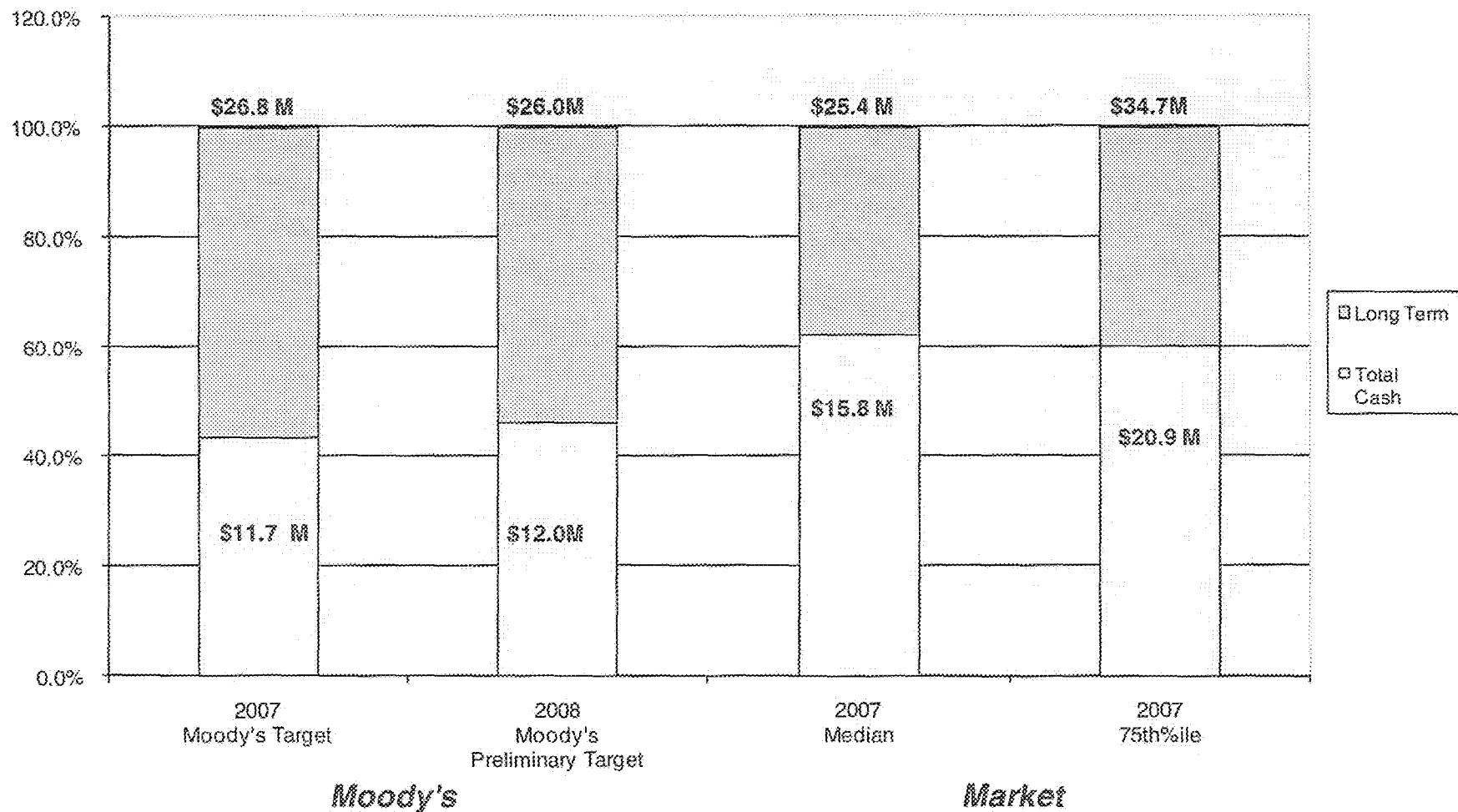
<i>all data in \$000's</i> <b>CEO &amp; Direct Reports</b>			Moody's Proposed Targets				2007 MARKET			
			2007		2008		Median		75th%ile	
			Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp
McDaniel,Raymond W	Chairman & CEO - MCO	COB, CEO	\$2,080	\$6,741	\$2,157	\$5,417	\$2,500	\$6,000	\$3,575	\$8,200
Clarkson,Brian M	President & COO - MIS	President / #2 Executive	\$1,300	\$3,545	\$1,326	\$2,912	\$1,750	\$3,050	\$2,500	\$4,380
Huber,Linda S	EVP & Chief Financial Officer	Chief Financial Officer	\$918	\$2,936	\$961	\$2,458	\$1,250	\$2,300	\$1,450	\$2,950
Almeida,Mark E	Senior Vice President MCO	Head of ISG and MKMV	\$775	\$1,807	\$803	\$1,905	\$1,050	\$1,550	\$1,450	\$2,000
Goggins,John	SVP-General Counsel	General Counsel	\$616	\$1,716	\$639	\$1,520	\$825	\$1,475	\$1,175	\$1,950

[REDACTED]

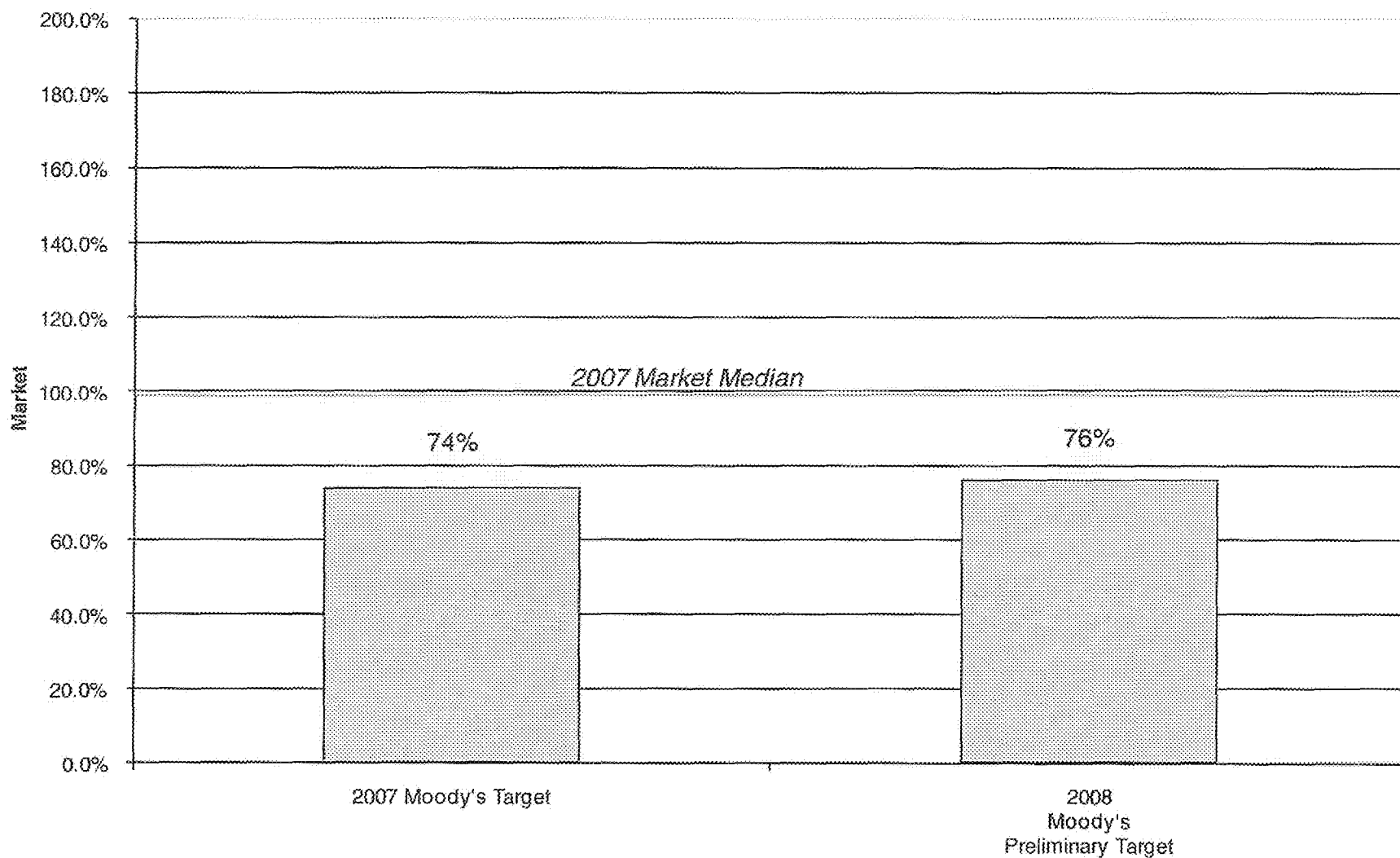
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Total CEO & Direct Reports:	\$8,239	\$17,955	\$8,458	\$15,577	\$8,050	\$15,125	\$10,850	\$20,550
Total CEO & Direct Reports (excl McDaniel):	\$4,160	\$11,214	\$4,301	\$10,160	\$5,550	\$9,125	\$7,275	\$12,350
Total EVPs Only:	\$9,312	\$8,812	\$3,334	\$7,211	\$4,000	\$6,475	\$5,700	\$9,250
Total All EVPs & CEO, Direct Reports:	\$9,551	\$24,767	\$9,792	\$22,788	\$12,050	\$21,600	\$16,550	\$29,800
Total All EVPs & CEO, Direct Reports (excl McDaniel):	\$7,471	\$18,026	\$7,635	\$17,371	\$9,550	\$15,600	\$12,075	\$21,600
Total SMDs	\$4,192	\$8,952	\$4,360	\$8,464	\$6,225	\$9,750	\$7,895	\$13,050
Total CEO, Direct Reports (excl McDaniel), EVPs and SMDs	\$11,663	\$28,978	\$11,995	\$25,835	\$15,775	\$25,350	\$20,870	\$34,650

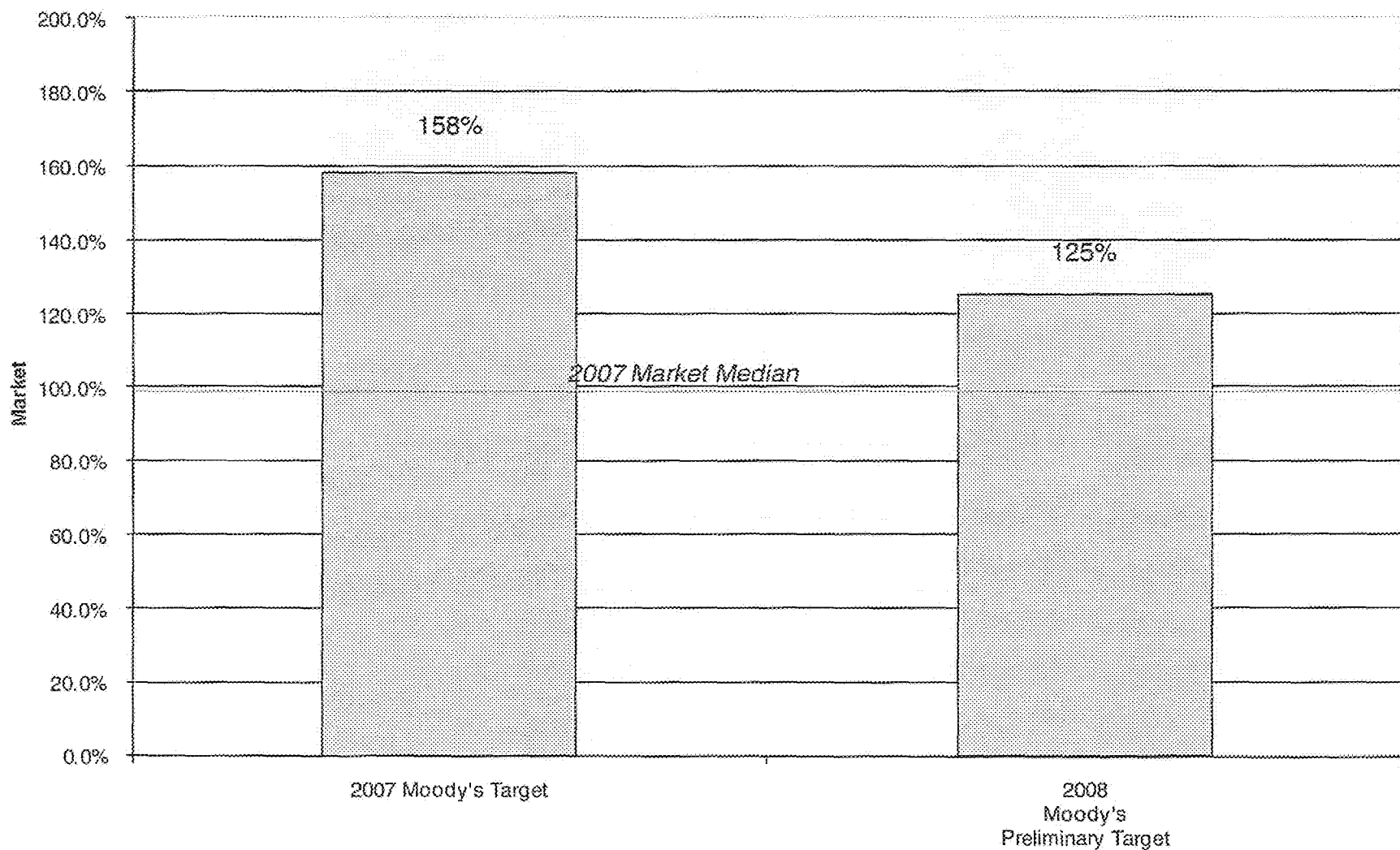
## Cash vs. Long-Term Compensation Mix: SMDs & Above (excluding R. McDaniel)



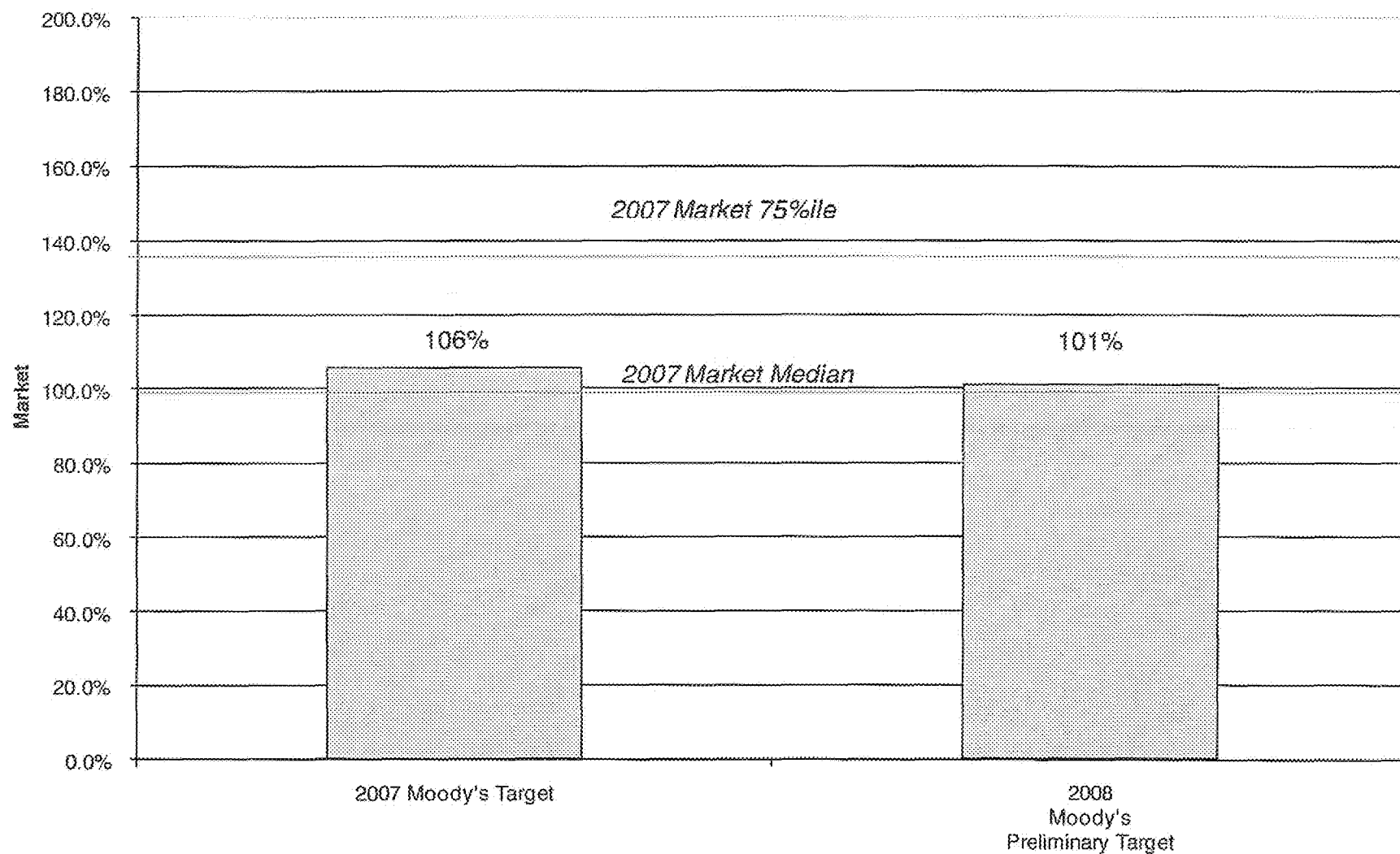
## Total Cash Compensation: SMDs & Above (excluding R. McDaniel)



## Total Long-Term Compensation: SMDs & Above (excluding R. McDaniel)



## Total Compensation: SMDs & Above (excluding R. McDaniel)



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## APPENDIX

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# 2006 CEO Compensation

CEO													
Company	Executive	Position	Traditional Total Compensation							Compensation As Reported in Proxy			
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTP (2)	Total Long-Term	Traditional Total Comp	A in Pension & Nonqual Def Comp	All Other (Perks, etc.)	Proxy Reported Total Comp
BlackRock, Inc.	Fink, L.	Chairman & CEO	\$500,000	\$10,162,500	\$10,662,500	\$0	\$8,278,815	\$3,343,000	\$11,821,815	\$22,284,315	\$0	\$380,718	\$34,044,500
Regions Financial	Moore, J.W.	COB, Former CEO	\$851,391	\$2,362,450	\$3,213,841	\$683,000	\$1,071,000	\$938,000	\$2,672,000	\$5,985,841	\$10,980,616	\$2,226,542	\$29,190,349
MBIA	Dunton, G.C.	CEO	\$825,000	\$1,875,000	\$2,700,000	\$0	\$0	\$5,250,000	\$5,250,000	\$7,950,000	\$0	\$774,583	\$14,291,947
Legg Mason	Mason, R.	Chairman of the Board & CEO	\$500,000	\$6,000,000	\$6,500,000	\$0	\$0	\$0	\$0	\$6,500,000	\$0	\$47,611	\$13,728,341
Bank of New York	Renyi, T.A.	COB, CEO	\$1,000,000	\$6,276,000	\$7,276,000	\$7,568,667	\$0	\$4,000,000	\$11,568,667	\$18,844,667	\$0	\$236,000	\$13,634,100
E*Trade	Caplan, M.	CEO	\$750,000	\$4,700,000	\$5,450,000	\$3,696,430	\$3,209,465	\$0	\$6,905,895	\$12,355,895	\$0	\$157,635	\$12,355,895
Ambac	Genader, R.J.	President, CEO	\$575,000	\$1,850,000	\$2,225,000	\$2,718,100	\$1,700,063	\$0	\$4,418,163	\$6,643,163	\$335,796	\$71,562	\$11,235,531
Northern Trust Corp	Osborn, W.	Chairman & CEO	\$1,037,500	\$2,500,000	\$3,537,500	\$4,266,274	\$1,611,142	\$1,611,142	\$7,488,558	\$11,026,058	\$1,086,801	\$90,899	\$11,010,318
Financial Security Assurance	Cochran, R.P.	COB, CEO	\$500,000	\$3,300,000	\$3,800,000	\$0	\$508,537	\$4,576,842	\$5,085,379	\$8,885,379	\$491,881	\$357,889	\$10,879,010
Compass Bancshares	Jones, D.P.	Chairman & CEO	\$975,000	\$1,535,825	\$2,510,825	\$1,754,286	\$0	\$2,339,969	\$4,094,255	\$6,604,680	\$3,026,605	\$188,150	\$8,979,577
XL Capital	O'Hara, B.M.	President & CEO	\$1,000,000	\$4,750,000	\$5,750,000	\$0	\$2,262,080	\$3,000,000	\$5,262,080	\$11,012,080	\$0	\$310,500	\$8,850,751
Everest RE	Taranto, V.J.	Chairman, CEO	\$1,000,000	\$0	\$1,000,000	\$0	\$1,371,150	\$0	\$1,371,150	\$2,371,150	\$396,321	\$95,838	\$8,817,386
BB&T	Allison, A.J. IV	Chairman, CEO	\$927,000	\$2,969,550	\$3,896,550	\$1,136,574	\$1,144,891	\$0	\$2,280,485	\$6,177,015	\$1,414,205	\$250,343	\$8,443,573
Assured Guaranty	Frederico, D.J.	President & CEO	\$700,000	\$2,500,000	\$3,200,000	\$1,138,669	\$2,224,991	\$0	\$3,361,660	\$6,661,660	\$0	\$784,373	\$7,671,699
SunTrust	Humann, L.	CEO	\$1,000,000	\$1,835,400	\$2,835,400	\$2,700,910	\$0	\$2,340,000	\$5,040,910	\$7,876,310	\$2,969,973	\$164,715	\$7,565,439
T. Rowe Price Group	Rogers, B.	Vice President & Chief Investment Officer	\$350,000	\$4,800,000	\$5,150,000	\$1,369,600	\$0	\$0	\$1,369,600	\$6,519,600	\$0	\$121,374	\$7,225,133
MGIC	Culver, C.S.	COB, CEO	\$788,539	\$1,920,000	\$2,706,539	\$0	\$1,871,996	\$2,069,760	\$3,941,756	\$6,648,265	\$531,686	\$12,600	\$7,212,643
Franklin Resources	Johnson, E.G.	President & CEO	\$780,132	\$2,850,000	\$3,430,132	\$0	\$4,328,805	\$0	\$4,328,805	\$7,758,937	\$0	\$53,579	\$8,948,859
Radian	Ibrahim, S.A.	CEO	\$725,000	\$1,916,667	\$2,641,667	\$873,338	\$820,241	\$2,009,837	\$3,703,214	\$6,344,691	\$467,302	\$185,756	\$5,287,489
A.G. Edwards	Bagby, R.	Chairman, CEO & President	\$500,000	\$2,580,373	\$3,080,373	\$0	\$1,400,000	\$0	\$1,400,000	\$4,480,373	\$0	\$294,101	\$5,049,474
PMI Group	Smith, L.S.	President, CEO, COO, Director	\$649,583	\$968,419	\$1,618,002	\$1,328,000	\$0	\$0	\$1,328,000	\$2,946,002	\$881,957	\$170,816	\$4,475,827
Zions	Simmons, H.	Chairman, President & CEO - Zions Bancorporation	\$800,000	\$700,000	\$1,500,000	\$724,295	\$0	\$1,600,000	\$2,324,295	\$3,824,295	\$19,032	\$67,810	\$3,875,785
Raymond James	James, T.	Chairman & CEO	\$300,000	\$2,740,000	\$3,068,117	\$0	\$559,994	\$0	\$559,994	\$3,628,111	\$0	\$78,749	\$3,749,713
Old Republic	Zucaro, C. A.	Chairman, CEO	\$689,970	\$728,019	\$1,415,989	\$1,528,800	\$0	\$0	\$1,528,800	\$2,944,789	\$283,680	\$20,327	\$3,299,882
First Horizon	Glass, J.K.	President & CEO	\$939,692	\$0	\$939,692	\$643,790	\$655,977	\$2,654,987	\$3,954,754	\$4,894,446	\$780,115	\$63,271	\$3,068,354
M&T Bank	Sadler Jr, R.E.	CEO, President (retired as of 1/1/07)	\$800,000	\$650,000	\$1,450,000	\$0	\$0	\$0	\$0	\$1,450,000	\$426,069	\$51,812	\$1,927,881
Moody's	McDaniel, R.	Chairman & CEO	\$900,000	\$1,663,490	\$2,763,490	\$2,277,150	\$2,277,170	\$0	\$4,554,320	\$7,317,810	\$1,709,230	\$187,468	\$8,195,767
25th Percentile (excl. Moody's)			\$593,646	\$1,180,669	\$2,225,408	\$0	\$0	\$0	\$1,422,200	\$4,588,891	\$0	\$68,748	\$5,108,978
Median (excl. Moody's)			\$783,336	\$2,481,225	\$3,073,245	\$693,946	\$788,109	\$469,000	\$3,922,485	\$8,540,839	\$309,738	\$181,175	\$8,057,638
75th Percentile (excl. Moody's)			\$948,458	\$3,217,383	\$3,972,419	\$1,469,000	\$1,677,333	\$2,339,933	\$5,074,262	\$17,922,234	\$718,008	\$285,182	\$11,117,228

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period



## 2006 Second Highest Paid Compensation – Proxy Comparators

Second Highest Paid													
Company	Executive	Position	Traditional Total Compensation							Traditional Total Comp	Compensation As Reported In Proxy		
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTIP (2)	Total Long-Term		Salary & Bonus (Det. Comp)	All Other (Pensions, etc.)	Proxy Reported Total Comp
BlackRock, Inc.	Kapito, R.	Vice Chairman, Head of Portfolio Mgmt	\$400,000	\$8,904,750	\$9,304,750	\$0	\$5,366,763	\$1,928,000	\$7,294,763	\$16,599,513	\$0	\$445,582	\$23,166,176
Regions Financial	Ritter, C.D.	President, CEO	\$955,000	\$2,786,000	\$3,781,000	\$1,511,191	\$1,195,383	\$750,000	\$3,456,574	\$7,237,574	\$1,132,335	\$743,243	\$16,433,899
E*Trade	Lillen, R.J.	President & Chief Operating Officer	\$650,000	\$3,800,000	\$4,450,000	\$3,201,430	\$2,714,465	\$0	\$5,915,895	\$10,365,895	\$0	\$93,509	\$10,365,895
Bank of New York	Hassell, G.L.	President	\$800,000	\$4,354,000	\$5,154,000	\$5,013,333	\$0	\$2,500,000	\$7,513,333	\$12,667,333	\$881,000	\$236,700	\$9,792,700
Financial Security Assurance	McCarthy, S.W.	President, COO	\$330,000	\$3,000,000	\$3,330,000	\$0	\$388,890	\$3,499,938	\$3,888,828	\$7,218,828	\$150,380	\$116,162	\$8,219,652
PMI Group	Haughton, W.R.	COB, Former CEO (retired June 1, 2006)	\$354,167	\$529,479	\$883,646	\$1,038,496	\$50,000	\$0	\$1,088,496	\$1,972,142	\$4,653,417	\$152,898	\$7,653,455
MBIA	Budnick, N.G.	VP, President, Insurance Corp. (to leave April 30, 2007)	\$600,000	\$960,000	\$2,560,000	\$0	\$0	\$0	\$0	\$2,560,000	\$0	\$393,077	\$8,912,665
SunTrust	Wells, J.	President & COO	\$795,833	\$949,747	\$1,745,580	\$1,657,000	\$0	\$1,500,000	\$3,157,000	\$4,902,580	\$2,962,122	\$147,225	\$5,684,621
T. Rowe Price Group	Kennedy, J.	Vice President & Director of the Equity Division	\$350,000	\$4,300,000	\$4,650,000	\$1,369,600	\$0	\$0	\$1,369,600	\$6,019,600	\$0	\$57,161	\$6,082,767
XL Capital	Keating, H.C.V.	EVP, COO	\$632,500	\$1,725,000	\$2,357,500	\$569,625	\$848,280	\$750,000	\$2,167,905	\$4,525,405	\$0	\$222,318	\$5,170,416
Legg Mason	Fetting, M.	Senior EVP	\$300,000	\$3,218,750	\$3,518,750	\$1,632,536	\$581,250	\$0	\$2,213,786	\$5,732,536	\$0	\$31,889	\$5,121,402
BB&T	King, S.K.	COO	\$618,000	\$1,482,092	\$2,080,092	\$648,898	\$654,210	\$0	\$1,303,108	\$3,383,200	\$968,286	\$129,707	\$4,920,523
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,025,000	\$1,525,000	\$545,800	\$1,068,000	\$0	\$1,613,800	\$3,138,800	\$0	\$236,870	\$4,060,181
Northern Trust Corp	Waddell, F.	President & Chief Operating Officer	\$612,500	\$750,000	\$1,362,500	\$1,176,908	\$1,802,225	\$444,475	\$3,423,606	\$4,786,106	\$721,730	\$46,320	\$3,664,155
MGIC	Sinks, P.	President, COO	\$455,385	\$837,000	\$1,292,385	\$0	\$1,109,533	\$1,293,600	\$2,403,133	\$3,695,518	\$170,072	\$12,600	\$3,116,704
Raymond James	Trocin, J.	Executive VP, Equity Capital Markets Group - RIA	\$250,000	\$2,268,000	\$2,518,000	\$124,838	\$441,992	\$0	\$566,829	\$3,084,829	\$0	\$42,640	\$3,083,935
A.G. Edwards	Kelly, D.	VP, Treasurer, CFO & Secretary	\$220,000	\$1,218,909	\$1,438,909	\$0	\$767,264	\$0	\$767,264	\$2,206,173	\$0	\$156,984	\$2,614,803
Radian	Kasner, R.J.	President, COO	\$455,000	\$682,500	\$1,137,500	\$415,500	\$0	\$468,720	\$884,220	\$2,021,720	\$376,468	\$93,109	\$2,697,289
Ambac	Uhllein, J.W. III	EVP - Emerging Markets, Structured Insurance & Leasing	\$300,000	\$975,000	\$1,275,000	\$864,850	\$400,000	\$0	\$1,264,850	\$2,539,850	\$68,320	\$27,000	\$2,484,065
Zions	Arnold, D.	Vice Chairman & CFO - Zions Bancorporation	\$475,000	\$450,000	\$925,000	\$573,108	\$0	\$685,000	\$1,458,108	\$2,383,108	\$15,922	\$39,738	\$2,423,858
Franklin Resources	Advani, C.V.	EVP - Advisors Services	\$525,000	\$1,075,000	\$1,600,000	\$0	\$760,164	\$0	\$760,164	\$2,360,164	\$0	\$43,743	\$2,418,081
M&T Bank	Pinto, M.P.	COB, EVP of Bank, COB & CEO of Division	\$450,000	\$450,000	\$900,000	\$1,471,023	\$0	\$0	\$1,471,023	\$2,371,023	\$35,983	\$250,005	\$2,301,145
Everest RE	Gallagher, J.T.	President, COO	\$500,000	\$650,000	\$1,150,000	\$0	\$0	\$0	\$0	\$1,150,000	\$327,540	\$26,959	\$2,095,684
Compass Bancshares	Hegel, G.	CFO	\$475,000	\$392,634	\$867,634	\$427,323	\$0	\$569,952	\$997,275	\$1,864,909	\$110,483	\$29,419	\$2,051,399
Old Republic	Nard, C.S.	SVP, Mortgage Guarantee	\$320,000	\$784,135	\$1,104,135	\$409,500	\$0	\$0	\$409,500	\$1,513,635	\$0	\$36,139	\$1,416,588
First Horizon	Baker, G.L.	COO	\$698,173	\$0	\$698,173	\$208,417	\$525,037	\$1,811,289	\$2,544,723	\$3,242,896	\$262,097	\$72,848	\$1,295,468
Moody's	Huber, L.	EVP & CFO	\$475,500	\$730,000	\$1,205,500	\$897,120	\$897,140	\$0	\$1,794,260	\$2,999,760	\$165,511	\$80,430	\$2,625,323
25th Percentile (excl. Moody's)			\$351,000	\$639,375	\$1,140,375	\$31,209	\$0	\$0	\$31,209	\$1,171,584	\$0	\$40,484	\$2,435,915
Median (excl. Moody's)			\$475,000	\$1,000,000	\$1,475,000	\$577,613	\$420,995	\$0	\$1,444,588	\$2,919,713	\$52,182	\$53,309	\$3,012,759
75th Percentile (excl. Moody's)			\$518,526	\$2,652,500	\$3,171,026	\$1,321,427	\$628,031	\$601,260	\$3,009,931	\$6,172,017	\$384,236	\$206,955	\$6,565,654

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTIP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

# 2006 Third Highest Paid Compensation – Proxy Comparators

## Third Highest Paid

Company	Executive	Position	Additional Total Compensation							Compensation As Reported in Proxy			
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTP (2)	Total Long-Term	Additional Total Comp	All Pensions & Nonqualified Plans (Perks, etc.)	Proxy Reported Total Comp	
BlackRock, Inc.	Schlossstein, R.	President	\$400,000	\$6,482,500	\$6,882,500	\$0	\$3,115,353	\$1,828,000	\$5,043,353	\$11,905,853	\$0	\$304,388	\$21,155,088
Regions Financial	Horsley, R.D.	Head of Transaction & Integration	\$637,500	\$1,338,750	\$1,976,250	\$0	\$2,146,755	\$693,557	\$2,839,312	\$4,815,582	\$4,717,848	\$543,179	\$16,141,216
Bank of New York	Van Saun, B.W.	VCOB, CFO until 9/1/06	\$650,000	\$3,373,000	\$4,023,000	\$2,760,000	\$0	\$1,950,000	\$4,700,000	\$3,723,000	\$45,100	\$198,400	\$7,272,100
T. Rowe Price Group	Bernard, E.	Vice President & Director of the Investment Services Division	\$350,000	\$3,800,000	\$4,150,000	\$1,369,600	\$0	\$0	\$1,369,600	\$5,519,600	\$0	\$57,161	\$5,658,614
E*Trade	Webb, D.	President, E*Trade Capital Markets	\$575,000	\$2,030,000	\$2,605,000	\$1,347,824	\$1,686,655	\$0	\$3,043,478	\$5,648,478	\$0	\$11,158	\$3,648,478
Legg Mason	Scheve, T.	Senior EVP	\$300,000	\$2,878,750	\$3,178,750	\$1,428,469	\$621,250	\$0	\$1,949,719	\$5,128,469	\$0	\$31,109	\$4,556,772
XL Capital	Street, S.E.	EVP, Chief Investment Officer	\$375,000	\$2,500,000	\$2,675,000	\$0	\$706,800	\$500,000	\$1,206,800	\$4,081,900	\$0	\$419	\$3,451,143
BBAT	Chalk, W.K.	SVP, Chief Credit Officer	\$437,750	\$956,679	\$1,394,429	\$383,028	\$366,163	\$0	\$769,191	\$2,163,620	\$760,382	\$88,650	\$3,212,617
MGIC	Lauer, J.M.	EVP, CFO	\$401,385	\$738,000	\$1,139,385	\$0	\$648,781	\$698,544	\$1,345,325	\$2,484,710	\$254,417	\$12,600	\$3,196,346
Northern Trust Corp	Morrison, W.	President - Personal Financial Services	\$618,750	\$525,000	\$1,043,750	\$970,950	\$366,697	\$0	\$1,704,344	\$2,748,094	\$211,126	\$32,394	\$3,091,191
Financial Security Assurance	Stem, B.E.	MD, General Counsel, Secretary	\$260,000	\$900,000	\$1,160,000	\$0	\$134,607	\$1,211,517	\$1,346,124	\$2,506,124	\$0	\$99,419	\$2,998,162
Assured Guaranty	Schozer, M.J.	President, Assured Guaranty Corp.	\$375,000	\$891,867	\$1,266,867	\$545,600	\$1,068,000	\$0	\$1,613,600	\$2,980,257	\$0	\$230,530	\$2,619,832
A.G. Edwards	Kessler, R.	Vice Chairman & EVP-Operations of the Brokerage Company	\$210,000	\$1,088,285	\$1,308,285	\$0	\$663,847	\$0	\$663,847	\$1,572,132	\$0	\$144,903	\$2,561,473
PMI Group	Shuster, B.M.	President Int'l & Strategic Investments, President & CEO PMI Capital	\$415,000	\$485,650	\$900,650	\$629,862	\$0	\$0	\$629,862	\$1,730,412	\$214,573	\$141,901	\$2,214,346
Raymond James	Riess, R.	President & CEO of Eagle, Executive VP of RJF Managing Director, Asset Management	\$250,000	\$1,548,000	\$1,798,000	\$124,838	\$261,988	\$0	\$386,836	\$2,184,836	\$0	\$75,830	\$2,183,600
Ambac	Rentfield-Miller, D.	EVP, Chairman, Ambac Assurance UK	\$250,000	\$900,000	\$1,150,000	\$864,850	\$475,034	\$0	\$1,339,884	\$2,489,884	\$50,635	\$49,356	\$2,070,686
MBIA	Chaplin, C.E.	CFO, VCOB (from June 2006)	\$500,000	\$600,000	\$1,100,000	\$0	\$0	\$1,430,000	\$1,430,000	\$2,530,000	\$0	\$44,855	\$2,042,049
SunTrust	Reed, W.	Vice Chairman	\$590,400	\$621,914	\$1,112,314	\$790,962	\$0	\$984,600	\$1,775,562	\$2,887,666	\$392,806	\$26,744	\$1,989,630
Franklin Resources	Yun, Y.W.	EVP- Institutional	\$525,000	\$675,000	\$1,200,000	\$0	\$367,842	\$0	\$367,842	\$1,567,842	\$0	\$388,477	\$1,963,616
Compass Bancshares	Bart, J.	EVP - Retail Banking	\$440,000	\$266,247	\$706,247	\$395,830	\$0	\$627,855	\$923,765	\$1,630,032	\$105,040	\$32,403	\$1,898,416
Everest RE	Umauro, L.S.	EVP, CFO	\$388,268	\$600,000	\$988,268	\$0	\$0	\$0	\$0	\$988,269	\$487,188	\$16,182	\$1,886,257
MAT Bank	Czarnecki, M.J.	EVP	\$400,962	\$450,000	\$850,962	\$1,017,923	\$0	\$0	\$1,017,923	\$1,868,885	\$39,793	\$36,026	\$1,688,902
First Horizon	Burkett, C.G.	President- TN & National Banking	\$673,654	\$564,001	\$1,237,655	\$83,127	\$64,392	\$1,581,785	\$1,749,284	\$2,986,939	\$428,891	\$47,762	\$1,627,623
Zions	Murphy, P.	CEO Amegy Bank N.A.	\$467,500	\$530,000	\$1,017,500	\$569,592	\$0	\$0	\$569,592	\$1,587,092	\$0	\$628,750	\$1,627,592
Radian	Cooke, S.D.	President, Of Radian Asset Assurance	\$325,000	\$675,000	\$900,000	\$282,512	\$0	\$331,034	\$623,546	\$1,523,546	\$57,487	\$31,370	\$1,601,022
Old Republic	Kellogg, J.A.	President & COO	\$405,833	\$449,186	\$855,019	\$327,600	\$0	\$0	\$327,600	\$1,182,619	\$104,700	\$17,737	\$1,083,200
Moody's	Doring, J.	EVP- Global Regulatory Affairs & Compliance	\$471,600	\$670,000	\$1,041,600	\$697,760	\$697,775	\$0	\$1,395,535	\$2,437,335	\$949,267	\$76,682	\$3,366,205
2006 Percentage (vs. Moody's)			\$194.55%	\$288.25%	\$1,235.30%	\$100.00%	\$100.00%	\$0.00%	\$100.00%	\$1,578.10%	\$100.00%	\$111.17%	\$1,614.63%
Median (vs. Moody's)			\$403,679	\$515,000	\$1,120,000	\$359,316	\$198,303	\$0	\$1,449,619	\$2,436,004	\$224,447	\$28,094	\$2,382,012
75th Percentile (vs. Moody's)			\$514,533	\$1,236,688	\$1,921,221	\$697,760	\$697,775	\$0	\$1,395,535	\$2,437,335	\$949,267	\$76,682	\$3,366,205

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

# 2006 Fourth Highest Paid Compensation – Proxy Comparators

## Fourth Highest Paid

Company	Executive	Position	Traditional Total Compensation							Traditional Total Comp	Compensation As Reported in Proxy		
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTIP (2)	Total Long-Term		At-Risk (Non-Grant Def Comp)	All Other (Perks, etc)	Proxy Reported Total Comp
BlackRock, Inc.	Anderson, K.	Vice Chairman, CIO-FX	\$300,000	\$5,510,750	\$5,810,750	\$0	\$2,790,886	\$1,578,000	\$4,368,886	\$10,179,636	\$0	\$307,921	\$19,198,489
MBIA	Brown, J.W.	Executive Chairman (former CEO)	\$540,000	\$1,728,000	\$2,268,000	\$0	\$0	\$0	\$0	\$2,268,000	\$0	\$899,009	\$11,617,558
Bank of New York	Monks, D.R.	VCOB	\$600,000	\$2,189,000	\$2,789,000	\$1,600,000	\$0	\$1,600,000	\$3,200,000	\$5,989,000	\$50,400	\$163,000	\$6,230,800
XL Capital	Tobin, C.R.	EVP, CEO of Insurance Operations	\$691,275	\$1,600,000	\$2,291,275	\$569,625	\$565,520	\$500,000	\$1,835,145	\$3,926,420	\$0	\$34,544	\$5,675,642
T. Rowe Price Group	Roche, G.	President & CEO	\$350,000	\$4,300,000	\$4,650,000	\$0	\$0	\$0	\$0	\$4,650,000	\$0	\$453,443	\$5,103,443
Legg Mason	Bein, P.	Senior EVP	\$300,000	\$2,638,750	\$2,938,750	\$1,224,402	\$481,250	\$0	\$1,685,652	\$4,624,402	\$0	\$37,547	\$4,124,066
E*Trade	Simmons, R.	CFO	\$500,000	\$1,620,000	\$2,120,000	\$1,086,743	\$905,872	\$0	\$1,992,615	\$4,112,615	\$0	\$53,545	\$4,112,615
Regions Financial	Edwards, G.D.	President, CEO of Morgan Keegan	\$130,000	\$2,470,802	\$2,600,802	\$10,200	\$0	\$346,797	\$356,997	\$2,957,799	\$0	\$120,530	\$3,181,408
Financial Security Assurance	Brewer, R.B., II	MD, Chief Underwriting Officer	\$260,000	\$900,000	\$1,160,000	\$0	\$134,807	\$1,211,517	\$1,348,124	\$2,506,124	\$0	\$99,419	\$2,998,152
Northern Trust Corp	Barrat, S.	President - Personal Financial Services	\$500,000	\$525,000	\$1,025,000	\$882,683	\$333,356	\$333,356	\$1,549,395	\$2,574,395	\$192,630	\$464,347	\$2,948,081
MGIC	Pierzchalski, L.J.	EVP-Risk Management	\$392,192	\$720,000	\$1,112,192	\$0	\$643,763	\$686,544	\$1,342,307	\$2,454,499	\$234,364	\$12,600	\$2,726,429
Assured Guaranty	Michener, J.M.	General Counsel	\$375,000	\$650,000	\$1,025,000	\$341,000	\$667,500	\$0	\$1,008,500	\$2,033,500	\$0	\$392,483	\$2,552,727
BB&T	Greene, E.R.	SVP	\$412,000	\$734,950	\$1,146,950	\$288,396	\$290,733	\$0	\$579,149	\$1,726,099	\$446,966	\$82,959	\$2,408,309
M&T Bank	Collins III, A.C.	EVP of Bank, COO of Division	\$283,846	\$375,000	\$658,846	\$795,005	\$0	\$0	\$795,005	\$1,453,851	\$161,048	\$23,522	\$1,658,190
Raymond James	Helck, C.	President & COO	\$277,000	\$1,300,000	\$1,577,000	\$124,638	\$199,978	\$0	\$324,613	\$1,902,396	\$0	\$67,502	\$1,901,161
Compass Bancshares	Bothwood, G.	Senior EVP - Corporate Banking	\$415,000	\$228,085	\$643,085	\$373,339	\$0	\$497,958	\$871,297	\$1,514,382	\$78,509	\$77,331	\$1,722,064
A.G. Edwards	Miller, P.	EVP & Director of Sales & Marketing of the Brokerage Company	\$200,000	\$1,074,012	\$1,274,012	\$0	\$663,847	\$0	\$663,847	\$1,937,859	\$0	\$147,107	\$1,603,427
SunTrust	Chancy, M.	Corporate EVP & CFO	\$445,833	\$394,117	\$839,950	\$745,650	\$0	\$900,000	\$1,645,650	\$2,485,600	\$103,418	\$50,485	\$1,556,851
PMI Group	Lofe, D.P., Jr	EVP, CFO	\$390,000	\$380,250	\$770,250	\$688,107	\$0	\$0	\$688,107	\$1,458,357	\$90,715	\$80,259	\$1,552,709
Radian	Casale, M.A.	President Radian Guaranty	\$315,962	\$575,000	\$890,962	\$294,174	\$0	\$333,963	\$628,137	\$1,519,099	\$53,522	\$18,927	\$1,433,103
Franklin Resources	Balo, R.W.	EVP, CFO & Treasurer	\$450,000	\$816,000	\$1,266,000	\$0	\$0	\$0	\$0	\$1,266,000	\$0	\$58,279	\$1,324,279
Ambac	Leonard, S.T.	SVP, CFO	\$350,000	\$575,000	\$925,000	\$506,555	\$449,982	\$0	\$956,537	\$1,881,537	\$32,883	\$31,500	\$1,301,558
Old Republic	LeRoy, S, III	SVP, Secretary & General Counsel	\$391,667	\$344,944	\$736,611	\$349,440	\$0	\$0	\$349,440	\$1,086,051	\$130,616	\$12,122	\$1,237,285
Zions	Savage, S.	President & CEO- The Commerce Bank of Washington	\$312,000	\$260,000	\$572,000	\$177,909	\$0	\$470,000	\$647,909	\$1,219,909	\$0	\$32,853	\$1,232,659
Everest RE	De Saram, S.M.	SVP, CEO-Bermuda RE	\$382,334	\$325,000	\$707,334	\$0	\$0	\$0	\$0	\$707,334	\$0	\$243,775	\$1,213,978
First Horizon	Makowicki, P.F.	President- Mortgage Banking	\$447,348	\$0	\$447,348	\$55,418	\$58,261	\$1,689,577	\$1,801,258	\$2,248,502	\$0	\$55,889	\$691,084
Moody's	Goggins, J.	SVP & General Counsel	\$351,000	\$412,000	\$763,000	\$488,432	\$488,443	\$0	\$976,875	\$1,739,875	\$174,761	\$50,898	\$1,857,919
25th Percentile (excl Moody's)			\$303,000	\$531,717	\$834,717	\$0	\$0	\$0	\$412,635	\$1,515,581	\$0	\$35,295	\$1,453,006
Median (excl Moody's)			\$396,157	\$727,475	\$1,123,632	\$331,255	\$227,131	\$0	\$558,386	\$2,111,001	\$0	\$72,417	\$2,183,260
75th Percentile (excl Moody's)			\$446,988	\$1,615,000	\$2,261,988	\$658,337	\$488,443	\$493,489	\$1,619,769	\$3,951,249	\$77,164	\$159,027	\$3,978,219

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTIP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

## 2006 Fifth Highest Paid Compensation – Proxy Comparators

Fifth Highest Paid													
Company	Executive	Position	Traditional Total Compensation							Compensation As Reported In Proxy			
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTIP (2)	Total Long-Term	Traditional Total Comp	4 in Pension & Nonqual Del Comp	All Other (Pensions, etc.)	Proxy Reported Total Comp
Bank of New York	Gibbons, T.P.	CFO as of 9/1/06, prior to was Chief Risk Officer	\$625,000	\$1,965,000	\$2,590,000	\$1,137,500	\$0	\$1,137,500	\$2,275,000	\$4,865,000	\$8,500	\$113,500	\$5,424,500
E*Trade	Gelbard, A.	Chief Administrative Officer	\$575,000	\$1,230,000	\$1,805,000	\$942,400	\$733,700	\$0	\$1,676,100	\$3,481,100	\$0	\$36,901	\$3,481,100
MBIA	Zucker, M.S.	VP, Head of Global Structured Finance	\$395,833	\$480,000	\$1,425,833	\$0	\$0	\$0	\$0	\$1,425,833	\$0	\$163,154	\$3,347,146
XL Capital	Veghte, J.H.	EVP, Chief Executive of Reinsurance Operations	\$500,000	\$1,400,000	\$1,900,000	\$0	\$565,520	\$500,000	\$1,065,520	\$2,965,520	\$0	\$122,726	\$3,068,334
Financial Security Assurance	Simon, J.W.	MD, CFO	\$260,000	\$900,000	\$1,160,000	\$0	\$134,607	\$1,211,517	\$1,348,124	\$2,506,124	\$0	\$98,895	\$2,614,774
MGIC	Lane, J.H.	SVP, General Counsel	\$330,039	\$612,000	\$942,039	\$0	\$625,779	\$698,544	\$1,324,323	\$2,266,362	\$222,923	\$12,600	\$2,483,463
Ambac	McKinnon, W.T.	SMD, Chief Risk Officer	\$300,000	\$725,000	\$1,025,000	\$321,230	\$325,000	\$0	\$646,230	\$1,671,230	\$127,892	\$27,000	\$2,389,382
BlackRock, Inc.	Buller, S.	MD, CFO	\$260,000	\$1,155,500	\$1,415,500	\$0	\$332,103	\$429,000	\$761,103	\$2,176,603	\$0	\$14,200	\$2,347,288
Regions Financial	Upchurch, S.E.	Sr EVP	\$482,500	\$832,500	\$1,295,000	\$0	\$1,132,597	\$485,509	\$1,618,106	\$2,913,106	\$13,129	\$149,438	\$2,260,166
Legg Mason	Daley, C. JR.	SVP, CFO & Treasurer	\$250,000	\$1,101,562	\$1,351,562	\$1,020,335	\$198,438	\$0	\$1,218,773	\$2,570,335	\$0	\$27,398	\$2,210,098
Northern Trust Corp	Franklin, S.	EVP & CFO	\$468,750	\$550,000	\$1,018,750	\$882,683	\$333,356	\$333,356	\$1,549,395	\$2,568,145	\$245,735	\$33,279	\$2,077,028
Radian	Quint, C.R.	EVP, CFO	\$389,327	\$462,500	\$831,827	\$254,286	\$0	\$288,561	\$542,847	\$1,374,674	\$380,449	\$60,317	\$2,062,323
PMI Group	Backgajup, V.J.	EVP, CAO, General Counsel & Secretary	\$385,000	\$375,375	\$760,375	\$662,672	\$0	\$0	\$662,672	\$1,423,047	\$331,577	\$50,400	\$2,061,706
Franklin Resources	Tallock, M.A.	Vice Chairman	\$590,000	\$650,000	\$1,240,000	\$0	\$0	\$0	\$0	\$1,240,000	\$0	\$491,698	\$1,731,698
SunTrust	Rogers, W.	Corporate EVP	\$422,300	\$310,272	\$732,572	\$530,240	\$0	\$531,000	\$1,061,240	\$1,793,812	\$327,498	\$34,621	\$1,704,071
A.G. Edwards	Diederich, G.	EVP & Director of Branches of the Brokerage Company	\$200,000	\$1,074,012	\$1,274,012	\$0	\$638,278	\$0	\$638,278	\$1,912,290	\$0	\$141,050	\$1,891,106
Compass Bancshares	Helms, W.	EVP - Wealth Management Group	\$355,000	\$321,942	\$676,942	\$319,365	\$0	\$425,964	\$745,328	\$1,422,271	\$0	\$30,289	\$1,476,419
M&T Bank	Witmers, R.G.	COB (new CEO)	\$600,000	\$550,000	\$1,150,000	\$0	\$0	\$0	\$0	\$1,150,000	\$165,195	\$59,777	\$1,374,972
T. Rowe Price Group	Moreland, K.	CFO	\$350,000	\$500,000	\$850,000	\$547,840	\$0	\$0	\$547,840	\$1,397,840	\$0	\$48,661	\$1,329,761
Zions	McLean, S.	President Amegy Bank N.A.	\$416,000	\$350,000	\$766,000	\$246,120	\$0	\$0	\$246,120	\$1,012,120	\$0	\$437,364	\$1,028,620
Old Republic	Rager, R.S.	SVP- General Insurance	\$284,583	\$430,770	\$725,353	\$256,620	\$0	\$0	\$256,620	\$981,973	\$0	\$5,982	\$987,955
Assured Guaranty	Balfenson, R.A.	Chief Accounting Officer	\$300,000	\$325,000	\$625,000	\$109,120	\$213,600	\$7,500	\$330,220	\$965,220	\$0	\$117,654	\$902,249
BB&T	Henson, L.C.	SVP, CFO	\$278,100	\$177,289	\$455,389	\$184,669	\$196,247	\$0	\$390,916	\$846,305	\$75,464	\$30,731	\$707,611
Raymond James	Averitt, R.	Chairman & CEO - RJFS	\$249,600	\$1,140,000	\$1,389,644	\$124,636	\$159,981	\$0	\$284,616	\$1,674,262	\$0	\$71,734	\$673,427
Everest RE	Shoemaker, T.K.	Comptroller, Principal Accounting Officer	\$201,661	\$65,000	\$266,661	\$0	\$0	\$0	\$0	\$266,661	\$18,637	\$6,894	\$445,169
First Horizon	Mosby, M.L.	EVP & CFO	\$338,461	\$0	\$338,461	\$33,500	\$33,993	\$784,982	\$832,475	\$1,170,598	\$45,072	\$22,844	\$348,392
Moody's	Elliott, J.	VP & Chief Human Resources Officer	\$333,387	\$315,000	\$648,387	\$299,040	\$299,047	\$0	\$598,087	\$1,246,474	\$0	\$192,501	\$1,268,523
25th Percentile (excl Moody's)			\$229,221	\$368,344	\$597,565	\$0	\$0	\$0	\$296,159	\$1,193,724	\$0	\$23,121	\$1,104,603
Median (excl Moody's)			\$332,200	\$350,000	\$1,021,676	\$159,763	\$34,300	\$0	\$654,401	\$1,545,832	\$0	\$43,231	\$1,631,702
75th Percentile (excl Moody's)			\$432,450	\$1,090,509	\$1,522,959	\$377,588	\$350,327	\$471,852	\$1,199,267	\$2,722,183	\$114,766	\$116,216	\$2,203,288

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTIP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

# 2006 Chief Financial Officer Compensation – Proxy Comparators

CFO													
Company	Executive	Position	Traditional Total Compensation							Compensation As Reported In Proxy			
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTIP (2)	Total Long-Term	Traditional Total Comp	Δ In Pension & Nonqual Del Comp	All Other (Perks, etc.)	Proxy Reported Total Comp
Bank of New York	Van Saun, B.W.	VCOB, CFO until 9/1/06	\$650,000	\$3,373,000	\$4,023,000	\$2,750,000	\$0	\$1,950,000	\$4,700,000	\$8,723,000	\$45,100	\$198,400	\$7,272,100
E*Trade	Simmons, R.	CFO	\$500,000	\$1,620,000	\$2,120,000	\$1,088,743	\$905,872	\$0	\$1,992,615	\$4,112,615	\$0	\$53,545	\$4,112,615
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,025,000	\$1,525,000	\$545,600	\$1,068,000	\$0	\$1,613,600	\$3,138,600	\$0	\$236,870	\$4,060,161
Regions Financial	Jordan, D.B.	Sr EVP, CFO	\$470,000	\$752,000	\$1,222,000	\$0	\$975,184	\$485,509	\$1,460,693	\$2,682,693	\$8,561	\$148,880	\$2,148,547
Legg Mason	Daley, C. JR.	SVP,CFO & Treas	\$250,000	\$1,101,562	\$1,351,562	\$1,020,335	\$198,438	\$0	\$1,218,773	\$2,570,335	\$0	\$27,398	\$2,210,098
Northern Trust Corp	Franklin, S.	EVP &CFO	\$468,750	\$550,000	\$1,018,750	\$882,683	\$333,356	\$333,356	\$1,549,395	\$2,568,145	\$245,735	\$33,279	\$2,077,028
MBIA	Chaplin, C.E.	CFO, VCOB (fm 8/2006)	\$500,000	\$600,000	\$1,100,000	\$0	\$0	\$1,430,000	\$1,430,000	\$2,530,000	\$0	\$44,855	\$2,042,049
Financial Security Assurance	Simon, J.W.	MD, CFO	\$280,000	\$900,000	\$1,160,000	\$0	\$134,607	\$1,211,517	\$1,348,124	\$2,506,124	\$0	\$98,895	\$2,514,774
SunTrust	Chancy, M.	Corp EVP &CFO	\$445,833	\$394,117	\$839,950	\$745,850	\$0	\$900,000	\$1,645,650	\$2,485,600	\$103,418	\$50,465	\$1,556,851
MGIC	Lauer, J.M.	EVP, CFO	\$401,385	\$738,000	\$1,139,385	\$0	\$646,781	\$698,544	\$1,345,325	\$2,484,710	\$254,417	\$12,600	\$3,196,346
Zions	Arnold, D.	Vice Chairman & CFO-Zions Bancorp	\$475,000	\$450,000	\$925,000	\$573,108	\$0	\$885,000	\$1,458,108	\$2,383,108	\$15,922	\$39,738	\$2,423,858
A.G. Edwards	Kelly, D.	VP, Treas, CFO & Secr	\$220,000	\$1,218,909	\$1,438,909	\$0	\$767,284	\$0	\$767,284	\$2,206,193	\$0	\$156,984	\$2,614,803
BlackRock, Inc.	Buller, S.	MD, CFO	\$280,000	\$1,155,500	\$1,415,500	\$0	\$332,103	\$429,000	\$781,103	\$2,176,603	\$0	\$14,200	\$2,347,288
Ambac	Leonard, S.T.	SVP, CFO	\$350,000	\$575,000	\$925,000	\$506,555	\$449,982	\$0	\$956,537	\$1,881,537	\$32,883	\$31,500	\$1,301,558
Compass Bancshares	Hegel, G.	CFO	\$475,000	\$392,634	\$867,634	\$427,323	\$0	\$589,952	\$997,275	\$1,864,909	\$110,483	\$29,419	\$2,051,399
XL Capital	de St. Paer, J.M.	EVP, CFO (retiring 5/5/07)	\$550,000	\$1,000,000	\$1,550,000	\$0	\$0	\$0	\$0	\$1,550,000	\$0	\$390,320	\$3,510,393
PMI Group	Lofe, D.P., Jr	EVP, CFO	\$390,000	\$380,250	\$770,250	\$688,107	\$0	\$0	\$688,107	\$1,456,357	\$90,715	\$80,259	\$1,552,709
T. Rowe Price Group	Moreland, K.	CFO	\$350,000	\$500,000	\$850,000	\$547,840	\$0	\$0	\$547,840	\$1,397,840	\$0	\$48,661	\$1,329,751
Radian	Quint, C.R.	EVP, CFO	\$389,327	\$482,500	\$831,827	\$254,286	\$0	\$288,561	\$542,847	\$1,374,674	\$380,449	\$60,317	\$2,062,323
Franklin Resources	Balo, R.W.	EVP, CFO & Treasurer	\$450,000	\$816,000	\$1,266,000	\$0	\$0	\$0	\$0	\$1,266,000	\$0	\$58,279	\$1,324,279
First Horizon	Mosby, M.L.	EVP & CFO	\$338,461	\$0	\$338,461	\$33,500	\$33,993	\$764,982	\$832,475	\$1,170,938	\$45,072	\$22,844	\$348,392
M&T Bank	Jones, R.F.	EVP, CFO	\$232,308	\$275,000	\$507,308	\$370,021	\$0	\$0	\$370,021	\$877,329	\$1,585	\$43,108	\$903,814
Everest RE	Limauro, L.S.	EVP, CFO	\$388,269	\$500,000	\$868,269	\$0	\$0	\$0	\$0	\$868,269	\$487,188	\$18,182	\$1,888,257
BB&T	Henson, L.C.	SVP, CFO	\$278,100	\$177,289	\$455,389	\$194,869	\$196,247	\$0	\$390,916	\$846,305	\$75,464	\$30,731	\$707,611
Old Republic	Mueller, K.W.	SVP, CFO	\$341,867	\$266,934	\$608,801	\$191,100	\$0	\$0	\$191,100	\$799,701	\$15,044	\$9,941	\$702,446
Moody's	Huber, L.	EVP & CFO	\$475,500	\$730,000	\$1,205,500	\$897,120	\$897,140	\$0	\$1,794,260	\$2,999,760	\$165,511	\$80,430	\$2,526,823
25th Percentile (excluding Moody's)			\$338,461	\$394,117	\$839,950	\$0	\$0	\$0	\$542,847	\$1,374,674	\$0	\$28,419	\$1,326,761
Median (excluding Moody's)			\$390,000	\$575,000	\$1,018,750	\$254,286	\$0	\$0	\$956,537	\$2,176,603	\$15,044	\$44,863	\$2,062,323
75th Percentile (excluding Moody's)			\$500,000	\$1,123,137	\$1,473,346	\$506,555	\$594,982	\$897,000	\$1,575,077	\$2,618,279	\$184,584	\$162,122	\$3,321,983

(1) Option Value = reported value or (number of options) x (exercise price) x (1/3).

(2) LTIP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

## 2005 General Counsel Compensation – Proxy Comparators

General Counsel													
Company	Executive	Position	Traditional Total Compensation								Compensation As Reported In Proxy		
			Base Salary	Bonus	Total Cash	Option Value (1)	Rest Stock	LTP (2)	Total Long-Term	Traditional Total Comp	A In Pension & Nonqual Def Comp	All Other (Perks, etc.)	Proxy Reported Total Comp
Financial Security Assurance	Stern, B.E.	MD, General Counsel, Secretary	\$260,000	\$900,000	\$1,160,000	\$0	\$134,607	\$1,211,517	\$1,346,124	\$2,506,124	\$0	\$99,419	\$2,998,152
MGIC	Lane, J.H.	SVP, General Counsel	\$330,039	\$612,000	\$942,039	\$0	\$625,779	\$698,544	\$1,324,323	\$2,266,362	\$222,923	\$12,600	\$2,493,463
Assured Guaranty	Michener, J.M.	General Counsel	\$375,000	\$650,000	\$1,025,000	\$341,000	\$667,500	\$0	\$1,008,500	\$2,033,500	\$0	\$392,463	\$2,552,727
PMI Group	Bacigalupi, V.J.	EVP, CAO, General Counsel & Secretary	\$385,000	\$375,375	\$760,375	\$662,672	\$0	\$0	\$662,672	\$1,423,047	\$331,577	\$50,400	\$2,051,706
Old Republic	LeRoy, S. III	SVP, Secretary & General Counsel	\$391,667	\$344,944	\$736,611	\$349,440	\$0	\$0	\$349,440	\$1,086,051	\$130,616	\$12,122	\$1,237,285
Moody's	Goggins, J.	SVP & General Counsel	\$351,000	\$412,000	\$763,000	\$488,432	\$488,443	\$0	\$976,875	\$1,739,875	\$174,761	\$50,888	\$1,857,919
25th Percentile (excluding Moody's)			\$330,039	\$375,375	\$760,375	\$0	\$0	\$0	\$662,672	\$1,423,047	\$0	\$12,600	\$2,051,706
Median (excluding Moody's)			\$375,000	\$612,000	\$942,039	\$341,000	\$134,607	\$0	\$1,008,500	\$2,033,500	\$130,616	\$50,400	\$2,493,463
75th Percentile (excluding Moody's)			\$391,667	\$344,944	\$736,611	\$476,733	\$642,467	\$903,733	\$1,333,043	\$2,362,266	\$268,385	\$216,637	\$2,730,697

(1) Option Value = reported value or: (number of options) x (exercise price) x (1/3).

(2) LTIP Value = target award values for recent grants; does not reflect payouts from past cycles

NOTE: One-time awards annualized over appropriate vesting period

## 2006 Equity Award Grants

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Awards Granted (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (millions) as of 9/30/07		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
Regions Financial	3.5%	0.2%	3.7%	\$759	\$50	\$809
T. Rowe Price	2.5%	0.0%	2.5%	\$326	\$5	\$331
Raymond James	1.4%	1.0%	2.3%	\$54	\$39	\$93
First Horizon	1.3%	0.6%	1.8%	\$49	\$21	\$70
Assured Guaranty	1.2%	0.7%	1.8%	\$20	\$12	\$32
A.G. Edwards	0.4%	1.3%	1.7%	\$25	\$84	\$109
M&T Bank	1.5%	0.0%	1.5%	\$173	\$0	\$173
PMT Group	1.5%	0.0%	1.5%	\$40	\$0	\$40
E*Trade Financial	1.4%	0.1%	1.5%	\$89	\$10	\$99
Legg Mason	0.7%	0.7%	1.5%	\$83	\$83	\$166
Moody's	1.1%	0.3%	1.4%	\$130	\$39	\$169
BB&T	0.9%	0.4%	1.3%	\$198	\$92	\$290
Radian	1.3%	0.1%	1.3%	\$18	\$1	\$19
Zions Bancorporation	0.9%	0.3%	1.1%	\$67	\$20	\$87
BlackRock	0.0%	1.1%	1.1%	\$0	\$205	\$205
Financial Security Assurance	0.0%	1.1%	1.1%		not applicable	
Old Republic	1.1%	0.0%	1.1%	\$45	\$0	\$45
Northern Trust	0.8%	0.2%	1.0%	\$106	\$23	\$129
Ambac Financial	0.6%	0.3%	0.9%	\$40	\$16	\$56
Bank of New York	0.8%	0.0%	0.8%	\$388	\$0	\$388
MGIC	0.0%	0.7%	0.7%	\$0	\$16	\$16
Compass Bancshares	0.5%	0.2%	0.6%	\$40	\$16	\$56
MBIA	0.0%	0.6%	0.6%	\$2	\$41	\$44
XL Capital	0.1%	0.4%	0.5%	\$14	\$60	\$74
Suntrust	0.3%	0.2%	0.5%	\$72	\$65	\$137
Franklin Resources	0.0%	0.2%	0.2%	\$0	\$62	\$62
Everest Re	0.1%	0.0%	0.1%	\$3	\$2	\$5
25th Percentile (excludes Moody's)	0.1%	0.1%	0.7%	\$18	\$5	\$45
Median (excludes Moody's)	0.8%	0.2%	1.1%	\$45	\$20	\$87
75th Percentile (excludes Moody's)	1.3%	0.6%	1.5%	\$89	\$60	\$166

## 2006 Equity Award Grants (2.5X Restricted Share Weight)

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Awards Granted (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 9/30/07		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
Regions Financial	3.5%	0.6%	4.1%	\$757	\$124	\$880
Raymond James	1.3%	2.4%	3.8%	\$53	\$96	\$149
A.G. Edwards	0.4%	3.3%	3.7%	\$25	\$206	\$230
BlackRock	0.0%	2.8%	2.8%	\$0	\$505	\$505
Assured Guaranty	1.1%	1.7%	2.8%	\$20	\$29	\$49
Financial Security Assurance	0.0%	2.7%	2.7%	not applicable		
First Horizon	1.3%	1.4%	2.6%	\$49	\$52	\$101
Legg Mason	0.7%	1.8%	2.6%	\$82	\$205	\$287
T. Rowe Price	2.5%	0.1%	2.6%	\$326	\$13	\$339
BB&T	0.9%	1.1%	2.0%	\$196	\$229	\$426
Moody's	1.1%	0.8%	1.9%	\$129	\$97	\$226
E*Trade Financial	1.4%	0.4%	1.7%	\$89	\$24	\$113
MGIC	0.0%	1.7%	1.7%	\$0	\$39	\$39
M&T Bank	1.5%	0.0%	1.5%	\$173	\$0	\$173
Zions Bancorporation	0.9%	0.7%	1.5%	\$67	\$50	\$116
PMI Group	1.5%	0.0%	1.5%	\$40	\$0	\$40
MBIA	0.0%	1.4%	1.4%	\$2	\$103	\$105
Radian	1.3%	0.1%	1.4%	\$18	\$2	\$20
Ambac Financial	0.6%	0.6%	1.3%	\$40	\$39	\$79
Northern Trust	0.8%	0.4%	1.2%	\$106	\$58	\$163
XL Capital	0.1%	1.1%	1.2%	\$14	\$150	\$164
Old Republic	1.1%	0.0%	1.1%	\$45	\$0	\$45
Compass Bancshares	0.5%	0.5%	0.9%	\$39	\$41	\$80
Suntrust	0.3%	0.6%	0.9%	\$72	\$162	\$234
Bank of New York	0.8%	0.0%	0.8%	\$388	\$0	\$388
Franklin Resources	0.0%	0.5%	0.5%	\$0	\$154	\$154
Everest Re	0.1%	0.1%	0.1%	\$3	\$4	\$7
25th Percentile (excludes Moody's)	0.1%	0.2%	1.2%	\$18	\$13	\$79
Median (excludes Moody's)	0.8%	0.6%	1.5%	\$45	\$50	\$149
75th Percentile (excludes Moody's)	1.3%	1.6%	2.6%	\$89	\$150	\$234



## 2006 Equity Award Outstanding

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Awards Outstanding (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 9/30/07		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
T. Rowe Price	14.2%	0.0%	14.2%	\$1,874	\$6	\$1,880
First Horizon	12.5%	1.2%	13.6%	\$479	\$44	\$523
Northern Trust	9.1%	0.6%	9.7%	\$1,210	\$74	\$1,284
M&T Bank	8.9%	0.0%	8.9%	\$991	\$0	\$991
E*Trade Financial	7.7%	0.6%	8.3%	\$495	\$40	\$535
Bank of New York	7.8%	0.0%	7.8%	\$3,709	\$0	\$3,709
Moody's	6.7%	0.6%	7.3%	\$817	\$69	\$886
MBIA	5.8%	1.3%	7.1%	\$430	\$97	\$526
PMI Group	6.8%	0.0%	6.8%	\$176	\$0	\$176
Regions Financial	6.2%	0.4%	6.6%	\$1,349	\$91	\$1,440
BB&T	6.2%	0.4%	6.6%	\$1,341	\$91	\$1,432
XL Capital	5.6%	0.9%	6.5%	\$774	\$127	\$901
A.G. Edwards	3.5%	2.9%	6.4%	\$219	\$185	\$404
Legg Mason	4.5%	1.6%	6.2%	\$508	\$182	\$690
Zions Bancorporation	5.7%	0.4%	6.1%	\$434	\$27	\$461
Raymond James	4.3%	1.5%	5.8%	\$171	\$59	\$230
Assured Guaranty	4.2%	1.6%	5.8%	\$73	\$29	\$101
Suntrust	5.0%	0.5%	5.5%	\$1,339	\$134	\$1,473
Compass Bancshares	5.1%	0.4%	5.5%	\$442	\$32	\$474
Old Republic	5.4%	0.0%	5.4%	\$229	\$0	\$229
BlackRock	3.6%	1.2%	4.9%	\$657	\$223	\$880
Ambac Financial	3.5%	1.2%	4.7%	\$218	\$75	\$293
Radian	4.6%	0.1%	4.7%	\$64	\$1	\$65
MGIC	3.1%	1.4%	4.5%	\$73	\$33	\$106
Financial Security Assurance	0.0%	3.5%	3.5%	not applicable		
Everest Re	2.7%	0.3%	3.0%	\$177	\$18	\$195
Franklin Resources	2.0%	0.3%	2.2%	\$631	\$86	\$717
25th Percentile (excludes Moody's)	3.8%	0.3%	5.0%	\$218	\$18	\$230
Median (excludes Moody's)	5.3%	0.5%	6.1%	\$479	\$44	\$526
75th Percentile (excludes Moody's)	6.6%	1.3%	7.0%	\$991	\$91	\$991

## 2006 Equity Award Outstanding (2.5X Restricted Share Weight)

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Award Outstanding (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 9/30/07		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
First Horizon	12.3%	2.8%	15.1%	\$471	\$109	\$580
T. Rowe Price	14.1%	0.1%	14.3%	\$1,873	\$15	\$1,888
A.G. Edwards	3.3%	7.0%	10.4%	\$210	\$443	\$653
Northern Trust	9.0%	1.4%	10.4%	\$1,200	\$183	\$1,383
Financial Security Assurance	0.0%	8.3%	8.3%	not applicable		
MBIA	5.7%	3.2%	8.9%	\$421	\$237	\$659
E*Trade Financial	7.6%	1.5%	9.1%	\$490	\$99	\$589
Legg Mason	4.4%	4.0%	8.4%	\$496	\$444	\$940
M&T Bank	8.9%	0.0%	8.9%	\$991	\$0	\$991
Assured Guaranty	4.1%	3.9%	8.0%	\$71	\$67	\$139
Raymond James	4.2%	3.7%	7.9%	\$167	\$145	\$312
Moody's	6.6%	1.4%	8.0%	\$810	\$171	\$982
XL Capital	5.6%	2.3%	7.8%	\$763	\$313	\$1,077
Bank of New York	7.8%	0.0%	7.8%	\$3,709	\$0	\$3,709
Regions Financial	6.2%	1.0%	7.2%	\$1,341	\$226	\$1,567
BB&T	6.1%	1.0%	7.2%	\$1,333	\$227	\$1,559
BlackRock	3.6%	3.0%	6.6%	\$645	\$548	\$1,193
MGIC	3.0%	3.4%	6.4%	\$72	\$80	\$151
Ambac Financial	3.4%	2.9%	6.4%	\$214	\$184	\$398
PMI Group	6.8%	0.0%	6.8%	\$176	\$0	\$176
Zions Bancorporation	5.7%	0.9%	6.6%	\$431	\$68	\$499
Suntrust	4.9%	1.2%	6.2%	\$1,329	\$333	\$1,662
Compass Bancshares	5.1%	0.9%	6.0%	\$440	\$79	\$519
Old Republic	5.4%	0.0%	5.4%	\$229	\$0	\$229
Radian	4.6%	0.2%	4.8%	\$64	\$3	\$67
Everest Re	2.7%	0.7%	3.4%	\$176	\$44	\$220
Franklin Resources	2.0%	0.7%	2.6%	\$629	\$214	\$843
25th Percentile (excludes Moody's)	3.7%	0.7%	6.4%	\$210	\$44	\$312
Median (excludes Moody's)	5.2%	1.3%	7.5%	\$471	\$109	\$653
75th Percentile (excludes Moody's)	6.6%	3.2%	8.7%	\$991	\$227	\$1,193

# MOODY'S

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## 2003 Competitive Market Compensation Update and Projections

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December 2, 2003

JOHNSON ASSOCIATES, INC.

19 West 44<sup>th</sup> Street, Suite 511, New York, New York 10036

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## Introduction

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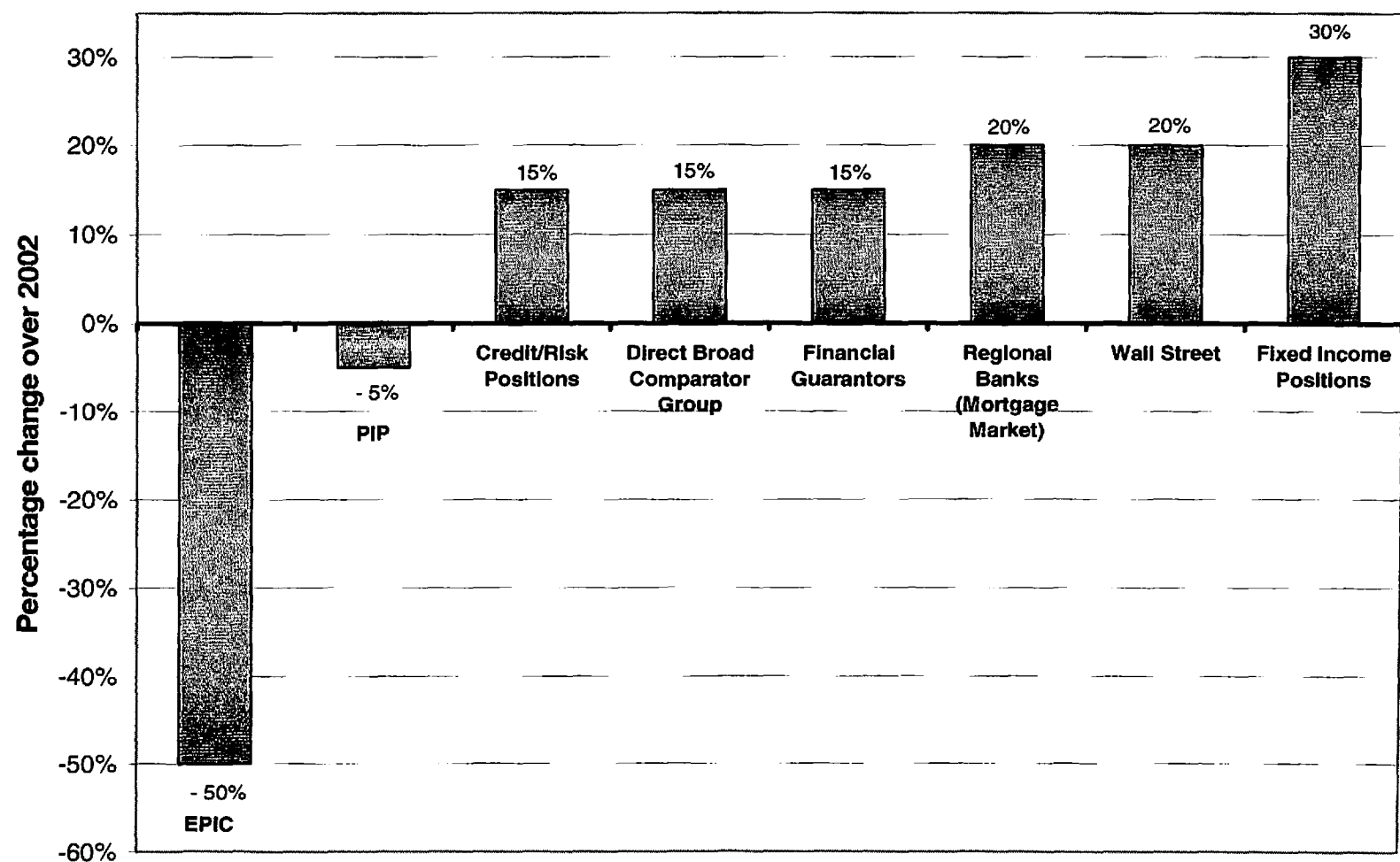
Johnson Associates was asked by Moody's to prepare a brief summary report on 2003 year-end competitive positioning. The objective is to provide the Compensation Committee with an indication of where Moody's target and actual total compensation for senior professionals will be positioned against the competitive marketplace. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms across industry sectors.

The business environment in 2003 has impacted most major financial service firms in a positive way. Continued strong bond issuances and other fixed income product investments have produced strong business results and increased compensation across firms. However, for a minority of financial services firms, in particular those focused on corporate finance, equities, and private equity/venture capital, compensation will essentially be flat to 2002.

The upturn in compensation is expected to continue into 2004 as earnings momentum is sustained across the majority of sectors. Moody's will likely need to adjust 2004 individual compensation opportunities to remain competitive.

## Predicted 2003 Market Incentive Changes

- Moody's competitive positioning will erode at year-end 2003 which will impact needed adjustments for 2004.



## **2003 Financial Services Compensation Environment**

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- Financial Industry near term revenue outlook promising
  - Continued optimism toward 2004
- Overall compensation outlook is up with significant variations between businesses
  - Wall Street fixed income departments are expecting large increases, most notably municipal and asset finance which are having strong years. Bonus awards in these segments should be up 30% from 2002, driven by excellent results. Unlike previous years, other business segment results will not limit fixed income compensation
  - Other relevant comparator groups/positions (i.e., financial guarantors, credit/risk positions, direct broad comparator group) projected to increase bonuses by 15%
- 2003-2004 EPS estimates continue to be increased
  - Compensation accruals are flexible and will respond to earning requirements
  - Continued use of stock options before impact of option accounting charge in 2005
  - Firms beginning to use more restricted stock and considering performance share-like programs
- Financial services firms continue to selectively upgrade talent but little net new professional hiring occurring. Major exception is professionals with risk and credit skills for which there is strong demand at all experience levels
  - Less focus on headcount reduction. Net new hiring may occur outside the U.S. and firms will outsource technology and other services to lower cost locations

## **2003 Financial Services Compensation Environment**

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- Base salary increases expected to average about 3.5% - 4.0% in New York City for major financial service firms. Since many firms manage on a total compensation basis and with incentives linked to results, net cost impact of base salary increases generally small
- Percentage of firm stock utilized across comparators for 2003 equity programs expected to decrease slightly from 2002 due to increased stock prices and reduced competitive need
  - Comparators utilized  $\approx$  2.0%-2.5% of shares outstanding for stock options and restricted stock. Major investment and select commercial banks often utilize 3%-5%+ annually for equity awards
  - Moody's proposed 2004 run rate of 1.8% well within competitive range (see appendix, pages 23-26)

## **Moody's 2003 Projected Market Position**

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- Moody's 2003 business results will likely result in professionals and executives total compensation at or below the 50<sup>th</sup> percentile of direct comparator market. Additionally, majority of comparators will experience year-over-year bonus increases, while Moody's incentives will decrease
  - This is a shift from previous year positioning of between 50<sup>th</sup> and 75<sup>th</sup> percentiles. Driving factors are a significant decline in bonus payouts and essentially flat long-term award values
  - Most notably, for 2003, SMDs and TMDs will be positioned below market median
  - An increase in 2004 equity awards would help boost competitive positioning, but without target bonus increases, especially considering Moody's projected 2004 results, 2004 compensation will most likely be below market
  - Proxy disclosure of comparators in early 2003 likely to show, on average, increased total compensation of about 15%. Moody's actual 2003 total compensation for senior executives unlikely to draw undue attention (see appendix pages 14-22)
- Graphs and data on the next several pages show positioning for Moody's projected actual compensation this year assuming current projected financial results
  - Importantly, the Compensation Committee retains discretion on Moody's actual 2003 incentive payouts by individual and across areas



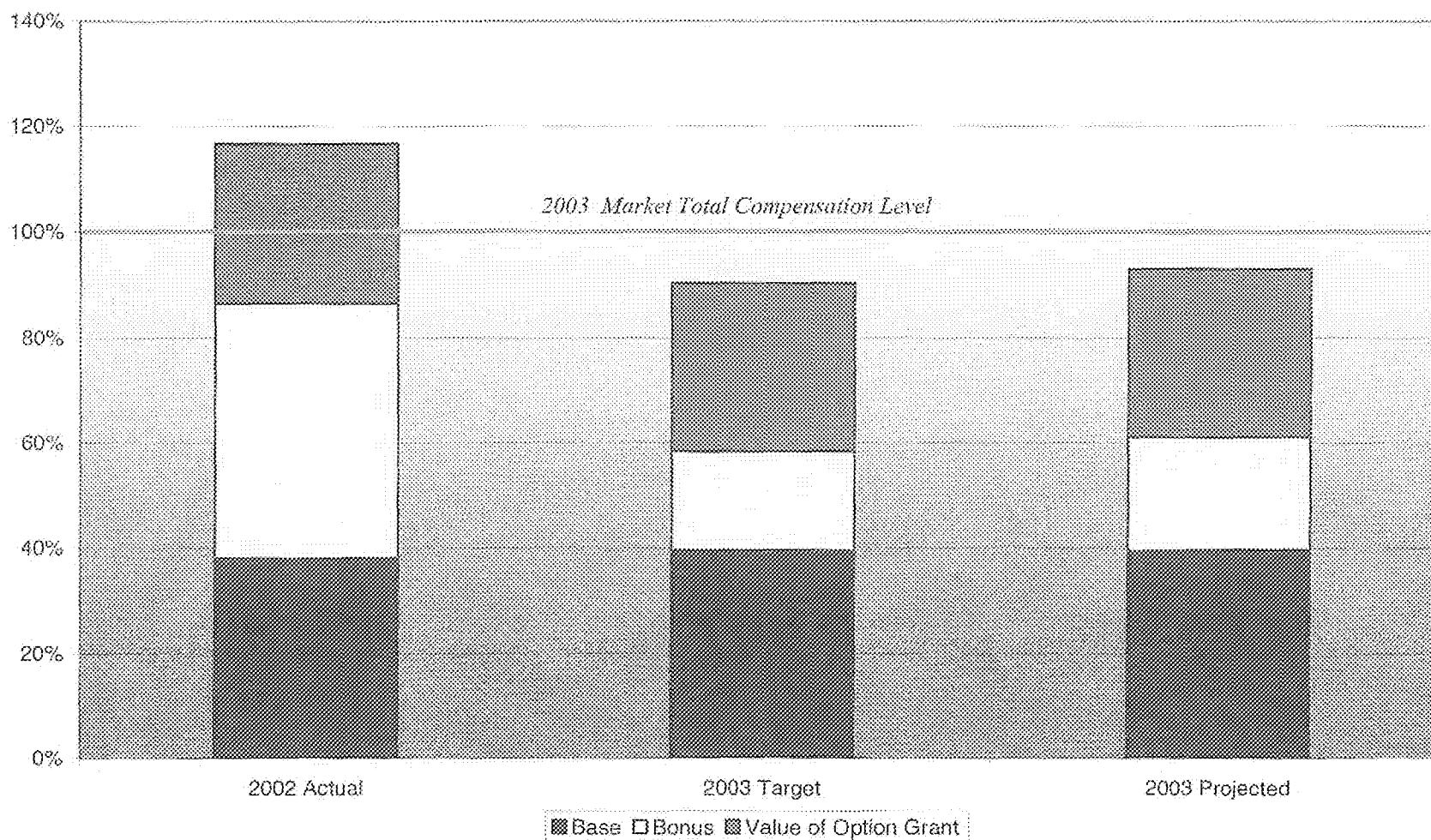
## Senior Executive Team – John Rutherford Direct Reports

Executive	Market Match	Moody's Total Compensation		Projected 2003 Market Total Compensation	
		Target	Projected 2003 <sup>(1)</sup>	Median	75 <sup>th</sup> Percentile
Rutherford	CEO	\$3,748,590	\$4,281,990	\$4,325,000	\$5,200,000
McDaniel	#2 Executive/President	\$2,444,126	\$2,782,284	\$2,775,000	\$3,350,000
Woodham	Head Business Unit (MKMV) <sup>(2)</sup>	\$1,927,000	\$1,989,868	\$1,600,000	\$2,200,000
Murray	Human Resources	\$1,218,230	\$1,376,218	\$925,000	\$1,200,000
Dering	CFO	\$1,187,860	\$1,321,591	\$1,325,000	\$1,725,000
Totals:		\$11,389,326	\$12,701,323	\$11,975,000	\$15,050,000

(1) Reflects base salary, 2003 stock options, and cash bonus on projected 2003 financial results

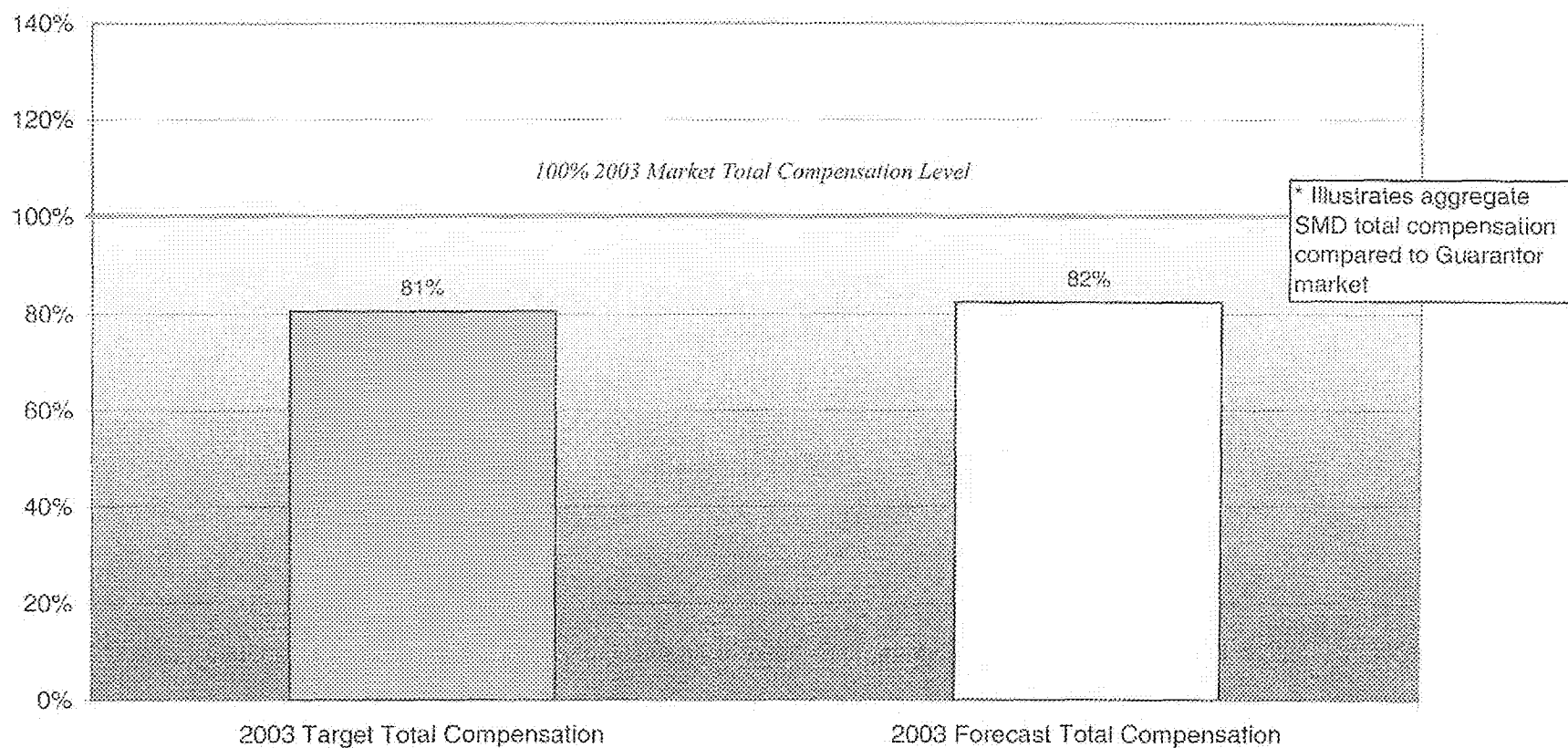
(2) Reflects different position match than 2002 (Strategy/IT)

## Moody's Senior Executive Compensation by Element (Total of 81 Executives)\*

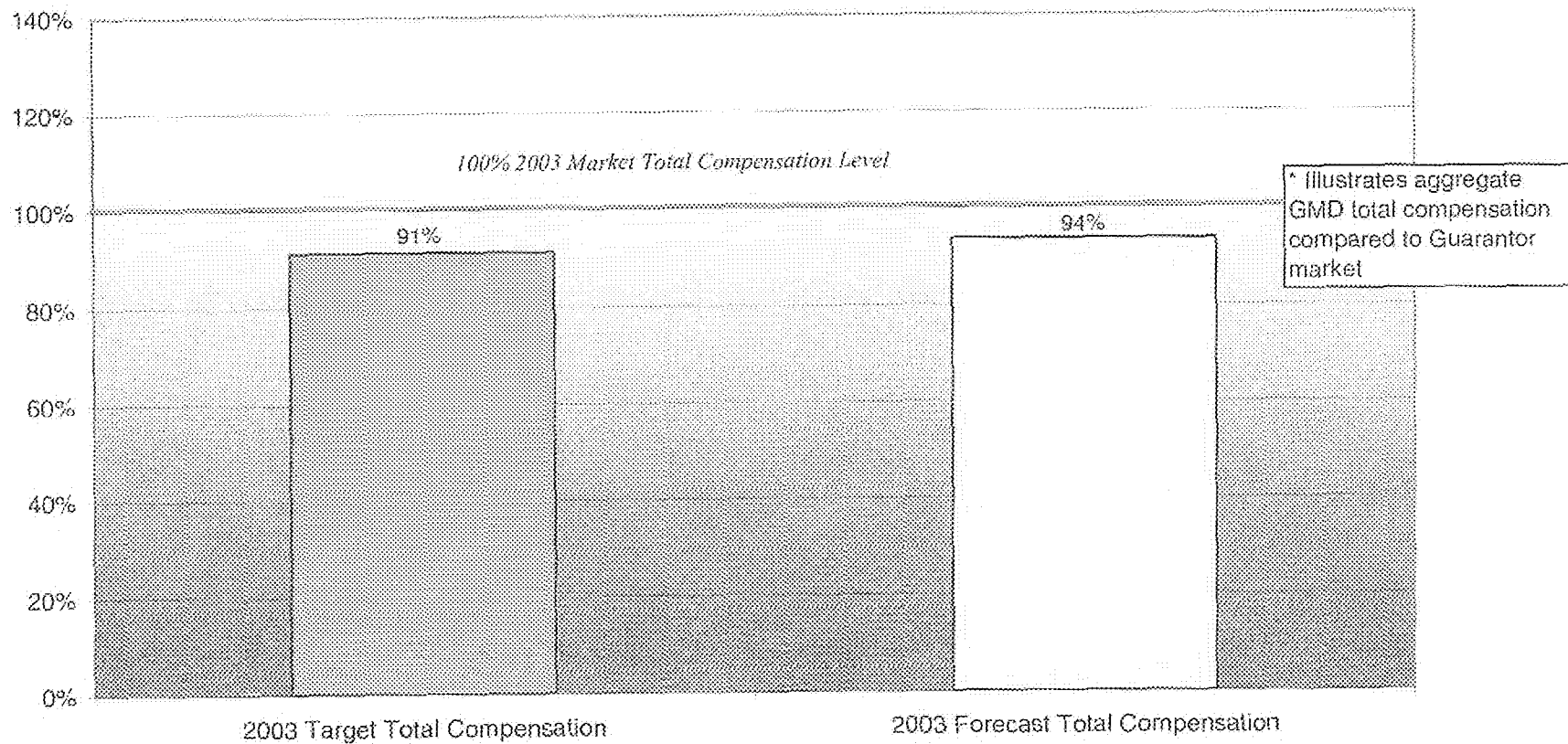


\* Includes John Rutherford's direct reports, SMDs, GMDs and TMDs. Excludes John Rutherford, Raymond McDaniel, Mara Hilderman and approximately 3 TMDs for whom year over year information was not available

## SMDs vs. Guarantor Market

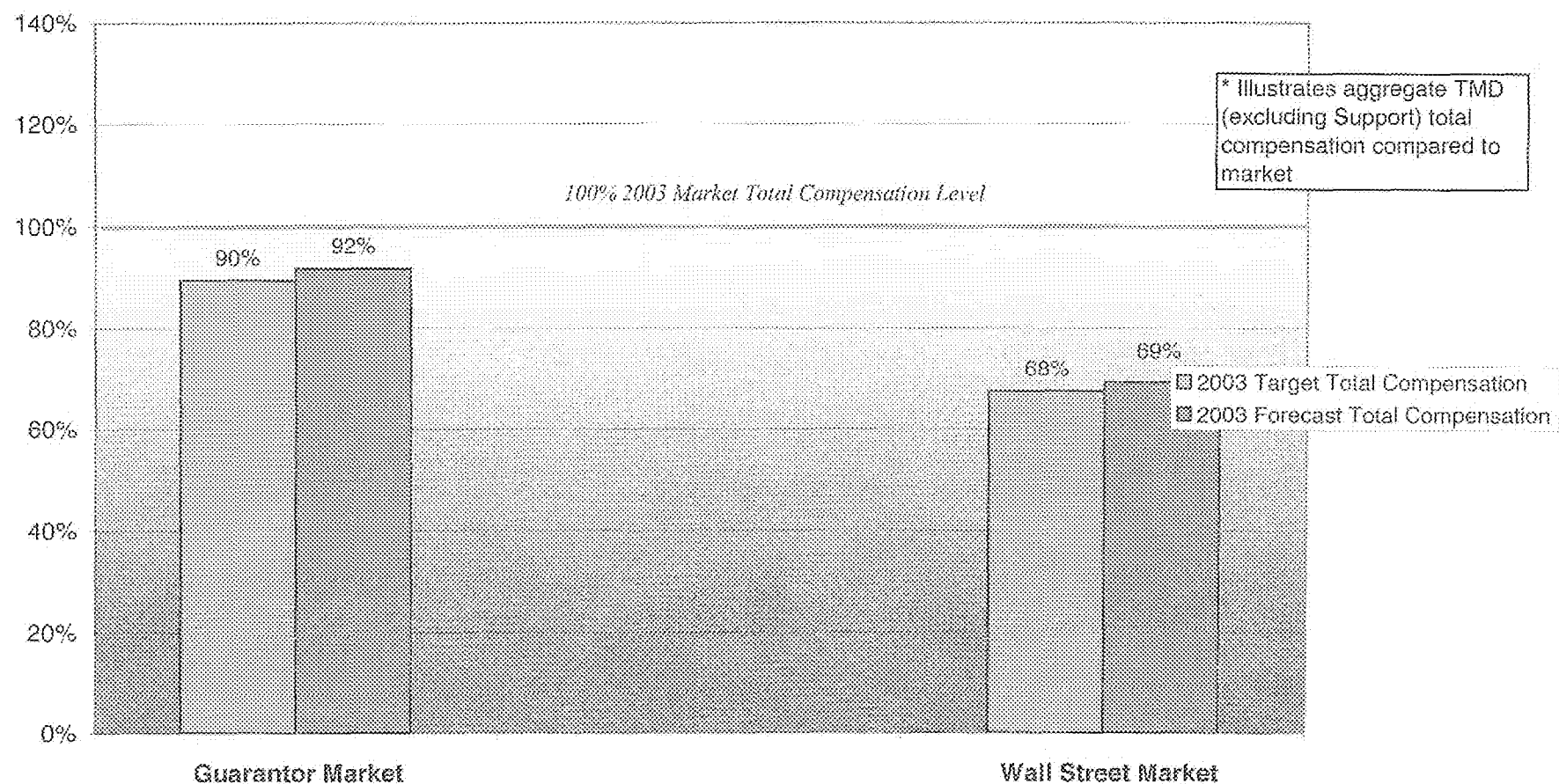


## GMDs vs. Guarantor Market



*\*Excludes Mara Hilderman*

## TMDs vs. Guarantor and Wall Street Market



## Summary and Potential Directions

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- Market comparators generally expected to increase compensation  $\cong$  15%+ from 2002
  - In contrast, majority of Moody's senior management expected to decline by at least 15%, due to reduced growth in financial measures
- Moody's expected to generally be positioned at or below 2003 market median. Strong market compensation environment expected to continue into 2004
- Consider reviewing and potentially adjusting bonus targets to ensure competitive opportunity for meeting performance expectations
  - Increased long-term equity awards would also help competitive positioning

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## APPENDIX

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# Moody's 2004 Proposed Target Compensation in Relation to Updated Proxy Data <sup>(1)</sup>

	2003 Base Salary	Bonus	Total Cash	Bonus % Total Cash	Moody's Options @ \$17.08, Competitors @ 1/3 grant price	Restricted Stock	LTIP	Total Long- Term	Total Comp	Long-Term as % of Tot Comp
<b>CEO</b>										
25th Percentile	\$603,224	\$732,596	\$1,300,490	53.1%	\$1,563,222	\$0	\$0	\$1,674,774	\$3,285,741	42.4%
Median	\$805,400	\$1,133,613	\$1,913,886	60.2%	\$2,491,858	\$125,735	\$0	\$3,776,945	\$5,690,410	61.3%
75th Percentile	\$1,024,790	\$1,505,350	\$2,340,050	68.2%	\$4,882,608	\$843,284	\$529,019	\$6,286,521	\$8,646,338	72.4%
Moody's Proposed - Rutherford	\$873,600	\$873,600	\$1,747,200	50.0%	\$2,562,000	\$0	\$0	\$2,562,000	\$4,309,200	59.5%
% Median	108.5%	77.1%	91.3%	83.0%	102.8%			67.8%	75.7%	96.9%

<b>#2 Executive</b>										
25th Percentile	\$408,780	\$520,354	\$986,077	50.4%	\$585,254	\$0	\$0	\$758,789	\$2,372,756	41.8%
Median	\$482,600	\$617,378	\$1,197,009	57.0%	\$1,445,694	\$153,351	\$0	\$1,780,919	\$3,391,575	59.8%
75th Percentile	\$692,250	\$1,065,469	\$1,726,761	61.4%	\$2,181,461	\$737,655	\$161,783	\$2,935,633	\$4,038,545	70.2%
Moody's Proposed - McDaniel	\$564,485	\$564,485	\$1,128,970	50.0%	\$1,878,800	\$0	\$0	\$1,878,800	\$3,007,770	62.5%
% Median	117.0%	91.4%	94.3%	87.7%	130.0%			105.5%	88.7%	104.5%

<b>#3 Executive</b>										
25th Percentile	\$321,200	\$332,063	\$723,185	43.7%	\$294,280	\$0	\$0	\$529,940	\$1,404,001	38.8%
Median	\$406,440	\$433,276	\$877,706	51.9%	\$695,463	\$188,732	\$0	\$981,639	\$2,144,615	52.7%
75th Percentile	\$526,500	\$659,295	\$1,207,046	59.7%	\$1,427,725	\$524,247	\$84,519	\$1,921,493	\$2,936,623	66.8%
Moody's Proposed - Woodham	\$478,067	\$337,459	\$815,526	41.4%	\$1,366,400	\$0	\$0	\$1,366,400	\$2,181,926	62.6%
% Median	117.6%	77.9%	92.9%	79.8%	196.5%			139.2%	101.7%	118.7%

<b>#4 Executive</b>										
25th Percentile	\$309,400	\$275,971	\$646,927	40.6%	\$161,922	\$0	\$0	\$495,655	\$1,234,996	31.3%
Median	\$363,520	\$376,625	\$795,780	51.1%	\$445,127	\$161,458	\$0	\$869,092	\$2,099,813	50.6%
75th Percentile	\$480,172	\$558,613	\$990,213	55.3%	\$1,041,065	\$444,499	\$71,659	\$1,573,392	\$2,472,709	68.8%
Moody's Proposed - Murray	\$430,500	\$278,752	\$709,252	39.3%	\$768,600	\$0	\$0	\$768,600	\$1,477,852	52.0%
% Median	118.4%	74.0%	89.1%	76.8%	172.7%			88.4%	70.4%	102.7%



# Moody's 2004 Proposed Target Compensation in Relation to Updated Proxy Data <sup>(1)</sup>

	2003 Base Salary	Bonus	Total Cash	Bonus % Total Cash	Moody's Options @ \$17.08, Competitors @ 1/3 grant price	Restricted Stock	LTIP	Total Long- Term	Total Comp	Long-Term as % of Tot Comp
<b>#5 Executive</b>										
25th Percentile	\$261,701	\$234,600	\$614,155	37.5%	\$46,000	\$0	\$0	\$140,005	\$1,021,929	25.1%
Median	\$335,000	\$371,322	\$806,774	48.3%	\$333,326	\$0	\$0	\$534,099	\$1,435,156	46.1%
75th Percentile	\$431,600	\$538,341	\$969,119	66.2%	\$779,877	\$166,932	\$66,084	\$962,849	\$1,999,287	55.0%
Moody's Proposed - Dering	\$430,500	\$278,752	\$709,252	39.3%	\$854,000	\$0	\$0	\$854,000	\$1,563,252	54.6%
% Median	128.5%	75.1%	87.9%	81.4%	256.2%			159.9%	108.9%	118.5%

<b>Comparison with CFO Data</b>										
25th Percentile	\$316,200	\$303,025	\$600,878	43.8%	\$384,602	\$0	\$0	\$531,998	\$1,174,515	46.1%
Median	\$342,952	\$390,585	\$743,679	52.0%	\$817,334	\$51,933	\$0	\$1,193,509	\$1,887,478	54.5%
75th Percentile	\$474,500	\$613,813	\$1,088,042	58.6%	\$1,564,311	\$398,013	\$154,813	\$1,896,546	\$2,731,036	71.0%
Moody's Proposed - Dering	\$430,500	\$278,752	\$709,252	39.3%	\$854,000	\$0	\$0	\$854,000	\$1,563,252	54.6%
% Median	125.5%	71.4%	95.4%	75.6%	104.5%			71.6%	82.8%	100.3%

(1) Proxy Competitor 2003 compensation estimated as follows: base salaries increased by 4%, bonus 15% and long-term 15% of 2002 compensation. For many/majority of these firms actual 2003 compensation is a reasonable estimate of 2004 target compensation.

## 2002 Executive Compensation - CEO

Company	Executive	Position	Base		Total	Option	Rest	LTIP	Total	Total	Long-Term
			Salary	Bonus	Cash	Value <sup>(1)</sup>	Stock		Long-Term	Comp	% of Tot. Comp
John Hancock (2)	D'Alessandro, D.F.	COB, Pres, CEO	\$1,000,000	\$1,100,000	\$2,100,000	\$7,803,750	\$11,695,101	\$3,506,243	\$23,005,094	\$25,105,094	92%
Mellon Financial	McGuinn, M.G.	COB, CEO	\$900,000	\$1,200,000	\$2,100,000	\$4,214,329	\$7,000,918	\$0	\$11,215,247	\$13,315,247	84%
Legg Mason (3)	Mason, R.A.	COB, CEO	\$330,000	\$7,344,688	\$7,674,688	\$5,560,333	\$0	\$0	\$5,560,333	\$13,235,021	42%
Lincoln National	Boscia, J.A.	COB, CEO	\$850,000	\$1,934,855	\$2,784,855	\$3,473,333	\$0	\$3,408,833	\$6,882,187	\$9,667,022	71%
Amsouth	Ritter, C.D.	COB, Pres, CEO	\$983,000	\$2,713,100	\$3,696,100	\$4,355,900	\$0	\$1,082,000	\$5,447,900	\$9,144,000	60%
Safeco	McGavick, M.S.	Pres, CEO	\$950,000	\$1,805,000	\$2,755,000	\$4,669,154	\$618,047	\$581,363	\$5,868,564	\$8,623,564	68%
MBIA	Brown, J.W.	COB, CEO	\$750,000	\$0	\$750,000	\$3,717,920	\$1,600,000	\$2,400,000	\$7,717,920	\$8,467,920	91%
Jefferson Pilot	Stonecipher, D.A.	COB, CEO	\$1,134,658	\$669,448	\$1,804,106	\$5,068,597	\$0	\$453,663	\$5,522,460	\$7,326,566	75%
SouthTrust	Malone, W.D. Jr.	COB, CEO, Pres	\$1,000,000	\$2,546,522	\$3,546,522	\$2,802,333	\$0	\$972,810	\$3,775,143	\$7,321,665	52%
XL Capital	O'Hara, B.M.	Pres., CEO	\$1,000,000	\$1,000,000	\$2,000,000	\$4,340,000	\$862,500	\$0	\$5,202,500	\$7,202,500	72%
Ambac Financial	Lassiter, P.B.	COB, CEO	\$660,000	\$750,000	\$1,410,000	\$4,910,833	\$333,386	\$0	\$5,244,219	\$6,654,219	79%
First Tennessee Nat'l (4)	Glass, J.K.	Pres, CEO (appointed CEO 7/16/02)	\$683,923	\$1,014,420	\$1,698,343	\$3,074,905	\$1,065,269	\$0	\$4,140,174	\$5,838,517	71%
ACE Limited	Duperreault, B.	COB and CEO of ACE Limited	\$992,500	\$1,200,000	\$2,192,500	\$1,700,150	\$1,792,050	\$0	\$3,492,200	\$5,684,700	61%
Regions Financial	Jones, C.E. Jr.	COB, Pres, CEO	\$798,846	\$1,212,000	\$2,010,846	\$2,059,867	\$1,544,750	\$0	\$3,604,417	\$5,615,263	64%
Everest Re	Taranto, J.V.	COB, CEO	\$1,000,000	\$1,600,000	\$2,600,000	\$1,853,167	\$0	\$0	\$1,853,167	\$4,453,167	42%
MGIC	Culver, C.S.	Pres., CEO	\$586,462	\$420,240	\$1,006,702	\$2,552,000	\$524,400	\$0	\$3,076,400	\$4,085,102	75%
Radian	Filipps, F.P.	COB, CEO	\$725,000	\$971,500	\$1,696,500	\$1,491,250	\$0	\$478,477	\$1,969,727	\$3,666,227	54%
M&T Bank	Wilmers, R.G.	COB, Pres, CEO of M&T Bank Corp, COB & CEO of M&T Bank	\$473,077	\$525,000	\$998,077	\$2,274,000	\$0	\$0	\$2,274,000	\$3,272,077	69%
Nationwide Financial	Jurgensen, W.G.	COB, CEO	\$293,538	\$605,938	\$899,476	\$1,396,431	\$690,221	\$175,126	\$2,261,778	\$3,161,254	72%
PMI Group	Haughlin, W.R.	COB, CEO	\$650,000	\$908,664	\$1,558,664	\$1,525,767	\$0	\$0	\$1,525,767	\$3,084,431	49%
Old Republic (5)	Zucaro, A.C.	Pres, CEO	\$635,021	\$654,116	\$1,289,137	\$1,790,667	\$0	\$0	\$1,790,667	\$3,079,804	58%
Torchmark	Hudson, C.B.	COB, Pres, CEO	\$800,000	\$400,000	\$1,200,000	\$1,248,000	\$0	\$0	\$1,248,000	\$2,448,000	51%
Waddell & Reed	Tucker, K.A.	COB, CEO	\$800,016	\$1,200,000	\$2,000,016	\$0	\$400,000	\$0	\$400,000	\$2,400,016	17%
T.Rowe Price	Roche, G.A.	COB, Pres	\$300,000	\$1,600,000	\$1,900,000	\$0	\$0	\$0	\$0	\$1,900,000	0%
Raymond James (6)	James, T.A.	COB, CEO	\$258,000	\$900,000	\$1,158,000	\$0	\$125,000	\$0	\$125,000	\$1,606,522	6%
Neuberger Berman	Lano, J.B.	CEO, Pres	\$1,000,000	\$330,011	\$1,330,011	\$0	\$270,000	\$0	\$270,000	\$1,600,011	17%
A.G. Edwards	Bagby, R.L.	COB, CEO and COB & CEO of Brokerage Company	\$456,578	\$647,407	\$1,103,985	\$0	\$93,669	\$0	\$93,669	\$1,197,654	8%
Franklin Resources (7)	Johnson, C.B.	COB, CEO	\$554,707	\$0	\$554,707	\$0	\$0	\$0	\$0	\$554,707	0%

25th Percentile	\$680,000	\$637,500	\$1,317,500	\$1,400,329	\$0	\$0	\$0	\$0	\$1,400,329	\$2,001,833	42%
Median	\$778,423	\$885,750	\$1,664,173	\$2,166,333	\$0	\$0	\$0	\$0	\$2,166,333	\$3,004,215	61%
75th Percentile	\$985,878	\$1,306,000	\$2,128,125	\$4,245,747	\$0	\$0	\$0	\$0	\$4,245,747	\$6,373,872	72%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4), total cash includes \$3,506,243 retention award

(3) Includes \$844,688 bonus to pay 1998 loan principal

(4) Includes 125,000 options granted on promotion to CEO

(5) 50% of bonus is deferred until 55 years or later (retirement)

(6) Includes commissions

(7) CEO is principal shareholder, his compensation is significantly lower on this account

## 2002 Executive Compensation - Second Highest Paid

Company	Executive	Position	Base		Total	Option	Rest		Total	Total	Long-Term % of Total Comp
			Salary	Bonus	Cash	Value (1)	Stock	LTIP	Long-Term	Comp	
Mellon Financial	Elliott, S.G.	SVCOB	\$660,000	\$588,000	\$1,248,000	\$2,804,644	\$4,985,135	\$0	\$7,789,779	\$9,037,779	86%
John Hancock (2)	Moloney, T.E.	CFO, Sr. EVP	\$607,693	\$539,000	\$1,146,693	\$2,601,250	\$4,586,102	\$0	\$7,187,352	\$8,334,045	86%
MBIA	Dunton, G.C.	Pres.	\$600,000	\$0	\$600,000	\$2,448,000	\$1,300,000	\$1,650,000	\$5,396,000	\$5,996,000	90%
ACE Limited	Greenberg, E.G.	VCOB ACE Limited	\$822,684	\$1,200,000	\$2,022,684	\$2,297,500	\$1,516,350	\$0	\$3,813,850	\$5,836,534	65%
First Tennessee Nat'l	Horn, R.	COB	\$912,411	\$1,305,033	\$2,217,444	\$1,902,690	\$1,380,686	\$0	\$3,283,376	\$5,500,820	60%
XL Capital (3)	Brown Jr., N.M.	EVP, CEO of Insurance Operations	\$650,000	\$450,000	\$3,700,000	\$1,240,000	\$276,000	\$0	\$1,516,000	\$5,216,000	29%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$703,832	\$1,218,832	\$1,736,667	\$0	\$983,167	\$2,719,833	\$3,938,665	69%
Ambac Financial	Genader, R.J.	Pres, COO	\$400,000	\$600,000	\$1,000,000	\$2,357,200	\$266,697	\$0	\$2,623,897	\$3,623,897	72%
Nationwide Financial	Gasper, J.J.	Pres, COO	\$725,000	\$534,700	\$1,259,700	\$1,440,526	\$712,058	\$144,222	\$2,296,806	\$3,556,506	65%
SouthTrust	Banton, J.W.	COB, CEO - Bank	\$682,500	\$975,979	\$1,658,479	\$1,361,133	\$0	\$480,400	\$1,841,533	\$3,500,012	53%
Jefferson Pilot	Bates, R.D.	EVP	\$455,000	\$455,000	\$910,000	\$2,389,500	\$0	\$139,500	\$2,529,000	\$3,439,000	74%
Waddell & Reed	Herrmann, H.J.	Pres, Chief Investment Officer	\$800,000	\$1,080,000	\$1,880,000	\$0	\$1,503,496	\$0	\$1,503,496	\$3,383,496	44%
Safeco	Mead, C.	SVP, CFO, Secretary	\$421,875	\$532,000	\$953,875	\$1,763,137	\$321,278	\$311,866	\$2,396,282	\$3,350,157	72%
Franklin Resources	Johnson, G.E.	Pres, Member - Office of the Pres	\$728,123	\$812,500	\$1,540,623	\$1,246,000	\$463,726	\$0	\$1,709,726	\$3,250,349	53%
Legg Mason	Brinkley, J.W.	Sr EVP	\$275,004	\$2,500,000	\$2,775,004	\$326,867	\$0	\$0	\$326,867	\$3,101,871	11%
M&T Bank	Sadler, R.E. Jr.	Pres of M&T Bank, EVP of M&T Bank Corp	\$473,077	\$500,000	\$973,077	\$1,895,000	\$0	\$0	\$1,895,000	\$2,868,077	66%
Arnsouth	Gibson, S.D.	VCOB, CFO, Grp Head - Fin. & Credit	\$455,000	\$632,450	\$1,087,450	\$1,266,250	\$0	\$315,000	\$1,581,250	\$2,668,700	59%
Regions Financial	Horsley, R.D.	VCOB, COO	\$396,077	\$453,309	\$849,386	\$823,867	\$617,900	\$0	\$1,441,767	\$2,291,153	63%
Raymond James (4)	Sayler, V.C.	SVP, Fixed Income - RJA	\$146,000	\$1,700,000	\$1,846,598	\$53,333	\$375,000	\$0	\$428,333	\$2,274,931	19%
T.Rowe Price	Kennedy, J.A.C.	VP and Director - Equity	\$300,000	\$1,500,000	\$1,800,000	\$455,667	\$0	\$0	\$455,667	\$2,255,667	20%
Torchmark	McAndrew, M.S.	COB, Pres, CEO - United American, Globe and American Income	\$700,000	\$270,000	\$970,000	\$1,248,000	\$0	\$0	\$1,248,000	\$2,218,000	56%
MGIC	MacLeod, J.S.	EVP-Field Operations	\$285,769	\$265,500	\$551,269	\$1,276,000	\$0	\$0	\$1,276,000	\$1,827,269	70%
Radian	Kasmar, R.J.	Pres., COO	\$455,000	\$457,275	\$912,275	\$656,150	\$0	\$225,226	\$881,376	\$1,793,651	49%
Old Republic (5)	Simpson, W.A.	SVP	\$292,700	\$910,000	\$1,202,700	\$526,667	\$0	\$0	\$526,667	\$1,729,367	30%
PMI Group	Smith, L.S.	Dir, Pres, COO	\$384,000	\$483,130	\$867,130	\$704,200	\$0	\$0	\$704,200	\$1,571,330	45%
Everest Re	Gallagher, T.J.	Pres, COO	\$423,012	\$400,000	\$823,012	\$305,773	\$0	\$0	\$305,773	\$1,128,785	27%
Neuberger Berman	Matza, R.	EVP, COO	\$500,000	\$315,000	\$815,000	\$0	\$285,000	\$0	\$285,000	\$1,100,000	26%
A.G. Edwards	Edwards, B.F. IV	VCOB & Pres and VCOB, Pres, Dir. Sales & Mktg Div. of Bkg Co.	\$241,770	\$439,725	\$681,495	\$83,320	\$0	\$0	\$83,320	\$764,815	11%
25th Percentile			\$395,000	\$452,400	\$847,400	\$503,977	\$0	\$0	\$503,977	\$1,351,377	30%
Median			\$404,039	\$539,660	\$1,117,072	\$1,257,126	\$266,697	\$0	\$1,523,823	\$2,640,198	58%
75th Percentile			\$665,825	\$623,495	\$1,289,320	\$1,898,923	\$664,973	\$140,681	\$2,552,724	\$3,702,589	69%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) Other cash includes \$2.6 million bonus under contract renegotiation

(4) Includes commissions

(5) 50% of bonus is deferred until 55 years or later (retirement)

## 2002 Executive Compensation - Third Highest Paid

Company	Executive	Position	Base Salary	Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term % of Tot Comp
John Hancock (2)	Boil, M.A.	Sr. EVP	\$600,000	\$462,000	\$1,062,000	\$2,601,250	\$4,396,217	\$0	\$6,997,467	\$8,059,467	87%
ACE Limited	Frederico, D.J.	Pres. and COO of ACE Limited, COB of ACE INA	\$850,000	\$600,000	\$1,450,000	\$919,000	\$1,516,350	\$0	\$2,435,350	\$3,885,350	63%
Lincoln National	Gotta, J.H.	EVP, Lincoln Nat'l Life Insurance	\$400,000	\$822,857	\$1,222,857	\$1,910,333	\$0	\$426,000	\$2,336,333	\$3,559,190	66%
MBIA	Weill, R.L.	Vice Pres.	\$525,000	\$295,000	\$820,000	\$672,650	\$956,900	\$850,000	\$2,479,550	\$3,299,550	75%
Franklin Resources	Flanagan, M.L.	Pres. Member - Office of the Pres	\$728,119	\$812,500	\$1,540,619	\$1,246,000	\$463,726	\$0	\$1,709,726	\$3,250,345	53%
Jefferson Pilot	Glass, D.R.	Pres	\$596,635	\$270,000	\$866,635	\$2,058,470	\$0	\$183,600	\$2,242,070	\$3,108,705	72%
Safeco	Talbot, R.H.	Pres, Life & Investments	\$525,000	\$500,000	\$1,025,000	\$1,315,429	\$184,977	\$173,998	\$1,674,404	\$2,699,404	62%
XL Capital	Koelling, H.C.V.	EVP, CEO Reinsurance Operations	\$482,910	\$500,000	\$982,910	\$1,240,000	\$345,000	\$0	\$1,585,000	\$2,567,910	62%
M&T Bank	Pinto, M.P.	EVP & CFO of M&T Bank Corp & M&T Bank	\$323,077	\$330,000	\$653,077	\$1,642,333	\$0	\$0	\$1,642,333	\$2,295,410	72%
Ambac Financial	Bivona, F.J.	CFO, VCOB, Fin & Inv Grp	\$310,000	\$300,000	\$610,000	\$1,669,683	\$0	\$0	\$1,669,683	\$2,279,683	73%
Legg Mason	Mulroy, T.P.	SVP	\$240,000	\$1,440,000	\$1,680,000	\$326,867	\$174,200	\$0	\$501,067	\$2,181,067	23%
Regions Financial	Fleischauer, J.I. Jr.	Regional President	\$362,887	\$346,188	\$709,075	\$823,867	\$617,900	\$0	\$1,441,767	\$2,150,842	67%
AmSouth	Stephenson, E.W. Jr	SrEVP: Grp Head - Regional Bkg	\$412,000	\$564,400	\$976,400	\$881,310	\$0	\$219,000	\$1,100,310	\$2,076,710	53%
Mellon Financial	Canter, S.E.	VCOB	\$450,000	\$858,750	\$1,308,750	\$201,630	\$463,290	\$0	\$664,920	\$1,973,670	34%
T.Rowe Price	Reynolds, W.T.	VP and Director - Fixed Income	\$300,000	\$1,300,000	\$1,600,000	\$227,833	\$0	\$0	\$227,833	\$1,827,833	12%
Raymond James (3)	Greene, M.A.	Chmn RJFS, EVP RJF (retired 12/15/02)	\$265,000	\$1,173,974	\$1,439,948	\$53,333	\$210,598	\$0	\$263,931	\$1,703,879	15%
First Tennessee Nat'l	Burkott, C.G.	Pres Retail Fin Svcs & Memphis Fin Svcs	\$381,615	\$432,692	\$814,307	\$233,583	\$600,016	\$0	\$833,599	\$1,647,906	51%
Torchmark	Brill, T.G.	EVP, CAO	\$569,016	\$130,000	\$699,016	\$873,600	\$0	\$0	\$873,600	\$1,572,616	56%
MGIC	Lauer, J.M.	EVP, CFO	\$305,385	\$165,451	\$470,836	\$850,667	\$206,351	\$0	\$1,057,018	\$1,527,854	69%
Radian	Kamerck, M.	Pres. of Enhance Fin. Svcs Gp	\$432,923	\$365,150	\$798,073	\$536,850	\$0	\$179,845	\$716,695	\$1,514,768	47%
SouthTrust	Eubanks, R.G.	Pres & Chief Banking Officer - Bank	\$357,500	\$327,564	\$685,064	\$400,333	\$0	\$201,768	\$602,101	\$1,287,165	47%
Waddell & Reed	Sundeen, J.E. Jr.	SVP, CFO, Treasurer	\$300,000	\$399,877	\$699,877	\$0	\$453,393	\$0	\$453,393	\$1,153,270	39%
PMI Group	Soaman, C.J.	Pres of Inter'l and Strategic Investments	\$312,000	\$348,927	\$660,927	\$445,993	\$0	\$0	\$445,993	\$1,106,920	40%
Nationwide Financial	Karas, R.A.	SVP, Sales for Financial Services	\$400,000	\$139,900	\$539,900	\$311,633	\$154,030	\$39,994	\$505,657	\$1,045,557	48%
Neuberger Berman	Sundman, P.E.	EVP	\$500,000	\$262,520	\$762,520	\$0	\$262,500	\$0	\$262,500	\$1,025,020	26%
Everest Re	Limauro, S.L.	EVP, CFO, Comptroller	\$254,462	\$250,000	\$504,462	\$463,292	\$0	\$0	\$463,292	\$967,754	48%
Old Republic (4)	LeRoy, S.III	SVP & General Counsel	\$339,695	\$235,902	\$575,597	\$263,333	\$0	\$0	\$263,333	\$838,930	31%
A.G. Edwards	Goldman, A.E.	Corp. VP; Dir. Of Market Analysis of Bkg Co.	\$209,578	\$388,374	\$597,952	\$0	\$90,932	\$0	\$90,932	\$688,884	13%
25th Percentile			\$300,000	\$357,750	\$657,750	\$239,433	\$0	\$0	\$450,000	\$1,250,000	36%
Median			\$390,808	\$757,752	\$1,148,560	\$604,750	\$174,200	\$0	\$859,550	\$1,900,752	52%
75th Percentile			\$508,250	\$573,300	\$1,081,550	\$1,241,500	\$468,342	\$73,495	\$1,670,883	\$2,600,783	66%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) Includes commissions

(4) 50% of bonus is deferred until 55 years or later (retirement)

## 2002 Executive Compensation - Fourth Highest Paid

Company	Executive	Position	Base		Total	Option	Rest		Total	Total	Long-Term
			Salary	Bonus	Cash	Value <sup>(1)</sup>	Stock	LTIP	Long-Term	Comp	% of Tot. Comp
John Hancock (2)	Budd, W.A.	EVP, General Counsel	\$500,000	\$330,000	\$830,000	\$1,560,750	\$2,531,200	\$0	\$4,091,950	\$4,921,950	83%
Lincoln National	Stensrud, L.J.	EVP, Lincoln Nat'l Life Insurance	\$425,000	\$402,956	\$827,956	\$1,736,667	\$0	\$812,500	\$2,549,167	\$3,377,123	75%
Jefferson Pilot	Mlekush, K.C.	VCOB	\$600,000	\$180,000	\$780,000	\$2,136,048	\$0	\$183,600	\$2,319,648	\$3,099,648	75%
MBIA	Budnick, N.G.	Vice Pres., CFO	\$525,000	\$295,000	\$820,000	\$672,650	\$590,000	\$850,000	\$2,112,650	\$2,932,650	72%
Ambac Financial	Boyle, D.L.	VCOB, Portfolio Mgmt Group	\$350,000	\$318,750	\$668,750	\$1,869,683	\$141,685	\$0	\$1,811,368	\$2,480,118	73%
XL Capital	Lusardi, R.R.	EVP, CEO of Fin. Products and Services Operations	\$550,000	\$500,000	\$1,050,000	\$1,085,000	\$276,000	\$0	\$1,361,000	\$2,411,000	56%
ACE Limited	Bancroft, P.	CFO ACE Limited	\$600,000	\$600,000	\$1,200,000	\$459,500	\$689,250	\$0	\$1,148,750	\$2,348,750	49%
Regions Financial	Miller, P.D.	Regional President	\$349,077	\$345,669	\$694,746	\$823,867	\$817,900	\$0	\$1,441,767	\$2,136,513	67%
Legg Mason	Scheve, T.C.	SrEVP	\$240,000	\$1,372,500	\$1,612,500	\$326,867	\$166,000	\$0	\$492,867	\$2,105,367	23%
M&T Bank	Pett, J.L.	EVP & COO of M&T Bank Corp & M&T Bank	\$307,692	\$325,000	\$632,692	\$1,389,667	\$0	\$0	\$1,389,667	\$2,022,359	69%
Amsouth	Mayer, W.C. III	SrEVP: Grp Head - Regional Bkg	\$370,000	\$461,000	\$831,000	\$881,310	\$0	\$219,000	\$1,100,310	\$1,951,310	56%
Mellon Financial	O'Hanley, R.P.	VCOB	\$500,000	\$787,500	\$1,287,500	\$201,630	\$433,143	\$0	\$634,773	\$1,922,273	33%
T.Rowe Price	Riepe, J.S.	VCOB	\$300,000	\$1,600,000	\$1,900,000	\$0	\$0	\$0	\$0	\$1,900,000	0%
Safeco	LaRocco, M.E.	Pres, COO - Personal Insurance	\$385,000	\$250,000	\$635,000	\$977,165	\$137,423	\$129,266	\$1,243,854	\$1,888,854	66%
Franklin Resources	Lippman, W.J.	SVP	\$448,939	\$650,000	\$1,098,939	\$373,800	\$370,980	\$0	\$744,780	\$1,843,719	40%
First Tennessee Nat'l	Martin, L.B.	Pres Bus Fin Svcs & Tennessee Fin Svcs	\$384,615	\$384,615	\$769,230	\$166,669	\$600,016	\$0	\$766,685	\$1,535,915	50%
MGIC	Pierzchalski, L.J.	EVP-Risk Management	\$283,077	\$154,782	\$437,859	\$850,667	\$193,023	\$0	\$1,043,690	\$1,481,549	70%
Torchmark	McWhorter, A.L.	COB, Pres, CEO - Liberty & UILIC	\$425,048	\$136,000	\$561,048	\$873,600	\$0	\$0	\$873,600	\$1,434,648	61%
Raymond James (3)	Trocin, J.E.	EVP - Equity Capital Markets Group RJA	\$182,000	\$958,790	\$1,140,825	\$53,333	\$205,667	\$0	\$259,200	\$1,400,025	19%
SouthTrust	Coley, T.H.	Division Pres - Bank	\$305,000	\$288,437	\$593,437	\$400,333	\$0	\$201,768	\$602,101	\$1,195,538	50%
Waddell & Reed	Butch, T.W.	SVP, Chief Marketing Officer	\$320,000	\$340,000	\$660,000	\$0	\$453,393	\$0	\$453,393	\$1,113,393	41%
Radian	Quint, C.R.	EVP, CFO	\$320,000	\$268,000	\$588,000	\$357,900	\$0	\$131,994	\$489,894	\$1,077,894	45%
Neuberger Berman	Stelger, H.L.	EVP	\$750,000	\$112,513	\$862,513	\$0	\$162,500	\$0	\$162,500	\$1,025,013	16%
Nationwide Financial	Phelan, M.D.	SVP, Tech & Operations	\$318,608	\$209,900	\$528,708	\$281,447	\$139,111	\$39,994	\$460,552	\$989,260	47%
PMI Group	Bacigalupi, V.J.	EVP, Sec and General Counsel	\$290,000	\$283,783	\$573,783	\$363,837	\$0	\$0	\$363,837	\$937,620	39%
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP and EVP, Treasurer, CFO & Dir of Law & Compliance and Dir of Admin at Bkg Co.	\$206,770	\$385,621	\$592,391	\$0	\$90,319	\$0	\$90,319	\$682,710	13%
Everest Re	Bennett, P.J.	SVP; MD, CEO - Bermuda Re	\$268,577	\$100,000	\$368,577	\$0	\$0	\$0	\$0	\$368,577	0%
Old Republic (4)	Boone, C.S.	SVP & Treasurer	\$163,333	\$93,254	\$256,587	\$63,200	\$0	\$0	\$63,200	\$319,787	20%
5th Perceptio			\$297,500	\$330,770	\$628,270	\$140,000	\$0	\$0	\$140,000	\$1,104,518	21%
Madison			\$340,839	\$327,600	\$668,439	\$387,067	\$141,685	\$0	\$528,752	\$1,456,288	49%
75th Percentile			\$461,704	\$465,750	\$927,454	\$905,274	\$402,002	\$82,312	\$1,389,767	\$2,160,572	62%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) Includes commissions

(4) 50% of bonus is deferred until 55 years or later (retirement)

## 2002 Executive Compensation - Fifth Highest Paid

Company	Executive	Position	Base Salary	Base Bonus	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term % of Total Comp
John Hancock (2)	Ford, M.R.	EVP	\$500,000	\$385,000	\$885,000	\$2,861,375	\$194,208	\$0	\$3,055,583	\$3,940,583	76%
MBIA	Caouette, J.B.	Vice Pres.	\$525,000	\$295,000	\$820,000	\$672,650	\$0	\$850,000	\$1,522,650	\$2,342,650	65%
XL Capital	de St. Paer, J.	EVP, CFO	\$400,000	\$700,000	\$1,100,000	\$930,000	\$138,000	\$0	\$1,068,000	\$2,168,000	49%
Amsouth	Mooney, B.E.	SrEVP; Grp Head - Regional Bkg	\$365,000	\$459,900	\$824,900	\$881,310	\$0	\$219,000	\$1,100,310	\$1,925,210	57%
Legg Mason	Himelfarb, R.J.	Sr EVP	\$245,004	\$1,350,000	\$1,595,004	\$163,433	\$163,300	\$0	\$326,733	\$1,921,737	17%
T.Rowe Price	Testa, M.D.	VCOB	\$300,000	\$1,600,000	\$1,900,000	\$0	\$0	\$0	\$0	\$1,900,000	0%
Jefferson Pilot	Stone, T.M.	EVP; CFO & Treasurer, Pres of Jefferson-Pilot Communications Co.	\$459,999	\$349,278	\$809,277	\$876,150	\$0	\$142,500	\$1,018,650	\$1,827,927	56%
Lincoln National	Thompson, W.V.	Pres & CEO, Lincoln Financial Distributors	\$325,000	\$492,792	\$817,792	\$694,667	\$0	\$242,000	\$936,667	\$1,754,459	53%
ACE Limited	Kramer, D.	VCOB-ACE Limited	\$535,692	\$400,000	\$935,692	\$321,650	\$482,475	\$0	\$804,125	\$1,739,817	46%
Safeco	Ruddy, J.W.	SVP, General Counsel	\$380,000	\$207,000	\$587,000	\$888,533	\$133,889	\$125,942	\$1,148,364	\$1,735,364	66%
Franklin Resources	Tatlock, A.M.	VCOB, Member - Office of the Pres	\$555,583	\$296,500	\$852,083	\$0	\$775,016	\$0	\$775,016	\$1,627,099	48%
Regions Financial	Morgan, A.B. Jr.	Pres & CEO, Morgan Keegan & Co.	\$130,000	\$1,370,000	\$1,500,000	\$0	\$0	\$0	\$0	\$1,500,000	0%
Mellon Financial	Lamere, D.F.	VCOB	\$345,000	\$637,500	\$982,500	\$201,630	\$266,685	\$0	\$468,315	\$1,450,815	32%
First Tennessee Natl	Thomas, E.L. Jr.	EVP, CFO (went on disability leave 12/1/02)	\$336,447	\$420,559	\$757,006	\$147,131	\$420,559	\$0	\$567,690	\$1,324,696	43%
Torchmark	Coleman, G.L.	EVP, CFO	\$370,000	\$120,000	\$490,000	\$748,800	\$0	\$0	\$748,800	\$1,238,800	60%
SouthTrust	Schmidt, E.F.	Division Pres - Bank	\$305,000	\$271,691	\$576,691	\$400,333	\$0	\$201,768	\$602,101	\$1,178,792	51%
MGIC	Fisk, J.D.	EVP, Strategic Planning (joined firm Feb 2002)	\$253,846	\$195,000	\$448,846	\$654,000	\$0	\$0	\$654,000	\$1,102,846	59%
Raymond James	Riess, R.K.	EVP; Pres and CEO of Eagle; MD, Asset Mgt.	\$190,000	\$687,500	\$877,500	\$53,333	\$78,105	\$0	\$131,438	\$1,008,938	13%
Waddell & Reed	Strohm, M.D.	SVP, COO	\$300,000	\$255,000	\$555,000	\$0	\$438,385	\$0	\$438,385	\$993,385	44%
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$184,000	\$375,000	\$559,000	\$392,867	\$0	\$0	\$392,867	\$951,867	41%
Nationwide Financial	Thresher, M.R.	SVP, CFO	\$319,231	\$139,100	\$458,331	\$281,447	\$139,111	\$39,994	\$460,552	\$918,883	50%
PMI Group	Lorenzen Jr., J.M.	EVP, CFO	\$285,000	\$278,890	\$563,890	\$352,100	\$0	\$0	\$352,100	\$915,990	38%
Radfan	Yaruss, H.S.	Sr VP, Sec, General Counsel	\$266,500	\$223,110	\$489,610	\$298,250	\$109,875	\$109,875	\$408,125	\$897,735	45%
Neuberger Berman (3)	Kassen, M.M.	EVP, CIO	\$750,000	\$0	\$750,000	\$0	\$0	\$0	\$0	\$750,000	0%
A.G. Edwards	Kessler, R.J.	VCOB and VCOB, EVP, Dir of Ops of Bkg Co.	\$166,578	\$394,098	\$560,676	\$0	\$92,280	\$0	\$92,280	\$672,956	14%
M&T Bank	Campbell, C.L.	VCOB of M&T Bank Corp & M&T Bank	\$460,018	\$168,500	\$628,518	\$0	\$0	\$0	\$0	\$628,518	0%
Everest Re	Shoemaker, K.T.	Comptroller, Principal Accounting Officer	\$166,154	\$50,000	\$216,154	\$92,658	\$0	\$0	\$92,658	\$308,812	30%
Old Republic (4)	Adams, J.S.	SVP, CFO	\$188,333	\$35,270	\$223,603	\$79,000	\$0	\$0	\$79,000	\$302,603	26%
25th Percentile			\$251,836	\$204,000	\$455,836	\$40,030	\$0	\$0	\$121,748	\$577,584	24%
Median			\$322,110	\$322,889	\$645,000	\$289,649	\$0	\$0	\$464,494	\$1,221,748	45%
75th Percentile			\$416,000	\$488,123	\$904,123	\$675,154	\$161,206	\$57,464	\$893,824	\$1,772,828	54%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) Retired 12/31/02 and therefore had to forfeit this year's option grants.

(4) 50% of bonus is deferred until 55 years or later (retirement)

## 2002 Executive Compensation - Chief Financial Officer

Company	Executive	Position	Base		Total	Option	Rest		Total	Total	Long-Term
			Salary	Bonus	Cash	Value <sup>(1)</sup>	Stock	LTIP	Long-Term	Comp	% of Total Comp
John Hancock (2)	Moloney, T.E.	CFO, Sr. EVP	\$607,693	\$539,000	\$1,146,693	\$2,601,250	\$4,586,102	\$0	\$7,187,352	\$8,334,045	86%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$703,832	\$1,218,832	\$1,736,667	\$0	\$983,167	\$2,719,833	\$3,938,665	69%
Safeco	Mead, C.	SVP, CFO, Secretary	\$421,875	\$532,000	\$953,875	\$1,763,137	\$321,278	\$311,866	\$2,396,282	\$3,350,157	72%
MBIA	Budnick, N.G.	Vice Pres., CFO	\$525,000	\$295,000	\$820,000	\$672,650	\$590,000	\$850,000	\$2,112,650	\$2,932,650	72%
Amsouth	Gibson, S.D.	VCOB, CFO, Grp Head - Fin. & Credit	\$455,000	\$632,450	\$1,087,450	\$1,266,250	\$0	\$315,000	\$1,581,250	\$2,668,700	59%
ACE Limited	Bancroft, P.	CFO ACE Limited	\$600,000	\$600,000	\$1,200,000	\$459,500	\$689,250	\$0	\$1,148,750	\$2,348,750	49%
M&T Bank	Pinto, M.P.	EVP & CFO of M&T Bank Corp & M&T Bank	\$323,077	\$330,000	\$653,077	\$1,642,333	\$0	\$0	\$1,642,333	\$2,295,410	72%
Ambac Financial	Divona, F.J.	CFO, VCOB, Fin & Inv Grp	\$310,000	\$300,000	\$610,000	\$1,669,683	\$0	\$0	\$1,669,683	\$2,279,683	73%
XL Capital	de St. Paer, J.	EVP, CFO	\$400,000	\$700,000	\$1,100,000	\$930,000	\$138,000	\$0	\$1,068,000	\$2,168,000	49%
Jefferson Pilot	Stone, T.M.	EVP, CFO & Treasurer, Pres of Jefferson-Pilot Communications Co.	\$459,999	\$349,278	\$809,277	\$876,150	\$0	\$142,500	\$1,018,650	\$1,827,927	56%
MGIC	Lauer, J.M.	EVP, CFO	\$305,385	\$165,451	\$470,836	\$850,667	\$206,351	\$0	\$1,057,018	\$1,527,854	69%
First Tennessee Natl	Thomas, Ell., Jr.	EVP, CFO (went on disability leave 12/1/02)	\$336,447	\$420,559	\$757,006	\$147,131	\$420,559	\$0	\$567,690	\$1,324,696	43%
Torchmark	Coleman, G.L.	EVP, CFO	\$370,000	\$120,000	\$490,000	\$748,800	\$0	\$0	\$748,800	\$1,238,800	60%
Waddell & Reed	Sundeon, J.E. Jr.	SVP, CFO, Treasurer	\$300,000	\$399,877	\$699,877	\$0	\$453,393	\$0	\$453,393	\$1,153,270	39%
Radian	Quint, C.R.	EVP, CFO	\$320,000	\$268,000	\$588,000	\$357,900		\$131,994	\$489,894	\$1,077,894	45%
Everest Re	Limauro, S.L.	EVP, CFO, Comptroller	\$254,462	\$250,000	\$504,462	\$463,292	\$0	\$0	\$463,292	\$967,754	48%
Nationwide Financial	Thresher, M.R.	SVP, CFO	\$319,231	\$139,100	\$458,331	\$281,447	\$139,111	\$39,994	\$460,552	\$918,883	50%
PMI Group	Loronzon Jr., J.M.	EVP, CFO	\$285,000	\$278,890	\$563,890	\$352,100	\$0	\$0	\$352,100	\$915,990	38%
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP and EVP, Treasurer, CFO & Dir of Law & Compliance and Dir of Admin at Bkg Co.	\$206,770	\$385,621	\$592,391	\$0	\$90,319	\$0	\$90,319	\$682,710	13%
Old Republic (3)	Adams, J.S.	SVP, CFO	\$188,333	\$35,270	\$223,603	\$79,000	\$0	\$0	\$79,000	\$302,603	26%
25th Percentile			\$304,000	\$385,500	\$689,500	\$334,437	\$0	\$0	\$682,000	\$1,030,339	45%
Median			\$329,782	\$338,638	\$668,420	\$710,725	\$90,319	\$0	\$1,037,884	\$1,077,890	53%
75th Percentile			\$458,280	\$539,780	\$998,060	\$1,360,271	\$370,919	\$134,520	\$1,649,171	\$2,428,788	70%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) 50% of bonus is deferred until 55 years or later (retirement)

## 2002 Executive Compensation - General Counsel

Company	Executive	Position	Base		Total	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total	Total	Long-Term Comp % of Total Comp
			Salary	Bonus	Cash				Long-Term	Comp	
John Hancock (2)	Budd, W.A.	EVP, General Counsel	\$500,000	\$330,000	\$830,000	\$1,560,750	\$2,531,200	\$0	\$4,091,950	\$4,921,950	83%
Safeco	Ruddy, J.W.	SVP, General Counsel	\$380,000	\$207,000	\$587,000	\$888,533	\$133,889	\$125,942	\$1,148,364	\$1,735,364	66%
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$184,000	\$375,000	\$559,000	\$392,887	\$0	\$0	\$392,887	\$951,867	41%
PMI Group	Bacigalupi, V.J.	EVP, Sec and General Counsel	\$290,000	\$263,783	\$553,783	\$363,837	\$0	\$0	\$363,837	\$937,620	39%
Radian	Yaruse, H.S.	Sr VP, Sec. General Counsel	\$266,500	\$223,110	\$489,610	\$298,250	\$0	\$109,875	\$408,125	\$897,735	45%
Old Republic (3)	LeRoy, S.III	SVP & General Counsel	\$339,695	\$235,902	\$575,597	\$263,333	\$0	\$0	\$263,333	\$838,930	31%
25th Percentile			\$272,375	\$235,308	\$507,683	\$314,847	\$0	\$0	\$314,847	\$807,708	38%
Median			\$314,848	\$259,843	\$574,691	\$378,552	\$0	\$0	\$400,498	\$944,743	43%
75th Percentile			\$389,824	\$318,446	\$708,270	\$704,617	\$133,889	\$82,406	\$920,912	\$1,539,490	61%

(1) Option Value = (number of options) x (exercise price) x (1/3)

(2) Option Value = (number of options) x (exercise price) x (1/4)

(3) 50% of bonus is deferred until 55 years or later (retirement)



## 2002 Equity Award Grants

\* Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding			as Percentage of Fully <i>Undiluted</i> Shares Outstanding		
	Options	Total Granted Restricted Stock	Options & Rest Stock	Options	Total Granted Restricted Stock	Options & Rest Stock
Neuberger Berman	2.9%	1.1%	4.0%	3.0%	1.2%	4.2%
John Hancock	3.7%	0.3%	4.0%	3.9%	0.3%	4.1%
First Tennessee	3.8%	0.1%	3.9%	3.9%	0.1%	4.0%
T Rowe Price	3.1%	0.0%	3.1%	3.2%	0.0%	3.2%
XL Capital	2.5%	0.2%	2.6%	2.5%	0.2%	2.7%
Amsouth	2.5%	0.0%	2.5%	2.5%	0.0%	2.6%
Moody's (1)	2.5%	Not Disclosed	2.5%	2.6%	Not Disclosed	2.6%
Safeco	2.3%	0.1%	2.4%	2.4%	0.1%	2.5%
Raymond James (2)	2.3%	0.0%	2.3%	2.4%	0.0%	2.4%
Ace Limited	1.9%	0.3%	2.3%	2.0%	0.3%	2.3%
Waddell & Reed	1.8%	0.4%	2.2%	1.8%	0.4%	2.2%
Legg Mason (3)	2.1%	Not Disclosed	2.1%	2.1%	Not Disclosed	2.1%
M&T Bank	2.0%	0.0%	2.0%	2.1%	0.0%	2.1%
Franklin Resources	1.6%	0.3%	1.9%	1.6%	0.3%	2.0%
Regions (4)	1.7%	0.2%	1.9%	1.7%	0.2%	1.9%
Mellon Financial	1.4%	0.3%	1.8%	1.5%	0.3%	1.8%
Ambac Financial (2)	1.4%	0.0%	1.4%	1.5%	0.0%	1.5%
Nationwide (2)	1.4%	0.0%	1.4%	1.4%	0.0%	1.4%
MBIA (2)	1.3%	0.1%	1.4%	1.3%	0.1%	1.4%
Lincoln National	1.2%	0.0%	1.2%	1.2%	0.0%	1.3%
AG Edwards	0.5%	0.7%	1.2%	0.6%	0.7%	1.3%
PMI Group	1.1%	0.0%	1.1%	1.1%	0.0%	1.1%
Jefferson Pilot	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
Torchmark (2)	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
Old Republic	0.9%	0.0%	0.9%	0.9%	0.0%	0.9%
Everest Re (2)	0.9%	0.0%	0.9%	0.9%	0.0%	0.9%
MGIC	0.6%	0.1%	0.9%	0.8%	0.1%	0.9%
SouthTrust	0.8%	0.0%	0.8%	0.8%	0.0%	0.8%
Radlan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25th Percentile	1.0%	0.0%	1.0%	1.0%	0.0%	1.1%
Median	1.5%	0.0%	1.8%	1.6%	0.0%	1.9%
75th Percentile	2.3%	0.2%	2.4%	2.4%	0.2%	2.4%

(1) Does not include February 2003 grants

(2) Restricted stock granted information available only for top five executives

(3) Fiscal 2003 data

(4) Includes options granted to retain Morgan Keegan employees

## 2002 Equity Awards 3X Restricted Share Weight

\* Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding			as Percentage of Fully <i>Undiluted</i> Shares Outstanding		
	Options	Total Granted Restricted Stock	Options & Rest Stock	Options	Total Granted Restricted Stock	Options & Rest Stock
Neuberger Berman	2.6%	3.3%	6.2%	3.0%	3.5%	6.6%
John Hancock	3.7%	0.8%	4.5%	3.9%	0.8%	4.7%
First Tennessee	3.7%	0.4%	4.1%	3.9%	0.4%	4.3%
T Rowe Price	3.1%	0.0%	3.1%	3.2%	0.0%	3.2%
XL Capital	2.5%	0.5%	3.0%	2.5%	0.5%	3.0%
Ace Limited	1.9%	1.0%	2.9%	2.0%	1.0%	3.0%
Waddell & Reed	1.8%	1.1%	2.9%	1.8%	1.2%	3.0%
Salco	2.3%	0.3%	2.6%	2.4%	0.3%	2.7%
Amsouth	2.5%	0.1%	2.6%	2.5%	0.1%	2.7%
Moody's (1)	2.5%	Not Disclosed	2.5%	2.6%	Not Disclosed	2.6%
Raymond James (2)	2.3%	0.1%	2.4%	2.4%	0.1%	2.5%
Franklin Resources	1.6%	1.0%	2.5%	1.6%	1.0%	2.6%
Mellon Financial	1.4%	1.0%	2.4%	1.5%	1.0%	2.5%
AG Edwards	0.5%	2.0%	2.6%	0.6%	2.1%	2.7%
Regions (3)	1.7%	0.5%	2.2%	1.7%	0.5%	2.3%
Legg Mason (4)	2.1%	Not Disclosed	2.1%	2.1%	Not Disclosed	2.1%
M&T Bank	2.0%	0.0%	2.0%	2.1%	0.0%	2.1%
MBIA (2)	1.3%	0.2%	1.6%	1.3%	0.3%	1.5%
Ambac Financial (2)	1.4%	0.0%	1.5%	1.5%	0.0%	1.5%
Nationwide (2)	1.4%	0.1%	1.5%	1.4%	0.1%	1.5%
Lincoln National	1.2%	0.1%	1.3%	1.2%	0.1%	1.4%
PMI Group	1.1%	0.0%	1.1%	1.1%	0.0%	1.1%
MGIC	0.8%	0.3%	1.1%	0.8%	0.3%	1.1%
Jefferson Pilot	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
Torchmark (2)	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
Old Republic	0.9%	0.0%	0.9%	0.9%	0.0%	0.9%
Everest Re (2)	0.9%	0.0%	0.9%	0.9%	0.0%	0.9%
SouthTrust	0.8%	0.0%	0.8%	0.8%	0.0%	0.8%
Radian	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25th Percentile	1.0%	0.0%	1.1%	1.0%	0.0%	1.1%
Median	1.5%	0.1%	2.2%	1.6%	0.1%	2.2%
75th Percentile	2.3%	0.6%	2.7%	2.4%	0.7%	2.9%

(1) Does not include February 2003 grants

(2) Restricted stock granted information available only for top five executives

(3) Includes options granted to retain Morgan Keegan employees

(4) Fiscal 2003 data

## 2002 Authorization & Outstanding Awards

*\* Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock*

Company	as Percentage of Fully Diluted Shares Outstanding		as Percentage of Fully Undiluted Shares Outstanding	
	Shares Authorized	Options + Restricted Stock Outstanding	Shares Authorized	Options + Restricted Stock Outstanding
T Rowe Price	22.6%	18.6%	29.2%	22.8%
Waddell & Reed	29.5%	17.6%	41.8%	21.4%
First Tennessee	21.9%	15.2%	28.1%	17.9%
Legg Mason (1) (2)	16.2%	12.5%	19.3%	14.3%
M&T Bank	17.9%	10.0%	21.8%	11.1%
Lincoln National	15.4%	9.7%	18.2%	10.7%
Moody's (3)	10.8%	9.4%	11.6%	7.4%
Neuberger Berman	17.6%	8.7%	21.4%	9.5%
Regions (4)	15.9%	8.2%	16.6%	9.0%
AG Edwards	13.8%	8.1%	16.1%	8.8%
XL Capital	14.0%	7.9%	16.3%	8.6%
John Hancock	12.4%	7.9%	14.1%	8.5%
Ace Limited	11.7%	7.6%	13.2%	8.5%
Torchmark (5)	10.9%	7.5%	12.2%	8.1%
Amsouth	10.0%	7.4%	11.1%	8.0%
Ambac Financial (5)	9.9%	7.0%	11.0%	7.5%
Raymond James	16.2%	6.9%	19.3%	7.5%
Jefferson Pilot	14.5%	6.5%	17.0%	7.0%
MBIA (5)	9.6%	6.5%	10.7%	6.9%
Mellon Financial	11.0%	6.5%	12.4%	6.9%
PMI Group	8.3%	5.6%	9.0%	5.9%
Franklin Resources	9.2%	5.2%	10.1%	5.5%
Radian	9.8%	5.0%	10.8%	5.2%
Everest Re	7.3%	4.5%	7.9%	4.7%
Safeco	8.0%	4.1%	8.7%	4.3%
SouthTrust	6.6%	4.1%	7.1%	4.2%
Old Republic	9.1%	3.8%	10.0%	4.0%
Nationwide (5)	11.7%	3.8%	13.2%	3.9%
MGIC	10.1%	3.6%	11.2%	3.8%
25th Percentile	9.7%	5.2%	10.8%	5.4%
Median	11.7%	7.2%	13.2%	7.7%
75th Percentile	15.9%	8.3%	16.9%	9.1%

(1) Fiscal 2003 data

(2) Options outstanding as a percentage of diluted shares do not reflect restricted stock grants because data isn't available.

(3) Moody's authorized includes 16.5M (1998 Plan) plus 5.6M (2001 Plan) less 4.5M (DNE & Retirees).

(4) Includes options granted to retain Morgan Keegan employees

(5) Restricted stock information available only for top five executives

## 2002 Authorization & Outstanding Awards 3X Restricted Share Weight

\* Restricted stock weights at 3X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully Diluted Shares Outstanding		as Percentage of Fully Undiluted Shares Outstanding	
	Shares Authorized	Options + Restricted Stock Outstanding	Shares Authorized	Options + Restricted Stock Outstanding
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XL Capital	14.0%	8.6%	16.3%	9.4%
Amsouth	10.0%	8.0%	11.1%	8.7%
Mellon Financial	11.0%	7.9%	12.4%	8.5%
Torchmark (5)	10.9%	7.6%	12.2%	8.2%
MBIA (5)	9.6%	7.0%	10.7%	7.5%
Franklin Resources	9.2%	7.0%	10.1%	7.5%
Jefferson Pilot	14.5%	6.5%	17.0%	7.0%
PMI Group	8.3%	5.6%	9.0%	5.9%
Radian	9.8%	5.0%	10.8%	5.2%
Everest Re	7.3%	4.5%	7.9%	4.7%
Safeco	8.0%	4.5%	8.7%	4.7%
SouthTrust	6.6%	4.1%	7.1%	4.2%
Nationwide (5)	11.7%	4.0%	13.2%	4.2%
MGIC	10.1%	3.9%	11.2%	4.1%
Old Republic	9.1%	3.8%	10.0%	4.0%
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Median	11.7%	8.3%	13.2%	9.0%
75th Percentile	15.9%	10.0%	18.9%	11.1%

(1) Fiscal 2003 data

(2) Options outstanding as a percentage of diluted shares do not reflect restricted stock grants because data isn't available.

(3) Moody's authorized includes 16.5M (1998 Plan) plus 5.8M (2001 Plan) less 4.5M (ONB & Retirees).

(4) Includes options granted to retain Morgan Keegan employees

(5) Restricted stock information available only for top five executives

**MOODY'S**

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**2002 Competitive Market Update and Projections**

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**December 4, 2002**

**JOHNSON ASSOCIATES, INC.**

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## Introduction

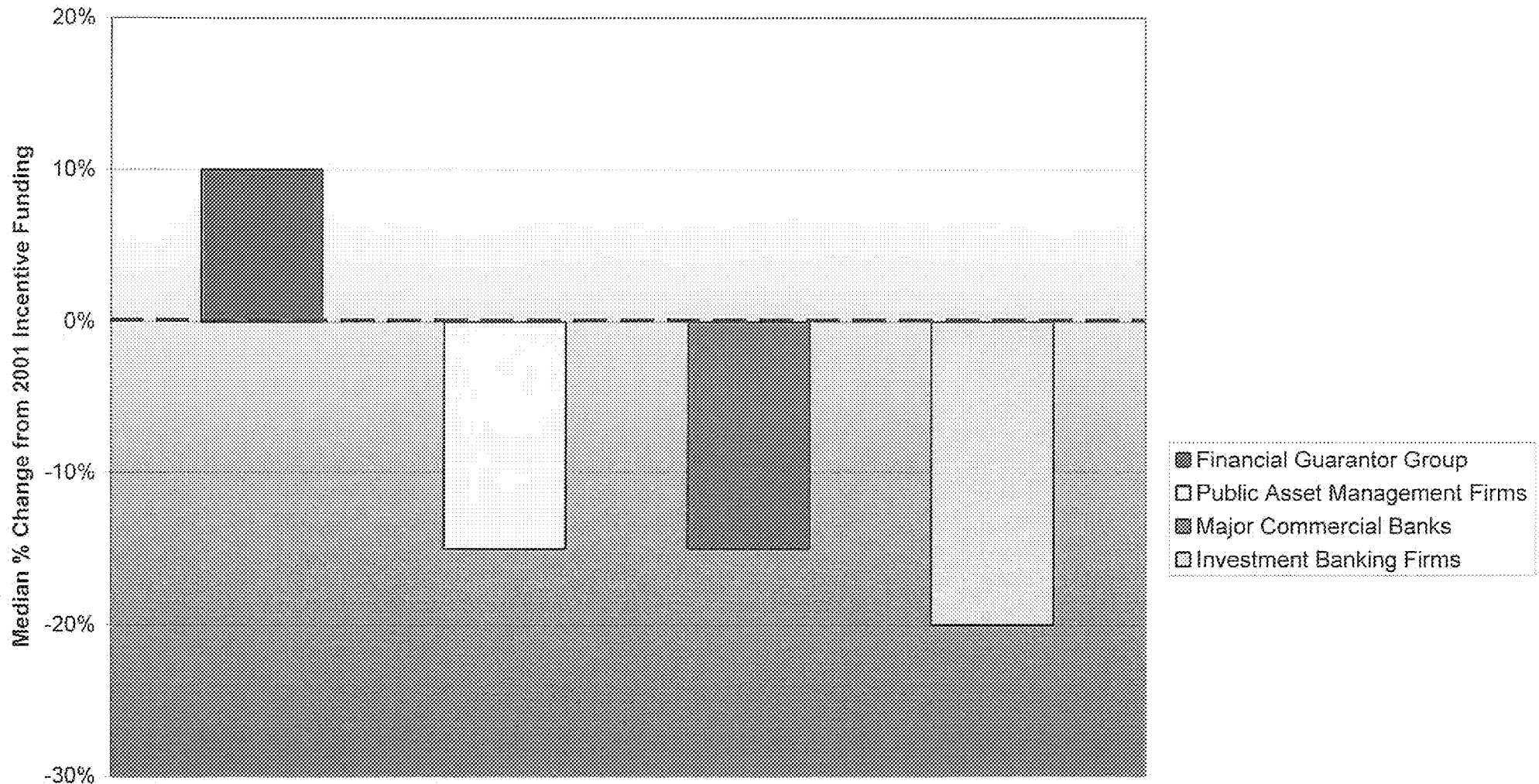
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Johnson Associates was asked by Moody's to prepare a brief 2002 summary report on year-end competitive positioning. The objective is to provide the Compensation Committee with an indication of where Moody's target and actual total compensation for senior professionals will be positioned against the competitive marketplace. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms across industry sectors.

Once again, the 2002 business environment impacts Moody's and select comparators very differently than major investment and commercial banks, and asset management firms. In simple terms, strong bond issuances and movement to fixed income investments has produced strong business results and increased compensation. This is in stark contrast to firms specializing in equities, corporate finance or commercial loans who face reduced compensation levels. Moreover, the year-end compensation process in many investment and commercial banks will be unusually painful as a result of overstaffing and guarantees, inflated employee expectations, and the impact of ongoing scandals.

We believe year-end 2002 presents a real opportunity for Moody's and similar firms to gain ground on broader financial service firms both in terms of compensation positioning, but also employee retention and attraction.

## Predicted 2002 Market Incentive Changes\*



\* Professionals and Executives

-- In addition to increases for direct comparators, many retail and mortgage oriented financial service firms have had excellent years. While the hiring market is currently quite limited, senior credit/ risk positions are in high demand.

## **2002 Wall Street and Broader Compensation Environment**

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- Near term revenue outlook not promising
  - Expected recovery now projected for second half of 2003
- Overall compensation outlook is down with significant variations between businesses
  - High performers will still be “taken care of” in order to retain talent
  - Broadly Wall Street fixed income departments expected to be flat or pay modestly increased bonuses
- 2002-2003 EPS estimates continue to be reduced or moderated
  - Compensation accruals are flexible and will be reduced to achieve earnings
  - Compensation guarantees are still problem in some firms
  - Continued use of stock options to moderate compensation decline
- Some firms are now reporting larger headcount reductions, but many have not made widespread cuts. To date mostly division specific cuts, especially investment banking
  - Companies are attempting to reduce headcount quietly other than through “layoffs”
  - Severance including partial bonuses funded from compensation accruals
- Base salary increases expected to average 4.0% in New York City for major financial service firms (range 3.5%-4.2%). Since many firms manage on a total compensation basis and with incentives linked to results, net cost impact of base salary increases generally small
  - Morale impact of base salary freezes has been quite negative



## **2002 Wall Street and Broader Compensation Environment**

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- Percentage of firm stock utilized across comparators for 2002 equity programs expected flat over 2001, and consistent with prior years
  - Comparators annually utilize 1.4% - 3.0% of shares outstanding for stock options and restricted stock. Major investment and select commercial banks often utilize 3%-5%+ annually for equity awards. Moody's guideline of utilizing  $\approx 2.5\%$  of shares outstanding for stock options well within comparator mainstream (see appendix)
  - In addition, Moody's equity awards outstanding at end of 2001 year-end almost exactly at comparator group median

## **Moody's 2002 Projected Market Position**

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- Moody's 2002 excellent business results will likely result in professionals and executives total compensation at about 75<sup>th</sup> percentile of direct comparator market driven by above target bonus awards. However, even with a disappointing year, comparable Wall Street positions continue to provide greater compensation opportunities even if gap closed somewhat
  - The restructuring of Moody's compensation program over the past two years increased target incentives to market. In both 2001 and 2002, these changes produced more competitive compensation
  - Adjusted option awards for 2003 not likely to impact competitive positioning since reduction in number of options awarded partially offset by increased stock price
  - Proxy disclosure of comparators in early 2003 likely to show, on average, increased total compensation of about 5-10% Moody's actual 2002 total compensation for senior executives unlikely to draw undue attention (see appendix)
- Graphs and data on the next several pages show, we believe, a defensible position for Moody's projected actual compensation this year assuming excellent financial results and continued business progress
  - Importantly, the Compensation Committee retains discretion on Moody's actual 2002 incentive payouts by individual and across areas

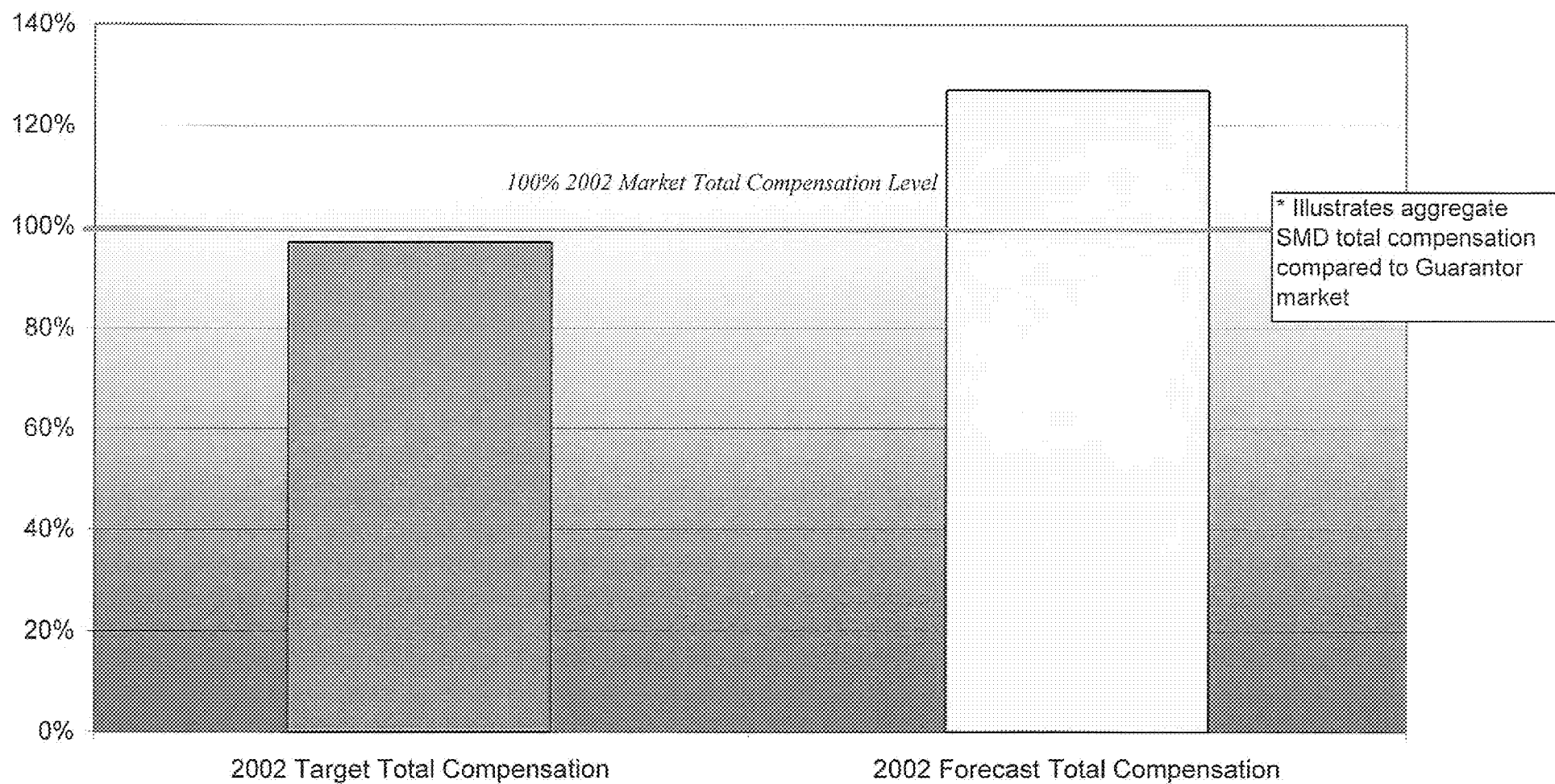
## Senior Executive Team – John Rutherford Direct Reports

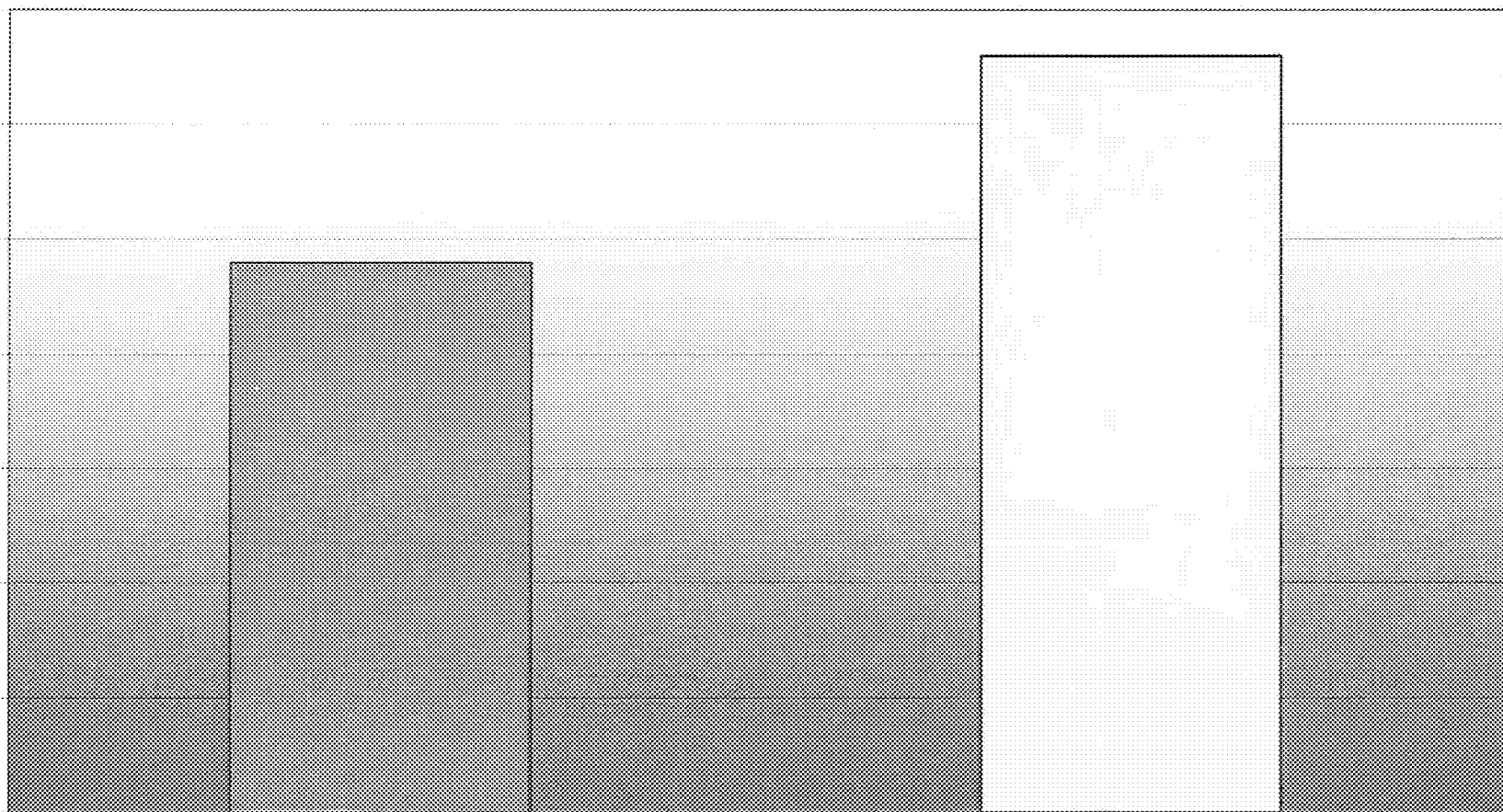
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Executive	Market Match	Moody's Total Compensation		2002 Market Total Compensation	
		Target	Projected 2002*	Median	75 <sup>th</sup> Percentile
Rutherford	CEO	\$3,337,000	\$4,130,772	\$3,750,000	\$4,500,000
Dering	CFO	\$1,134,500	\$1,460,350	\$1,150,000	\$1,500,000
McDaniel	#2 Executive/President	\$2,178,850	\$2,727,650	\$2,400,000	\$2,900,000
Woodham	Strategy/Technology	\$1,901,000	\$2,346,900	\$1,000,000	\$1,300,000
Murray	Human Resources	\$1,106,600	\$1,485,800	\$800,000	\$1,050,000
Totals:		\$11,802,188	\$14,865,386	\$11,400,000	\$14,250,000

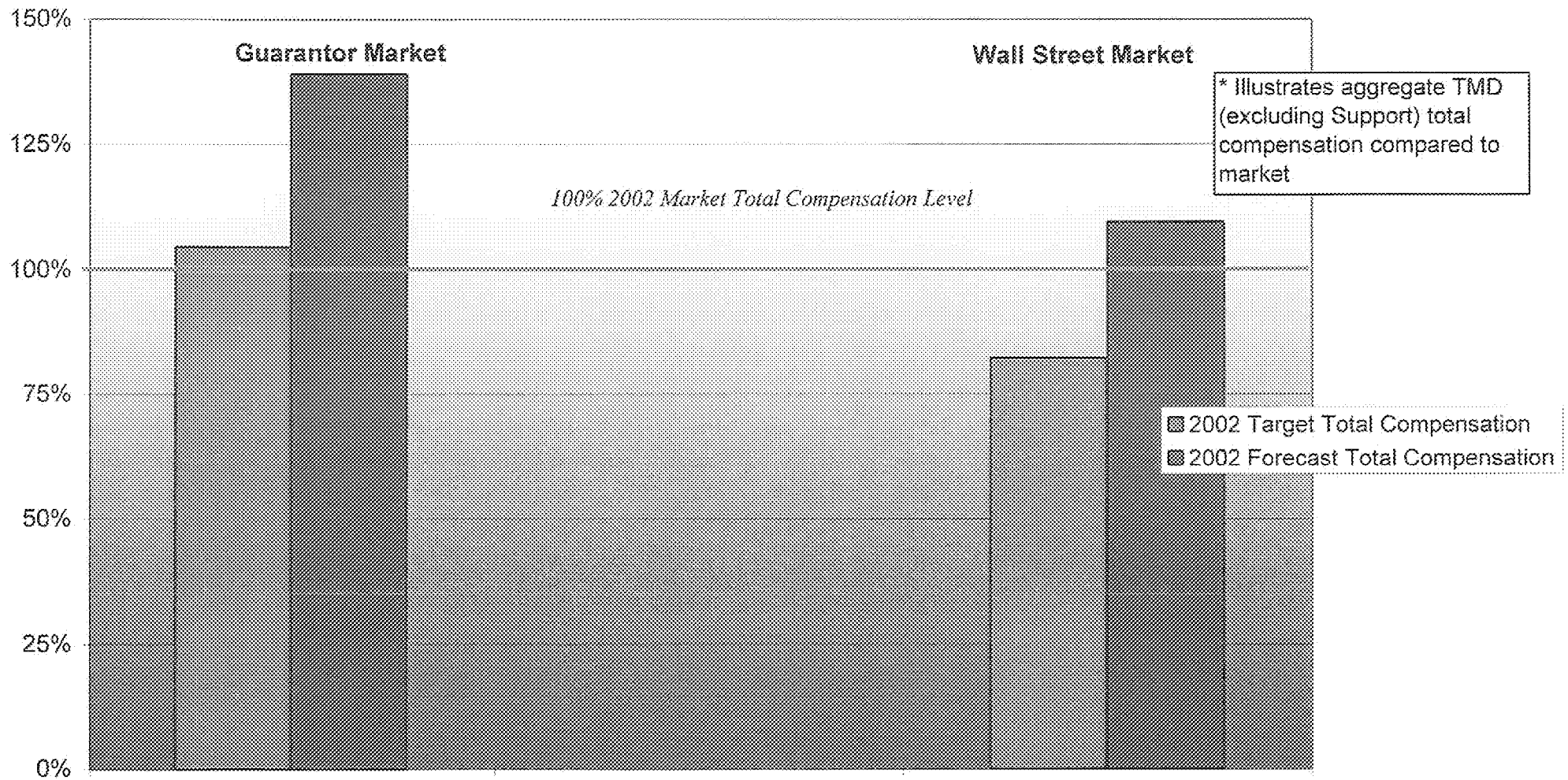
\* Reflects base salary, March 2002 stock options, and cash bonus on projected 2002 financial results

## SMDs Guarantor Market





# TMDs



## Summary and Potential Directions

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- As in 2001, Moody's comparators have improved business results versus other financial service firms. In fact, results and corresponding incentive compensation expected to be above 2001 (i.e., +10%)
- 2002 compensation environment more favorable for Moody's than in recent years
  - Provides opportunity to improve market position somewhat with a favorable impact on employee retention and attraction. First half of 2003 provides unusually good hiring environment
- Considering the 2002 difficulties, at many other firms this is a year where effective compensation delivery and communication will be particularly appreciated
  - Reinforce the positive aspects of Moody's employment
- 2002 target total compensation for executives and senior professionals almost exactly at market median. Actual total compensation at  $\approx 75^{\text{th}}$  percentile driven by projected excellent bonus awards
  - Projected 2003 Moody's base salary increases averaging 4% in line with market levels. Reduction in normal stock options per executive  $\approx 8\%$  to stay within 2.5% annual guideline offset by higher stock price, netting slightly higher present value
  - Target 2003 total compensation for executives and senior professionals increasing 3-4% vis-à-vis 2002 target appears sensible
  - As always, Compensation Committee must insure 2003 business plan and goals provides appropriate difficulty – neither unduly easy or stringent

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## APPENDIX

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## 2001 Executive Compensation - CEO

Company	Executive	Position	Base Salary	Annual Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	LT % of Total Comp
John Hancock	D'Alessandro, D.F.	Pres, CEO	\$1,000,000	\$1,600,000	\$0	\$2,600,000	\$15,396,333	\$1,652,549	\$0	\$17,248,882	\$19,848,882	87%
Legg Mason	Mason, R.A.	COB, CEO	\$330,000	\$7,344,888	\$0	\$7,674,888	\$5,560,333	\$0	\$0	\$5,560,333	\$13,235,021	42%
Lincoln National	Boscia, J.A.	COB, CEO	\$850,000	\$2,100,000	\$0	\$2,950,000	\$5,333,547	\$0	\$3,122,833	\$8,456,380	\$11,406,380	74%
Mellon Financial	McGuinn, M.G.	COB, CEO	\$875,000	\$1,200,000	\$0	\$2,075,000	\$2,878,667	\$4,819,165	\$1,341,518	\$9,039,350	\$11,114,350	81%
Amsouth	Ritter, C.D.	COB, Pres, CEO	\$945,000	\$1,814,400	\$0	\$2,759,400	\$3,545,833	\$4,084,800	\$0	\$7,630,633	\$10,390,033	73%
MBIA	Brown, J.W.	COB, CEO	\$750,000	\$0	\$0	\$750,000	\$5,578,125	\$1,373,111	\$1,552,871	\$8,504,107	\$9,254,107	92%
Jefferson Pilot	Stonecipher, D.A.	COB, Pres to Nov 2001, CEO	\$1,112,410	\$1,500,000	\$0	\$2,612,410	\$5,740,797	\$0	\$453,863	\$6,194,660	\$8,807,070	70%
Safeco	McGavick, M.S.	Pres, CEO	\$790,972	\$1,389,235	\$0	\$2,180,207	\$3,248,248	\$1,577,124	\$905,237	\$5,730,809	\$7,910,818	72%
ACE Limited	Dupereault, B.	COB and CEO of ACE Limited	\$925,008	\$1,300,000	\$0	\$2,225,008	\$3,219,333	\$2,195,000	\$0	\$5,414,333	\$7,639,341	71%
Everest Re	Taranto, J.V.	COB, CEO	\$1,000,000	\$1,400,000	\$0	\$2,400,000	\$4,415,333	\$0	\$0	\$4,415,333	\$6,815,333	65%
SouthTrust	Malone, W.D.	CEO	\$976,042	\$2,080,064	\$0	\$3,056,106	\$2,338,833	\$0	\$999,135	\$3,335,968	\$6,392,074	52%
Ambac Financial	Lassiter, P.B.	COB, CEO	\$820,000	\$930,000	\$0	\$1,550,000	\$3,649,500	\$413,335	\$0	\$4,062,835	\$5,612,835	72%
Nationwide Financial	Jurgensen, W.G.	COB, CEO	\$850,000	\$0	\$0	\$850,000	\$2,673,901	\$0	\$1,950,000	\$4,623,901	\$5,473,901	84%
Radian	Filipps, F.P.	COB, CEO	\$675,000	\$900,450	\$0	\$1,575,450	\$2,738,960	\$928,826	\$0	\$3,667,586	\$5,243,038	70%
Regions Financial	Jones, C.E. Jr.	COB, Pres, CEO	\$750,000	\$871,875	\$0	\$1,621,875	\$1,806,000	\$1,532,500	\$0	\$3,438,500	\$5,060,375	68%
XL Capital	O'Hara, B.M.	Pres., CEO	\$1,000,000	\$1,000,000	\$0	\$2,000,000	\$2,000,000	\$988,910	\$0	\$2,988,910	\$4,988,910	60%
MGIC	Culver, C.S.	Pres., CEO	\$532,697	\$566,983	\$0	\$1,099,680	\$1,447,000	\$707,542	\$0	\$2,154,542	\$3,254,222	66%
M&T Bank	Wilmers, R.G.	COB, Pres, CEO	\$455,770	\$500,000	\$0	\$955,770	\$2,210,310	\$0	\$0	\$2,210,310	\$3,166,080	70%
PMI Group	Haughton, W.R.	COB, CEO	\$825,000	\$944,821	\$0	\$1,569,821	\$1,439,250	\$0	\$0	\$1,439,250	\$3,009,071	48%
First Tennessee Nat'l	Horn, R.	COB, CEO	\$861,122	\$1,076,403	\$0	\$1,937,525	\$776,387	\$0	\$0	\$776,387	\$2,713,912	29%
Waddell & Reed	Tucker, K.A.	COB, CEO	\$800,016	\$0	\$0	\$800,016	\$1,784,000	\$0	\$0	\$1,784,000	\$2,584,016	69%
Old Republic	Zucaro, A.C.	Pres, CEO	\$612,204	\$443,960	\$0	\$1,056,164	\$1,435,733	\$0	\$0	\$1,435,733	\$2,491,897	58%
Torchmark	Hudson, C.B.	COB, Pres, CEO	\$800,000	\$400,000	\$0	\$1,200,000	\$1,273,333	\$0	\$0	\$1,273,333	\$2,473,333	51%
Neuberger Berman	Lane, J.B.	CEO, Pres	\$1,000,000	\$600,015	\$0	\$1,600,015	\$0	\$533,314	\$0	\$533,314	\$2,133,329	25%
T.Rowe Price	Roche, G.A.	COB, Pres	\$300,000	\$1,700,000	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000	0%
Raymond James	James, T.A.	COB, CEO	\$254,750	\$1,100,014	\$368,740	\$1,723,504	\$0	\$187,482	\$0	\$187,482	\$1,910,986	10%
A.G. Edwards	Edwards, B.F. III	COB, Pres, CEO	\$472,830	\$1,233,544	\$0	\$1,706,374	\$0	\$107,514	\$0	\$107,514	\$1,813,888	6%
Franklin Resources	Johnson, C.B.	COB, CEO	\$594,330	\$0	\$0	\$594,330	\$0	\$0	\$0	\$0	\$594,330	0%
25th Percentile			\$607,736	\$550,237	\$0	\$1,174,920	\$1,395,133	\$0	\$0	\$1,395,133	\$2,560,888	46%
Median			\$785,468	\$1,038,202	\$0	\$1,714,839	\$2,273,572	\$43,757	\$0	\$3,367,234	\$5,151,705	67%
75th Percentile			\$930,008	\$1,426,000	\$0	\$2,298,758	\$3,571,750	\$1,084,980	\$113,466	\$5,602,902	\$8,134,879	72%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2001 Executive Compensation - Second Highest Paid

Company	Executive	Position	Base Salary	Annual Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	% of 1999 Comp
John Hancock	Bell, M.A.	Sr. EVP	\$115,385	\$1,422,000	\$0	\$1,537,385	\$5,970,833	\$800,284	\$205,600	\$6,776,717	\$8,314,102	82%
Mellon Financial	Elliott, S.G.	SVCOB	\$841,667	\$588,000	\$0	\$1,229,667	\$1,871,133	\$3,871,540	\$950,636	\$6,493,309	\$7,722,976	84%
Lincoln National	Halldeman, C.E.	Pres. CEO - Lincoln Nat. Inv. & Del. Mgt.	\$800,000	\$2,479,575	\$0	\$3,279,575	\$2,174,000	\$0	\$1,749,167	\$3,923,167	\$7,202,742	54%
ACE Limited	Frederico, D.J.	Pres. and COO of ACE Limited, COB of ACE INA	\$800,427	\$800,000	\$0	\$1,600,427	\$3,402,250	\$1,317,000	\$0	\$4,719,250	\$6,319,677	75%
MBIA	Dunton, G.C.	Pres.	\$800,000	\$0	\$0	\$800,000	\$1,873,438	\$1,500,000	\$1,750,000	\$4,923,438	\$5,523,438	89%
Franklin Resources	Flanagan, M.L.	Pres. Member - Office of the Pres	\$783,378	\$400,000	\$0	\$1,183,378	\$3,075,000	\$1,084,025	\$0	\$4,159,025	\$5,342,403	78%
Nationwide Financial	Gaspar, J.J.	Pres. COO	\$718,269	\$246,500	\$0	\$964,769	\$1,078,281	\$2,282,837	\$0	\$3,361,116	\$4,325,887	78%
Jefferson Pilot	Mlekush, K.C.	Vice Chairman, EVP to Nov 2001	\$570,000	\$625,000	\$0	\$1,195,000	\$2,404,928	\$0	\$180,000	\$2,584,928	\$3,779,928	68%
Amsouth	Gibson, S.D.	VCOB, CFO, Grp Head - Fin. & Credit	\$440,000	\$487,200	\$0	\$927,200	\$1,077,933	\$1,404,150	\$0	\$2,482,083	\$3,419,283	73%
XL Capital	Lusardi, R.R.	EVP, CEO of Fin. Products and Services	\$550,000	\$450,000	\$0	\$1,000,000	\$1,600,000	\$780,700	\$0	\$2,360,700	\$3,360,700	70%
SouthTrust	Banton, J.W.	COB, Pres, CEO - Bank	\$650,000	\$862,203	\$0	\$1,512,203	\$1,135,033	\$0	\$493,400	\$1,628,433	\$3,140,636	52%
Ambac Financial	Genader, R.J.	Pres. COO	\$400,000	\$637,500	\$0	\$1,037,500	\$1,784,200	\$283,335	\$0	\$2,067,535	\$3,105,035	67%
Legg Mason	Brinkley, J.W.	Sr. EVP	\$275,004	\$2,500,000	\$0	\$2,775,004	\$326,867	\$0	\$0	\$326,867	\$3,101,871	11%
M&T Bank	Sadler, R.E. Jr.	of M&T Bank Corporation	\$446,154	\$500,000	\$0	\$946,154	\$1,768,248	\$0	\$0	\$1,768,248	\$2,714,402	65%
Regions Financial	Morgan, A.B. Jr.	Undisclosed	\$130,000	\$1,370,000	\$0	\$1,500,000	\$1,191,250	\$0	\$0	\$1,191,250	\$2,691,250	44%
T.Rowe Price	Kennedy, J.A.C.	MD	\$300,000	\$1,800,000	\$0	\$1,900,000	\$685,333	\$0	\$0	\$685,333	\$2,585,333	27%
Waddell & Reed	Hermann, H.J.	Pres. Chief Investment Officer	\$800,000	\$0	\$0	\$800,000	\$1,784,000	\$0	\$0	\$1,784,000	\$2,584,000	69%
Radian	Kasmar, R.J.	Pres., COO	\$425,000	\$425,212	\$0	\$850,212	\$1,345,265	\$276,023	\$0	\$1,621,289	\$2,471,501	66%
Torchmark	McAndrew, M.S.	COB, Pres, CEO - United American, Globe and American Incom	\$680,000	\$250,000	\$0	\$930,000	\$1,273,333	\$0	\$0	\$1,273,333	\$2,203,333	58%
Safeco	Talbot, R.H.	Pres. Life & Investments	\$477,500	\$599,034	\$0	\$1,076,534	\$300,190	\$256,250	\$457,940	\$1,014,380	\$2,060,914	49%
Raymond James	Greene, M.A.	EVP, COB of RJFS	\$261,750	\$1,436,009	\$0	\$1,697,759	\$20,825	\$292,489	\$0	\$313,114	\$2,010,873	16%
Old Republic	Simpson, W.A.	SVP	\$298,806	\$1,075,524	\$0	\$1,374,330	\$605,700	\$0	\$0	\$605,700	\$1,980,030	31%
PMI Group	Smith, L.S.	Dir, Pres, COO	\$370,000	\$505,000	\$0	\$875,000	\$728,220	\$0	\$0	\$729,220	\$1,604,220	45%
First Tennessee Nat'l	Glass, J.K.	Pres. COO	\$556,235	\$454,876	\$0	\$1,010,811	\$442,349	\$0	\$0	\$442,349	\$1,453,260	30%
Neuberger Berman	Matza, R.	EVP, COO	\$500,000	\$500,022	\$0	\$1,000,022	\$0	\$333,305	\$0	\$333,305	\$1,333,327	25%
Everest Re	Gallagher, T.J.	Pres. COO	\$415,385	\$385,000	\$0	\$780,385	\$528,110	\$0	\$0	\$528,110	\$1,308,495	40%
MGIC	Lauer, J.M.	EVP, CFO	\$287,897	\$222,488	\$0	\$510,185	\$462,333	\$277,530	\$0	\$759,663	\$1,270,048	60%
A.G. Edwards	Bagby, R.L.	VCOB, EVP, Dir. Of Branch Div. Of Bkg Co.	\$261,630	\$853,877	\$0	\$1,115,507	\$0	\$107,514	\$0	\$107,514	\$1,223,021	9%

25th Percentile	\$299,702	\$418,909	\$0	\$335,400	\$518,688	\$0	\$0	\$685,425	\$2,003,162	38%
Median	\$461,827	\$548,500	\$0	\$1,057,017	\$1,163,142	\$181,892	\$0	\$1,624,691	\$2,702,628	59%
75th Percentile	\$843,750	\$315,533	\$0	\$1,503,051	\$1,784,050	\$540,388	\$45,000	\$2,778,676	\$3,916,416	71%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2001 Executive Compensation - Third Highest Paid

Company	Executive	Position	Base Salary	Annual Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Total % of To Comp
John Hancock	Moloney, T.E.	CFO, Sr. EVP	\$516,346	\$672,000	\$0	\$1,188,346	\$5,329,500	\$900,038	\$0	\$6,229,538	\$7,417,884	84%
Jefferson Pilot	Glass, D.R.	Pres, EVP & Treasurer to Nov 2001	\$510,096	\$525,000	\$0	\$1,035,096	\$2,482,513	\$0	\$172,500	\$2,655,013	\$3,890,109	72%
Franklin Resources	Johnson, G.E.	Pres, Member - Office of the Pres	\$780,132	\$400,000	\$0	\$1,180,132	\$2,501,547	\$0	\$0	\$2,501,547	\$3,881,679	68%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$666,171	\$0	\$1,181,171	\$1,536,293	\$0	\$901,167	\$2,437,460	\$3,618,631	67%
MBIA	Budnick, N.G.	Vice Pres., CFO	\$525,000	\$330,000	\$0	\$855,000	\$803,250	\$675,000	\$900,000	\$2,378,250	\$3,233,250	74%
XL Capital	Brown Jr., N.M.	EVP, CEO of Insurance Operations	\$650,000	\$450,000	\$0	\$1,100,000	\$1,333,333	\$380,350	\$0	\$1,713,683	\$2,813,683	61%
ACE Limited	Schmalzriedt, G.T.	Pres and CEO of ACE Europe and ACE Global Mkts	\$520,834	\$500,000	\$0	\$1,020,834	\$878,000	\$878,000	\$0	\$1,756,000	\$2,776,834	63%
Amsouth	Stephenson, E.W.	SrEVP, Grp Head - Regional Bkg	\$400,000	\$376,000	\$0	\$776,000	\$765,900	\$957,375	\$0	\$1,723,275	\$2,499,275	69%
Mellon Financial	O'Hanley, R.P.	VCOB	\$500,000	\$960,000	\$0	\$1,460,000	\$293,267	\$400,545	\$142,898	\$838,710	\$2,296,710	36%
T.Rowe Price	Reynolds, W.T.	MD	\$300,000	\$1,400,000	\$0	\$1,700,000	\$514,000	\$0	\$0	\$514,000	\$2,214,000	23%
Legg Mason	Mulroy, T.P.	SVP	\$240,000	\$1,440,000	\$0	\$1,680,000	\$326,867	\$174,200	\$0	\$501,067	\$2,181,067	23%
M&T Bank	Pinto, M.P.	EVP & CFO of M&T Bank Corporation & M&T Bank	\$298,154	\$330,000	\$0	\$628,154	\$1,436,702	\$0	\$0	\$1,436,702	\$2,062,856	70%
Regions Financial	Horsley, R.D.	V-Chair, Exec Financial Officer	\$357,000	\$375,388	\$0	\$732,388	\$782,400	\$558,100	\$0	\$1,320,500	\$2,052,888	84%
Ambac Financial	Bivona, F.J.	CFO, VCOB, Fin & Inv Grp	\$310,000	\$352,500	\$0	\$662,500	\$1,216,500	\$156,895	\$0	\$1,373,195	\$2,035,695	67%
Waddell & Reed	Hechler, R.L.	EVP	\$500,000	\$0	\$0	\$500,000	\$1,239,880	\$0	\$0	\$1,239,880	\$1,739,880	71%
Torchmark	Brill, T.G.	EVP, CAO	\$549,000	\$126,000	\$0	\$675,000	\$891,333	\$0	\$0	\$891,333	\$1,566,333	57%
Radian	Quint, C.R.	EVP, CFO	\$300,000	\$250,125	\$0	\$550,125	\$674,977	\$247,617	\$0	\$922,595	\$1,472,720	63%
First Tennessee Nat'l	Kelley, J.C. Jr.	SrEVP	\$501,945	\$501,945	\$0	\$1,003,890	\$338,115	\$0	\$0	\$338,115	\$1,342,005	25%
Neuberger Berman	Sundman, P.E.	EVP	\$500,000	\$500,022	\$0	\$1,000,022	\$0	\$333,305	\$0	\$333,305	\$1,333,327	25%
Safeco	Ruddy, J.W.	SVP, General Counsel	\$368,333	\$114,308	\$0	\$482,641	\$181,933	\$153,750	\$383,397	\$719,081	\$1,201,722	60%
MGIC	Pierchalski, L.J.	EVP-Risk Management	\$256,538	\$199,472	\$0	\$456,010	\$482,333	\$248,820	\$0	\$731,153	\$1,187,163	82%
Raymond James	Pulnam, J.S.	EVP, Pres and COO of RJFS	\$170,000	\$862,560	\$13,448	\$1,046,008	\$20,625	\$116,740	\$0	\$137,365	\$1,183,373	12%
PMI Group	Seaman, C.J.	Pres of Inter'l and Strategic Investments	\$300,000	\$365,000	\$0	\$665,000	\$498,940	\$0	\$0	\$498,940	\$1,163,940	43%
SouthTrust	Schmidt, E.F.	Division Pres - Bank	\$285,000	\$284,272	\$0	\$569,272	\$333,633	\$0	\$207,228	\$541,061	\$1,110,333	48%
Nationwide Financial	Karae, R.A.	SVP, Sales & Financial Services	\$388,539	\$140,700	\$0	\$527,239	\$171,514	\$399,656	\$0	\$571,170	\$1,098,409	52%
A.G. Edwards	Edwards, B.F. IV	VCOB, EVP, Dir. Of Sales & Mktg Div. Of Bkg Co.	\$226,840	\$775,139	\$0	\$1,001,979	\$83,326	\$0	\$0	\$83,326	\$1,085,305	8%
Old Republic	Boone, C.S.	SVP & Treasurer	\$413,888	\$225,275	\$0	\$639,163	\$119,644	\$0	\$0	\$119,644	\$758,807	16%
Everest Re	Limauro, S.L.	EVP, CFO, Comptroller	\$241,539	\$200,000	\$0	\$441,539	\$192,040	\$0	\$0	\$192,040	\$633,579	30%

25th Percentile	\$289,038	\$243,912	\$0	\$532,950	\$287,980	\$0	\$0	\$500,536	\$1,188,218	28%
Median	\$383,270	\$375,684	\$0	\$758,954	\$594,489	\$135,245	\$0	\$864,022	\$1,687,768	60%
75th Percentile	\$511,322	\$560,293	\$0	\$1,071,615	\$1,222,345	\$386,177	\$0	\$1,718,981	\$2,566,695	68%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2001 Executive Compensation - Fourth Executive

Company	Executive	Position	Base Salary	Annual Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Total % of Total Comp
John Hancock	Ford, M.R.	EVP	\$500,000	\$560,000	\$0	\$1,060,000	\$3,565,503	\$195,924	\$0	\$3,761,517	\$4,821,517	78%
Franklin Resources	Johnson, C.E.	Pres. Member - Office of the Pres	\$780,128	\$400,000	\$0	\$1,180,128	\$2,475,200	\$0	\$0	\$2,475,200	\$3,655,328	68%
Lincoln National	Stensrud, L.J.	EVP, CEO Lincoln Retirement & Lincoln Nat'l Life Insurance	\$425,000	\$721,833	\$0	\$1,146,833	\$1,275,413	\$0	\$743,500	\$2,018,913	\$3,165,746	84%
MBIA	Well, R.L.	Vice Pres.	\$252,000	\$330,000	\$0	\$582,000	\$803,250	\$875,000	\$900,000	\$2,378,250	\$2,960,250	80%
XL Capital	de St. Paer, J.	EVP, CFO, Treasurer	\$344,102	\$450,000	\$0	\$794,102	\$800,000	\$1,014,000	\$0	\$1,814,000	\$2,608,102	70%
Arnsouth	Mooney, B.E.	SrEVP, Grp Head - Regional Bkg	\$345,000	\$369,150	\$0	\$714,150	\$765,900	\$957,375	\$0	\$1,723,275	\$2,437,425	71%
Mellon Financial	Canter, S.E.	VCOB	\$450,000	\$825,000	\$0	\$1,275,000	\$358,533	\$344,430	\$167,063	\$870,026	\$2,145,028	41%
Legg Mason	Scheve, T.C.	SrEVP	\$240,000	\$1,372,500	\$0	\$1,612,500	\$326,867	\$166,000	\$0	\$492,867	\$2,105,367	23%
M&T Bank	Pett, J.L.	EVP & CCO of M&T Bank Corporation & M&T Bank	\$277,692	\$325,000	\$0	\$602,692	\$1,436,702	\$0	\$0	\$1,436,702	\$2,039,394	70%
Ambac Financial	Boyle, D.L.	VCOB, Portfolio Mgmt Group	\$330,000	\$337,500	\$0	\$667,500	\$1,216,500	\$150,036	\$0	\$1,366,536	\$2,034,036	67%
ACE Limited	Marshall, C.Z.	Exec Assistant to COB, Strategic Initiatives, ACE Limited	\$554,500	\$400,000	\$0	\$954,500	\$585,333	\$482,900	\$0	\$1,068,233	\$2,022,733	53%
T.Rowe Price	Riepe, J.S.	VCOB	\$300,000	\$1,700,000	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000	0%
Regions Financial	Fleischauer, J.I. Jr.	Regional President	\$320,000	\$334,404	\$0	\$654,404	\$762,400	\$558,100	\$0	\$1,320,500	\$1,974,904	67%
Jefferson Pilot	Stone, T.M.	EVP; CFO & Treasurer since Nov 2001, Pres of Jefferson-Pilot	\$426,377	\$150,000	\$0	\$576,377	\$950,338	\$0	\$138,000	\$1,088,338	\$1,664,715	65%
Torchmark	McWhorter, A.L.	COB, Pres, CEO - Liberty & ULLC	\$399,048	\$136,000	\$0	\$535,048	\$891,333	\$0	\$0	\$891,333	\$1,426,381	62%
Neuberger Berman	Kasson, M.M.	EVP, CIO	\$750,000	\$425,029	\$0	\$1,175,029	\$0	\$99,961	\$0	\$99,961	\$1,274,990	8%
MGIC	MacLeod, J.S.	EVP-Field Operations	\$251,077	\$228,748	\$0	\$479,825	\$482,333	\$181,223	\$0	\$664,556	\$1,123,381	57%
Radian	Kamarck, M.	Pres. of Enhance Fin. Svcs Gp	\$343,918	\$272,136	\$0	\$616,054	\$358,100	\$135,863	\$0	\$493,963	\$1,110,017	45%
SouthTrust	Colby, T.H.	Division Pres - Bank	\$285,000	\$277,180	\$0	\$562,180	\$333,833	\$0	\$207,228	\$541,061	\$1,103,241	49%
Waddell & Reed	Sundeen, J.E. Jr.	SVP, CFO, Treasurer	\$300,000	\$213,463	\$0	\$513,463	\$570,818	\$0	\$0	\$570,818	\$1,084,281	53%
Raymond James	Riess, R.K.	EVP; Pres and CEO of Eagle; MD, Asset Mgt.	\$187,500	\$738,510	\$0	\$926,010	\$22,344	\$89,363	\$0	\$111,707	\$1,037,717	11%
A.G. Edwards	Goldman, A.E.	Corp. VP; Dir. Of Market Analysis of Bkg Co.	\$203,130	\$711,277	\$0	\$914,407	\$0	\$107,514	\$0	\$107,514	\$1,021,921	11%
Safeco	Pierson, R.A.	SVP, CFO	\$325,000	\$72,117	\$0	\$397,117	\$136,450	\$115,313	\$346,105	\$597,868	\$994,985	60%
Nationwide Financial	Thresher, M.R.	SVP, Finance	\$293,269	\$134,000	\$0	\$427,269	\$187,586	\$399,656	\$0	\$587,222	\$894,491	57%
PMI Group	Bacigalupi, V.J.	EVP, Sec and General Counsel	\$270,000	\$290,000	\$0	\$560,000	\$402,990	\$0	\$0	\$402,990	\$962,990	42%
First Tennessee Nat'l	Thomas, E.L. Jr.	CFO, EVP	\$317,098	\$287,098	\$0	\$584,196	\$154,056	\$0	\$0	\$154,056	\$738,252	21%
Old Republic	LeRoy, S.III	SVP & General Counsel	\$330,408	\$178,318	\$0	\$508,726	\$224,333	\$0	\$0	\$224,333	\$733,059	31%
Everest Re	Bennett, P.J.	SVP; MD, CEO - Bermuda Re	\$259,815	\$80,000	\$0	\$339,815	\$80,017	\$0	\$0	\$80,017	\$419,832	19%

25th Percentile	\$276,789	\$224,927	\$0	\$501,716	\$164,188	\$0	\$0	\$358,328	\$1,033,768	29%
Median	\$322,500	\$332,202	\$0	\$654,702	\$442,682	\$103,738	\$0	\$820,712	\$1,545,548	55%
75th Percentile	\$405,638	\$477,600	\$0	\$883,238	\$825,271	\$233,361	\$0	\$1,384,078	\$2,116,282	67%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2001 Executive Compensation - Fifth Executive

Company	Executive	Position	Base Salary	Annual Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Total % of Total Comp
John Hancock	Budd, W.A.	EVP, General Counsel	\$500,000	\$480,000	\$0	\$980,000	\$3,256,917	\$388,384	\$0	\$3,645,301	\$4,625,301	78%
Franklin Resources	Gula, A.J. Jr.	Pres, Member - Office of the Pres	\$855,393	\$200,000	\$0	\$855,393	\$1,880,200	\$0	\$0	\$1,880,200	\$2,735,593	69%
Lincoln National	Hunter, J.D.	EVP, General Counsel	\$465,000	\$429,800	\$0	\$894,800	\$1,101,493	\$0	\$651,167	\$1,752,660	\$2,647,460	66%
MBIA	Caouette, J.B.	Vice Pres.	\$525,000	\$330,000	\$0	\$855,000	\$803,250	\$0	\$800,000	\$1,703,250	\$2,558,250	67%
AmSouth	Mayer, W.C. III	SrEVP, Grp Head - Regional/Comm. Bkg	\$355,000	\$323,050	\$0	\$678,050	\$765,900	\$957,375	\$0	\$1,723,275	\$2,401,325	72%
XL Capital	Greetham, C.V.	EVP, CIO	\$345,000	\$630,000	\$0	\$975,000	\$1,066,667	\$304,280	\$0	\$1,370,947	\$2,345,947	58%
T.Rowe Price	Testa, M.D.	VCOB	\$300,000	\$1,700,000	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000	0%
ACE Limited	Kramer, D.	VCOB-ACE Limited	\$530,422	\$400,000	\$0	\$930,422	\$685,333	\$482,900	\$0	\$1,068,233	\$1,998,655	53%
Legg Mason	Himefarb, R.J.	Sr EVP	\$245,004	\$1,350,000	\$0	\$1,595,004	\$163,433	\$163,300	\$0	\$326,733	\$1,921,737	17%
Regions Financial	Miller, P.D.	Regional President	\$310,000	\$266,009	\$0	\$576,009	\$782,400	\$558,100	\$0	\$1,320,500	\$1,896,509	70%
Jefferson Pilot	Hopkins, J.D.	EVP & General Counsel	\$400,000	\$225,000	\$0	\$625,000	\$930,940	\$0	\$0	\$930,940	\$1,555,940	60%
Mellon Financial	Lemere, D.F.	VCOB	\$345,000	\$543,750	\$0	\$888,750	\$215,467	\$228,330	\$214,562	\$658,359	\$1,547,109	43%
Neuberger Berman	Schneider, H.L.	EVP	\$750,000	\$450,030	\$0	\$1,200,030	\$0	\$68,626	\$0	\$68,626	\$1,268,656	5%
Torchmark	Coleman, G.L.	EVP, CFO	\$344,000	\$110,000	\$0	\$454,000	\$784,000	\$0	\$0	\$784,000	\$1,218,000	63%
Radcan	Yaruss, H.S.	Sr VP, Soc. General Counsel	\$250,000	\$220,000	\$0	\$470,000	\$489,113	\$144,320	\$0	\$633,434	\$1,103,434	57%
SouthTrust	Eubanks, R.G.	Division Pres - Bank	\$285,000	\$273,109	\$0	\$558,109	\$333,833	\$0	\$207,228	\$541,061	\$1,099,170	49%
MGIC	Lano, J.H.	SVP, General Counsel	\$217,692	\$178,147	\$0	\$395,839	\$482,333	\$219,600	\$0	\$701,933	\$1,095,772	64%
Waddell & Reed	Butch, T.W.	SVP, Chief Marketing Officer	\$320,000	\$150,000	\$0	\$470,000	\$577,945	\$0	\$0	\$577,945	\$1,047,945	55%
Raymond James	Franke, T.S.	Pres and COO of RJA	\$229,000	\$687,508	\$5,468	\$921,976	\$20,625	\$78,115	\$0	\$98,740	\$1,020,716	10%
A.G. Edwards	Kessler, R.J.	EVP & Dir. Of Operations of Bkg Co.	\$170,630	\$690,288	\$0	\$860,919	\$0	\$107,514	\$0	\$107,514	\$968,433	11%
PMI Group	Lorenzen Jr., J.M.	EVP, CFO	\$275,000	\$285,000	\$0	\$560,000	\$337,744	\$0	\$0	\$337,744	\$897,744	38%
Safeco	LaRocco, M.E.	Pres, Personal Insurance	\$390,000	\$187,688	\$0	\$577,688	\$145,300	\$145,300	\$0	\$290,600	\$868,288	33%
Nationwide Financial	Phelan, M.D.	SVP, Tech & Operations	\$297,154	\$134,000	\$0	\$431,154	\$434,003	\$0	\$0	\$434,003	\$865,157	50%
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$174,000	\$335,000	\$0	\$509,000	\$291,960	\$0	\$0	\$291,960	\$800,960	36%
M&T Bank	Campbell, C.L.	VCOB of M&T Bank Corporation & M&T Bank	\$480,018	\$168,500	\$0	\$648,518	\$33,266	\$0	\$0	\$33,266	\$681,784	5%
Old Republic	Adams, J.S.	SVP, CFO	\$449,445	\$82,808	\$0	\$512,053	\$119,644	\$0	\$0	\$119,644	\$631,698	19%
First Tennessee Nat'l	Burkell, C.G.	Pres Retail Fin Svcs & Memphis Fin Svcs	\$246,923	\$136,277	\$0	\$383,200	\$101,600	\$0	\$0	\$101,600	\$484,800	21%
Everest Re	Burak, J.J.	SVP, General Counsel, Secretary	\$207,892	\$0	\$0	\$207,892	\$160,033	\$0	\$0	\$160,033	\$367,925	44%

25th Percentile	\$248,231	\$174,235	\$0	\$422,466	\$138,885	\$0	\$0	\$149,936	\$680,360	20%
Median	\$332,000	\$279,055	\$0	\$611,055	\$385,874	\$0	\$0	\$659,605	\$1,190,717	50%
75th Percentile	\$482,088	\$457,523	\$0	\$939,611	\$764,475	\$177,375	\$0	\$1,131,300	\$1,998,992	63%

(1) Option Value = (number of options) x (exercise price) x (1/3)

## 2001 Executive Compensation - CFO

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
John Hancock	Moloney, T.E.	CFO, Sr. EVP	\$518,348	\$672,000	\$0	\$1,188,348	\$5,329,500	\$900,038	\$0	\$8,229,538	\$7,417,884	84%
Jefferson Pilot	Glass, D.R.	Pres. EVP & Treasurer to Nov 2001	\$510,096	\$525,000	\$0	\$1,035,096	\$2,482,513	\$0	\$172,500	\$2,655,013	\$3,690,109	72%
Lincoln National	Vaughan, R.C.	EVP, CFO	\$515,000	\$666,171	\$0	\$1,181,171	\$1,536,293	\$0	\$901,167	\$2,437,460	\$3,618,631	67%
Amsouth	Gibson, S.D.	VCOB, CFO, Grp Head - Fin. & Credit	\$440,000	\$497,200	\$0	\$937,200	\$1,077,933	\$1,404,150	\$0	\$2,482,083	\$3,419,283	73%
MBIA	Budnick, N.G.	Vice Pres., CFO	\$525,000	\$330,000	\$0	\$855,000	\$803,250	\$675,000	\$900,000	\$2,378,250	\$3,233,250	74%
XL Capital	de St. Paer, J.	EVP, CFO, Treasurer	\$344,102	\$450,000	\$0	\$794,102	\$900,000	\$1,014,000	\$0	\$1,814,000	\$2,608,102	70%
M&T Bank	Pinto, M.P.	EVP & CFO of M&T Bank Corporation & M&T Bank	\$296,154	\$330,000	\$0	\$626,154	\$1,436,702	\$0	\$0	\$1,436,702	\$2,062,856	70%
Regions Financial	Horsley, R.D.	V-Chair, Exec Financial Officer	\$357,000	\$375,388	\$0	\$732,388	\$762,400	\$558,100	\$0	\$1,320,500	\$2,052,888	64%
Ambac Financial	Bivona, F.J.	CFO, VCOB, Fin & Inv Grp	\$310,000	\$352,500	\$0	\$662,500	\$1,216,500	\$158,695	\$0	\$1,373,195	\$2,035,695	67%
Jefferson Pilot	Stone, T.M.	EVP; CFO/Treasurer since Nov '01, Pres of Jeff.-Pilot Comm.	\$426,377	\$150,000	\$0	\$576,377	\$950,338	\$0	\$138,000	\$1,088,338	\$1,684,715	65%
Radson	Quint, C.R.	EVP, CFO	\$300,000	\$250,125	\$0	\$550,125	\$674,977	\$247,617	\$0	\$822,595	\$1,472,720	63%
MGIC	Lauer, J.M.	EVP, CFO	\$287,697	\$222,488	\$0	\$510,185	\$482,333	\$277,530	\$0	\$759,863	\$1,270,048	60%
Torchmark	Coleman, G.L.	EVP, CFO	\$344,000	\$110,000	\$0	\$454,000	\$764,000	\$0	\$0	\$764,000	\$1,218,000	63%
Wadell & Reed	Sundeen, J.E. Jr.	SVP, CFO, Treasurer	\$300,000	\$213,463	\$0	\$513,463	\$570,818	\$0	\$0	\$570,818	\$1,084,281	53%
Safeco	Pierson, R.A.	SVP, CFO	\$325,000	\$72,117	\$0	\$397,117	\$136,450	\$115,313	\$346,105	\$597,868	\$994,985	60%
Nationwide Financial	Thresher, M.R.	SVP, Finance	\$293,269	\$134,000	\$0	\$427,269	\$167,568	\$399,656	\$0	\$567,222	\$894,491	57%
PMI Group	Lorenzen Jr., J.M.	EVP, CFO	\$275,000	\$285,000	\$0	\$560,000	\$337,744	\$0	\$0	\$337,744	\$897,744	38%
First Tennessee Natl	Thomas, E.L. Jr.	CFO, EVP	\$317,098	\$267,098	\$0	\$584,196	\$154,056	\$0	\$0	\$154,056	\$738,252	21%
Everest Re	Limauro, S.L.	EVP, CFO, Comptroller	\$241,539	\$200,000	\$0	\$441,539	\$192,040	\$0	\$0	\$192,040	\$633,579	30%
Old Republic	Adams, J.S.	SVP, CFO	\$448,445	\$62,608	\$0	\$512,053	\$119,644	\$0	\$0	\$119,644	\$631,698	19%
25th Percentile			\$290,039	\$187,500	\$0	\$477,539	\$301,318	\$0	\$0	\$588,818	\$984,692	56%
Median			\$334,500	\$276,049	\$0	\$610,549	\$701,200	\$57,857	\$0	\$1,008,488	\$1,588,717	64%
75th Percentile			\$442,361	\$364,041	\$0	\$806,402	\$1,112,575	\$439,207	\$54,500	\$1,606,682	\$2,764,389	70%

## 2001 Executive Compensation - General Counsel

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Rest Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Ambac Financial	Doyle, K.J.	MD, General Counsel	\$174,000	\$335,000	\$0	\$509,000	\$291,960	\$0	\$0	\$291,960	\$800,960	36%
Jefferson Pilot	Hopkins, J.D.	EVP & General Counsel	\$400,000	\$225,000	\$0	\$625,000	\$930,940	\$0	\$0	\$930,940	\$1,555,940	60%
Lincoln National	Hunter, J.D.	EVP, General Counsel	\$465,000	\$429,800	\$0	\$894,800	\$1,101,493	\$0	\$651,167	\$1,752,660	\$2,647,460	66%
Safeco	Ruddy, J.W.	SVP, General Counsel	\$368,333	\$114,308	\$0	\$482,641	\$181,933	\$153,750	\$383,397	\$719,081	\$1,201,722	60%
Radian	Yaruss, H.S.	Sr VP, Sec, General Counsel	\$250,000	\$220,000	\$0	\$470,000	\$489,113	\$144,320	\$0	\$633,434	\$1,103,434	57%
Everest Re	Burak, J.J.	SVP, General Counsel, Secretary	\$207,692	\$0	\$0	\$207,692	\$160,033	\$0	\$0	\$160,033	\$367,725	44%
John Hancock	Budd, W.A.	EVP, General Counsel	\$500,000	\$480,000	\$0	\$980,000	\$3,256,917	\$388,384	\$0	\$3,645,301	\$4,625,301	79%
PMI Group	Bacigalupi, V.J.	EVP, Sec and General Counsel	\$270,000	\$290,000	\$0	\$560,000	\$402,990	\$0	\$0	\$402,990	\$962,990	42%
Old Republic	LeRoy, S.III	SVP & General Counsel	\$330,408	\$178,318	\$0	\$508,726	\$224,333	\$0	\$0	\$224,333	\$733,059	31%
MGIC	Lane, J.H.	SVP, General Counsel	\$217,692	\$176,147	\$0	\$393,839	\$482,333	\$219,600	\$0	\$701,933	\$1,095,772	64%
25th Percentile			\$225,769	\$178,690	\$0	\$473,180	\$241,240	\$0	\$0	\$318,718	\$841,468	42%
Median			\$300,204	\$222,500	\$0	\$508,883	\$442,882	\$0	\$0	\$667,664	\$1,099,803	59%
75th Percentile			\$392,083	\$323,750	\$0	\$608,750	\$620,483	\$151,393	\$0	\$877,975	\$1,467,385	63%

# Moody's 2001 Awards

\* Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock

Company	as Percentage of Fully <u>Diluted</u> Shares Outstanding			as Percentage of Fully <u>Undiluted</u> Shares Outstanding	
	Total Granted				
	Options	Restricted Stock	Options & Restricted Stock	Options & Restricted Stock	
Waddell & Reed (1)	5.0%	0.0%	5.0%	5.2%	
Regions (2)	4.0%	0.1%	4.1%	4.3%	
First Tennessee	4.0%	0.0%	4.0%	4.2%	
John Hancock	3.6%	0.1%	3.7%	3.9%	
Torchmark (1)	3.5%	0.0%	3.5%	3.7%	
Legg Mason	3.4%	0.0%	3.4%	3.5%	
T Rowe Price	3.1%	0.0%	3.1%	3.2%	
MGIC (1)	3.0%	0.0%	3.1%	3.2%	
Franklin Resources	2.5%	0.3%	2.7%	2.8%	
XL Capital	2.2%	0.2%	2.4%	2.4%	
<b>Moody's</b>	<b>2.4%</b>	<b>0.0%</b>	<b>2.4%</b>	<b>2.4%</b>	
M&T Bank	2.2%	0.0%	2.2%	2.2%	
Mellon Financial	1.9%	0.3%	2.2%	2.2%	
Amsouth	1.8%	0.3%	2.0%	2.1%	
Radian	1.9%	0.0%	1.9%	1.9%	
Neuberger Berman (1)	1.8%	0.1%	1.8%	1.9%	
Lincoln National	1.8%	0.0%	1.8%	1.8%	
Washington Mutual	1.7%	0.1%	1.7%	1.8%	
Ace Limited	1.4%	0.3%	1.7%	1.7%	
Ambac Financial (1)	1.6%	0.0%	1.7%	1.7%	
PMI Group	1.6%	0.0%	1.6%	1.7%	
Raymond James (1)	1.5%	0.0%	1.6%	1.6%	
Jefferson Pilot	1.5%	0.0%	1.5%	1.5%	
Pfizer (3)	1.2%	0.0%	1.3%	1.3%	
AG Edwards	0.5%	0.7%	1.2%	1.3%	
Everest Re (1)	1.2%	0.0%	1.2%	1.2%	
Nationwide (1)	0.9%	0.1%	1.0%	1.0%	
Old Republic	1.0%	0.0%	1.0%	1.0%	
MBIA (1)	0.8%	0.1%	0.9%	0.9%	
Safeco	0.7%	0.1%	0.8%	0.8%	
SouthTrust	0.7%	0.0%	0.7%	0.7%	
25th Percentile	1.3%	0.0%	1.3%	1.3%	
Median	1.8%	0.0%	1.8%	1.9%	
75th Percentile	2.9%	0.1%	3.0%	3.1%	

(1) Restricted stock granted information available only for top five executives

(2) Includes options granted to retain Morgan Keegan employees

(3) Restricted stock information includes grants to top five execs plus Performance-Contingent Share Awards

**JOHNSON ASSOCIATES, INC.**



## 2001 Equity Awards 2.5 Restricted Share Weight

\* Restricted stock weights at 2.5X stock options on a per share basis to create "apples-to-apples" comparison

Company	as Percentage of Fully <i>Diluted</i> Shares Outstanding			as Percentage of Fully <i>Undiluted</i> Shares Outstanding		
	Total Granted			Total Granted		
	Options	Restricted Stock	Options & Restricted Stock	Options	Rest Stock	Options & Restricted Stock
Waddell & Reed (1)	5.0%	0.0%	5.0%	5.2%	0.0%	5.2%
Regions (2)	4.0%	0.3%	4.3%	4.2%	0.4%	4.5%
First Tennessee	4.0%	0.0%	4.1%	4.2%	0.0%	4.2%
John Hancock	3.6%	0.3%	3.9%	3.8%	0.3%	4.1%
Torchmark (1)	3.5%	0.0%	3.5%	3.7%	0.0%	3.7%
Legg Mason	3.4%	0.1%	3.4%	3.5%	0.1%	3.6%
Franklin Resources	2.5%	0.7%	3.1%	2.5%	0.7%	3.2%
T Rowe Price	3.1%	0.0%	3.1%	3.2%	0.0%	3.2%
XL Capital	2.2%	0.4%	2.6%	2.3%	0.4%	2.7%
Mellon Financial	1.9%	0.7%	2.6%	1.9%	0.7%	2.6%
Amsouth	1.8%	0.7%	2.5%	1.8%	0.7%	2.5%
<b>Moody's</b>	<b>2.4%</b>	<b>0.0%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>0.0%</b>	<b>2.4%</b>
AG Edwards	0.5%	1.7%	2.3%	0.6%	1.8%	2.3%
M&T Bank	2.2%	0.0%	2.2%	2.2%	0.0%	2.2%
Ace Limited	1.4%	0.7%	2.1%	1.5%	0.7%	2.1%
Neuberger Berman (1)	1.8%	0.1%	1.9%	1.8%	0.2%	2.0%
Radian	1.9%	0.0%	1.9%	1.9%	0.0%	1.9%
Lincoln National	1.8%	0.1%	1.9%	1.8%	0.1%	1.9%
Washington Mutual	1.7%	0.1%	1.8%	1.7%	0.1%	1.9%
Ambac Financial (1)	1.6%	0.0%	1.7%	1.7%	0.0%	1.7%
PMI Group	1.6%	0.0%	1.6%	1.7%	0.0%	1.7%
Raymond James (1)	1.5%	0.1%	1.6%	1.5%	0.1%	1.6%
Jefferson Pilot	1.5%	0.0%	1.5%	1.5%	0.0%	1.5%
Pfizer (3)	1.2%	0.1%	1.3%	1.3%	0.1%	1.3%
Everest Re (1)	1.2%	0.0%	1.2%	1.2%	0.0%	1.2%
Nationwide (1)	0.9%	0.1%	1.1%	0.9%	0.1%	1.1%
MBIA (1)	0.8%	0.1%	1.0%	0.9%	0.1%	1.0%
Old Republic	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%
Safeco	0.7%	0.2%	0.9%	0.7%	0.2%	0.9%
SouthTrust	0.7%	0.0%	0.7%	0.7%	0.0%	0.7%
MGIC (1)	0.5%	0.1%	0.6%	0.5%	0.1%	0.6%
25th Percentile	1.2%	0.0%	1.4%	1.2%	0.0%	1.4%
Median	1.7%	0.1%	1.9%	1.8%	0.1%	1.9%
75th Percentile	2.4%	0.3%	3.0%	2.5%	0.3%	3.1%

(1) Restricted stock granted information available only for top five executives

(2) Includes options granted to retain Morgan Keegan employees

(3) Restricted stock information includes grants to top five executives plus Performance-Contingent Share Awards

# Moody's

## 2001 Authorization & Outstanding Awards

**\* Stock options and restricted shares counted equally on share basis. Therefore, underweights utilization of Firm's granting restricted stock**

Company	as % of Fully <i>Diluted</i> Shares Outstanding		as % of Fully <i>Undiluted</i> Shares Outstanding	
	Shares Authorized	Opt. + R.S.	Shares Authorized	Opt. + R.S.
Waddell & Reed (1)	29.5%	18.2%	41.9%	22.3%
T Rowe Price	23.6%	18.1%	30.8%	22.1%
First Tennessee	21.2%	14.4%	26.9%	16.8%
Legg Mason	16.2%	11.9%	19.3%	13.5%
Lincoln National	14.7%	10.3%	17.2%	11.5%
M&T Bank	17.6%	9.6%	21.3%	10.7%
AG Edwards	13.8%	8.1%	16.1%	8.8%
Regions (2)	15.4%	7.2%	18.2%	7.8%
Ace Limited	11.8%	6.9%	13.3%	7.4%
<b>Moody's</b>	<b>10.4%</b>	<b>6.9%</b>	<b>11.6%</b>	<b>7.4%</b>
Torchmark (1)	10.1%	6.8%	11.2%	7.2%
Ambac Financial (1)	10.8%	6.7%	12.1%	7.2%
XL Capital	13.3%	6.6%	15.4%	7.1%
Raymond James (1)	16.3%	6.6%	19.4%	7.1%
Neuberger Berman (1)	17.8%	6.5%	21.7%	7.0%
Pfizer (3)	4.5%	6.3%	4.7%	6.7%
Amsouth	9.8%	6.0%	10.8%	6.4%
Jefferson Pilot	13.7%	5.9%	15.8%	6.3%
Radian	10.5%	5.8%	11.7%	6.2%
PMI Group	15.1%	5.5%	17.8%	5.9%
MBIA (1)	8.6%	5.5%	9.5%	5.8%
Mellon Financial	10.0%	5.4%	11.1%	5.7%
John Hancock	12.1%	4.5%	13.7%	4.7%
Franklin Resources	9.0%	4.2%	10.0%	4.4%
Washington Mutual	8.0%	4.2%	8.7%	4.4%
Old Republic	9.3%	4.1%	10.3%	4.3%
SouthTrust	6.5%	3.4%	6.9%	3.5%
MGIC (1)	9.5%	3.1%	10.4%	3.2%
Nationwide (1)	13.5%	3.0%	15.6%	3.1%
Safeco	4.5%	2.3%	4.7%	2.3%
Everest Re (1)	7.2%	N/A	7.8%	N/A
25th Percentile	9.4%	4.5%	10.3%	4.7%
Median	11.9%	6.3%	13.5%	6.7%
75th Percentile	15.3%	7.2%	18.1%	7.8%

(1) Restricted stock granted information available only for top five executives

(2) Includes options granted to retain Morgan Keegan employees

(3) Restricted stock information includes grants to top five execs plus Performance-Contingent Share Awards

**JOHNSON ASSOCIATES, INC.**

## 2001 Authorization & Outstanding Awards 2.5 Restricted Share Weight

\* Restricted stock weights at 2.5X stock options on a per share basis to create "apples-to-apples" comparison

Company	as % of Fully <u>Diluted</u> Shares Outstanding		as % of Fully <u>Undiluted</u> Shares Outstanding	
	Shares Authorized	Opt. + R.S.	Shares Authorized	Opt. + R.S.
Waddell & Reed (1)	29.5%	18.3%	41.9%	22.5%
T Rowe Price	23.6%	18.1%	30.8%	22.1%
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Legg Mason	16.2%	12.0%	19.3%	13.7%
AG Edwards	13.8%	11.6%	16.1%	13.1%
Lincoln National	14.7%	10.7%	17.2%	12.0%
M&T Bank	17.6%	9.6%	21.3%	10.7%
Ambac Financial (1)	10.8%	8.5%	12.1%	9.3%
Raymond James (1)	16.3%	8.3%	19.4%	9.0%
Ace Limited	11.8%	8.0%	13.3%	8.7%
Regions (2)	15.4%	7.5%	18.2%	8.2%
XL Capital	13.3%	7.0%	15.4%	7.6%
Torchmark (1)	10.1%	6.9%	11.2%	7.4%
<b>Moody's</b>	<b>10.4%</b>	<b>6.9%</b>	<b>11.6%</b>	<b>7.4%</b>
Neuberger Berman (1)	17.8%	6.8%	21.7%	7.3%
Amsouth	9.8%	6.7%	10.8%	7.2%
Pfizer (3)	4.5%	6.4%	4.7%	6.9%
Mellon Financial	10.0%	6.3%	11.1%	6.7%
Jefferson Pilot	13.7%	5.9%	15.8%	6.3%
Franklin Resources	9.0%	5.9%	10.0%	6.2%
Radian	10.5%	5.8%	11.7%	6.2%
MBIA (1)	8.6%	5.7%	9.5%	6.1%
PMI Group	15.1%	5.5%	17.8%	5.9%
John Hancock	12.1%	4.6%	13.7%	4.8%
Washington Mutual	8.0%	4.5%	8.7%	4.7%
Old Republic	9.3%	4.1%	10.3%	4.3%
SouthTrust	6.5%	3.4%	6.9%	3.5%
Nationwide (1)	13.5%	3.3%	15.6%	3.4%
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(1) Restricted stock granted information available only for top five executives

(2) Includes options granted to retain Morgan Keegan employees

(3) Restricted stock information includes grants to top five executives plus Performance-Contingent Share Awards

# **MOODY'S**

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## **2006 Competitive Market Compensation Update and Projections**

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**December 4, 2006**

**JOHNSON ASSOCIATES, INC.**

19 West 44<sup>th</sup> Street, Suite 511, New York, New York 10036  
(212) 221-7400 • Fax (212) 221-3191

## Introduction

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Johnson Associates was asked by Moody's to prepare a brief 2006 summary report on market compensation conditions and projected year-end competitive positioning. In addition to assisting Moody's, Johnson Associates provides advice to a number of direct comparators and other financial service firms.

The business environment in 2006 has generally been positive with overall incentive funding at financial guarantors expected to be up  $\approx 10\%$  and with investment banks expected to increase  $\approx 15\%$ - $20\%$ . Within sectors we expect a fairly wide range of incentive payouts, with some performing significantly better than others. Projected fixed income increases of  $\approx 10\%$ - $15\%$  still strong and driven heavily by proprietary trading. Generally financial services experienced very good performance in 2006. The first half of the year proved to be stronger than the second half, but overall a surprisingly strong business environment, in spite of significant market factors (i.e., oil prices, rising interest rates, housing market questions, etc.). For many comparators, international expansion provided strong revenue growth. Importantly, the increases to comparator incentive compensation funding are on top of healthy previous year payouts.

We would expect the slow upturn in industry hiring to continue and accelerate somewhat in the first or second quarter of next year. In particular, strong hiring is expected for credit, risk, and structuring related professionals. Moody's and its comparators are likely to continue facing retention and recruitment issues greater than those experienced for several years.



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## **Overview of Moody's Market Positioning and Proposed 2007**

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- Similar to previous years' exercise, Johnson Associates benchmarked Moody's senior executives (Group Managing Directors and above) to market comparators
  - Comparator group emphasizes other rating agencies and financial guarantors, with additional reference to broader financial services and to a much lesser degree investment/commercial banks (more relevant for Team MD's and below)
  - This report focuses on the CEO, direct reports, and SMDs only
- Analysis compares target compensation for 2006 and 2007 relative to market. As a group, executive 2006 target compensation at about  $\approx 60^{\text{th}}$  percentile of market
  - Cash compensation continues to be well below market while value of long-term significantly above
  - Consistent with the past few years, actual incentive (EPIC) payouts expected to be down year-over-year, but above target. Competitors, almost uniformly, expect to be at least “flat” to generally up 10%
  - However, management does not believe retention of senior executives will be a major issue this year. Driving factor continues to be significant embedded, unvested equity gains from previous equity awards
  - Moody's rapidly rising stock price, over the past few years has helped to produce attractive actual compensation
  - For 2007, adjustments in target cash and equity awards for Moody's senior executives (excluding CEO) result in an approximate 5% year-over-year increase. Overall increase within market range
- Market comparisons for Moody's senior executives incorporates a number of dynamics and market movements, therefore some individual market references reflect greater year-over-year change than others
  - International market compensation, particularly in London, has surged



## **Overview of Moody's Market Positioning and Proposed 2007**

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- Currently, Moody's has no clear “#2 executive,” therefore additional weight given to CEO and business heads (i.e., McDaniel, Mahoney, Clarkson and Murray)
- Unlike a number of comparators, senior executives have oversight of both Public Finance/infrastructure groups, as well as structured/ asset-backed products. Therefore, receive premium for complexity and market for structured finance
- In utilizing both stock options and restricted shares at Moody's, a “rule of thumb” has been applied that three stock options equals in value one restricted share. Said another way, stock options are assumed to be worth  $\approx 33\%$  of their face value, with restricted shares at grant at 100% of market
  - This “rule of thumb” for Moody's continues to be very realistic, based on current Black Scholes Analysis. For current awards there appears no obvious reason to change it. However, the value trade-off should be monitored to insure that the planned amount of value is delivered regardless of the mix between stock options and restricted stock



## Summary

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- Market comparators expected to increase bonus and long-term compensation 10%+ from 2005
- Moody's proposed increases in 2007 senior executive (CEO, direct reports and SMDs) target total compensation will maintain market positioning at about 60<sup>th</sup> percentile
  - Overall, total compensation positioning versus market will be about the same as prior year
  - Moody's 2006 actual payouts will decrease year-over-year whereas competitors expected to increase
  - Management does not expect retention of senior executives to be an issue
- Use of restricted mix stock and options competitive practice. Valuation of awards continues to be realistic

## Senior Executive Market Compensation

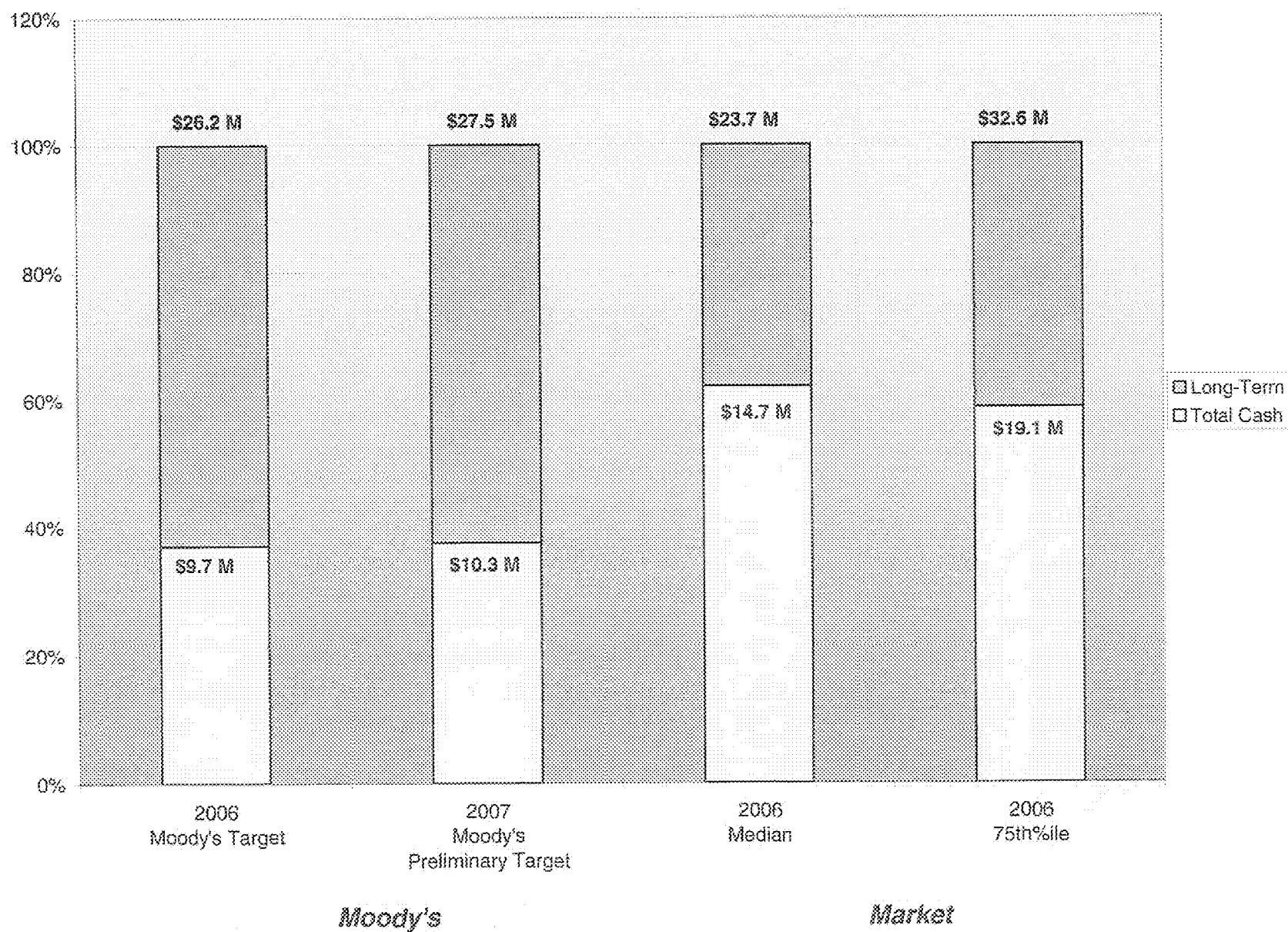
Note: Moody's proposed targets include 16.7% downward adjustment to bonus for R. McDaniel, L. Huber, J. Dering and J. Goggins

CEO & Direct Reports			Moody's Proposed Targets				2006 MARKET			
			2007		2006		Median		75th%ile	
			Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp	Total Cash	Total Comp
McDaniel, Raymond W	Chairman & CEO - MCO	COB, CEO	\$2,080	\$6,583	\$2,000	\$6,554	\$2,750	\$6,500	\$3,500	\$8,000
Huber, Linda S	EVP & Chief Financial Officer	Chief Financial Officer, Human Resources Oversight	\$918	\$2,888	\$866	\$2,660	\$1,200	\$2,200	\$1,400	\$2,800
Dering, Jeanne M	EVP-Gbl Reg Affs & Compliance	Head of Gbl Reg Affs, Compliance, & Corp Communications	\$860	\$2,174	\$845	\$2,241	\$650	\$1,000	\$900	\$1,450
Goggins, John	SVP-General Counsel	General Counsel	\$616	\$1,679	\$577	\$1,553	\$900	\$1,400	\$1,150	\$1,850

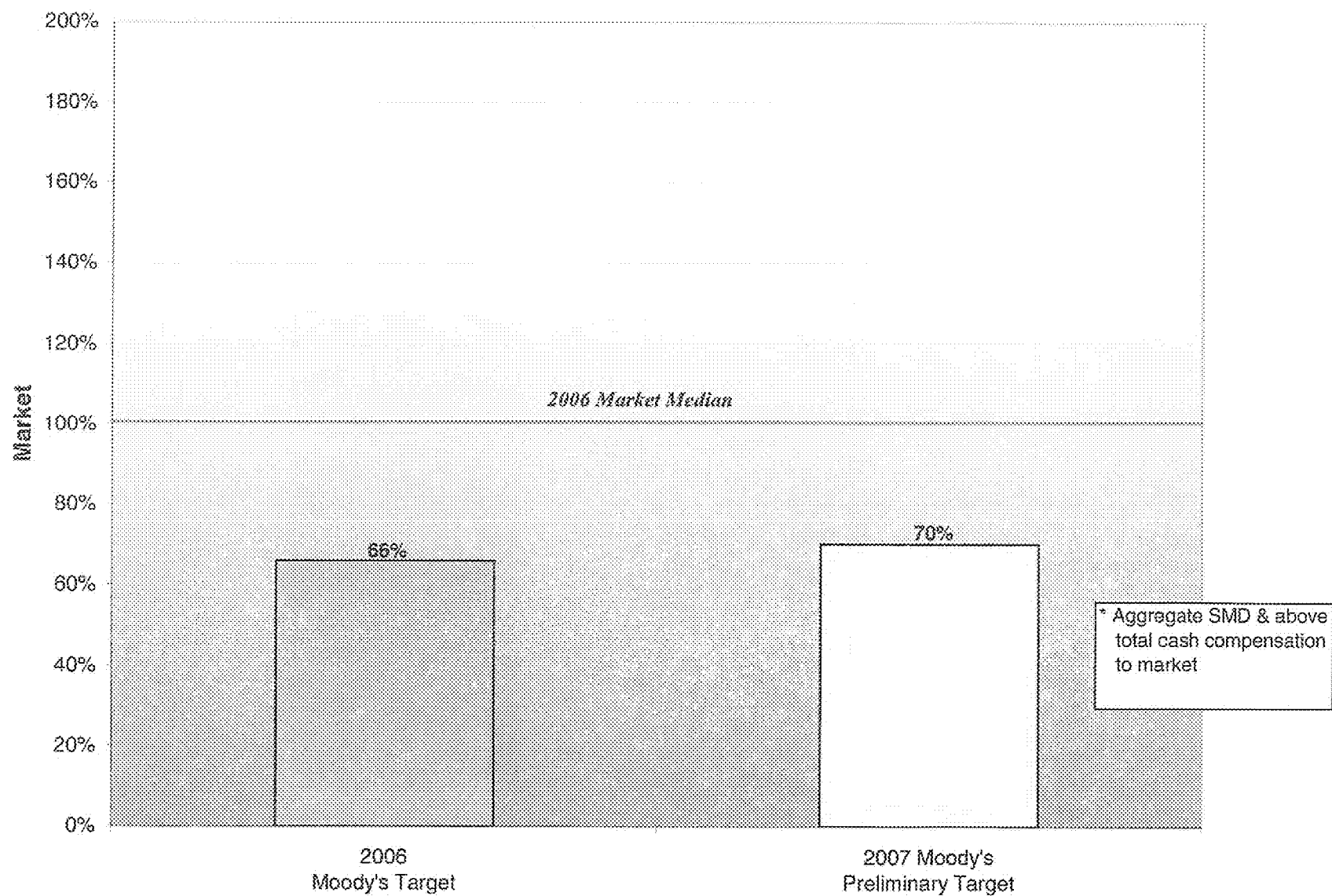
### SMDs

Total CEO & Direct Reports:	\$8,263	\$23,934	\$7,877	\$23,127	\$10,975	\$20,200	\$14,450	\$27,050
Total CEO & Direct Reports (excl McDaniel):	\$6,183	\$17,352	\$5,877	\$16,573	\$8,225	\$13,700	\$10,950	\$19,050
Total SMDs Only:	\$4,125	\$10,169	\$3,817	\$9,654	\$6,475	\$9,950	\$8,175	\$13,500
Total All SMDs & CEO, Direct Reports:	\$12,388	\$34,103	\$11,694	\$32,781	\$17,450	\$30,150	\$22,625	\$40,550
Total All SMDs, CEO Direct Reports (excl McDaniel):	\$10,308	\$27,521	\$9,694	\$26,227	\$14,700	\$23,650	\$19,125	\$32,550

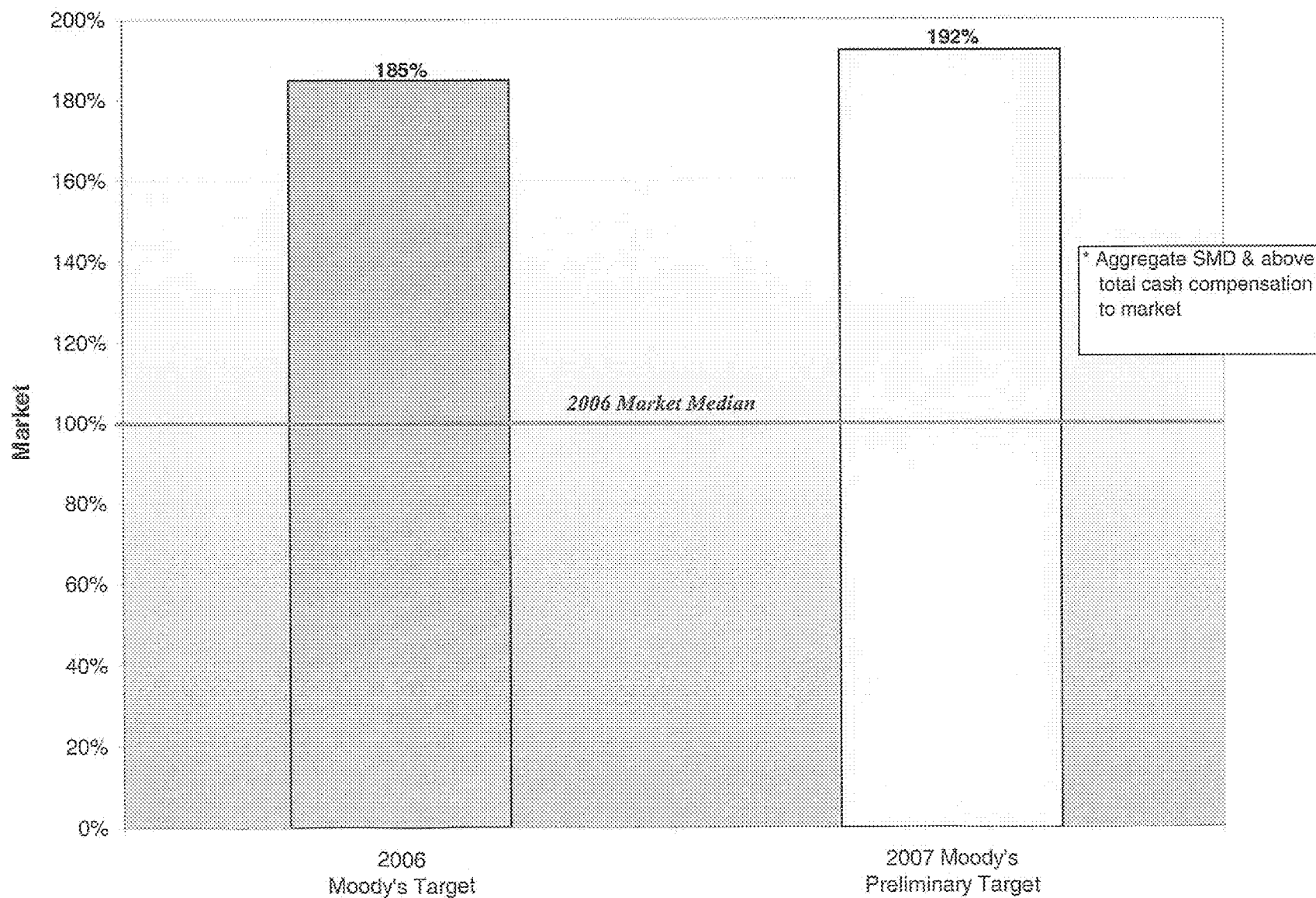
## Cash vs. Long-Term Compensation Mix: SMDs & Above (excluding R. McDaniel)



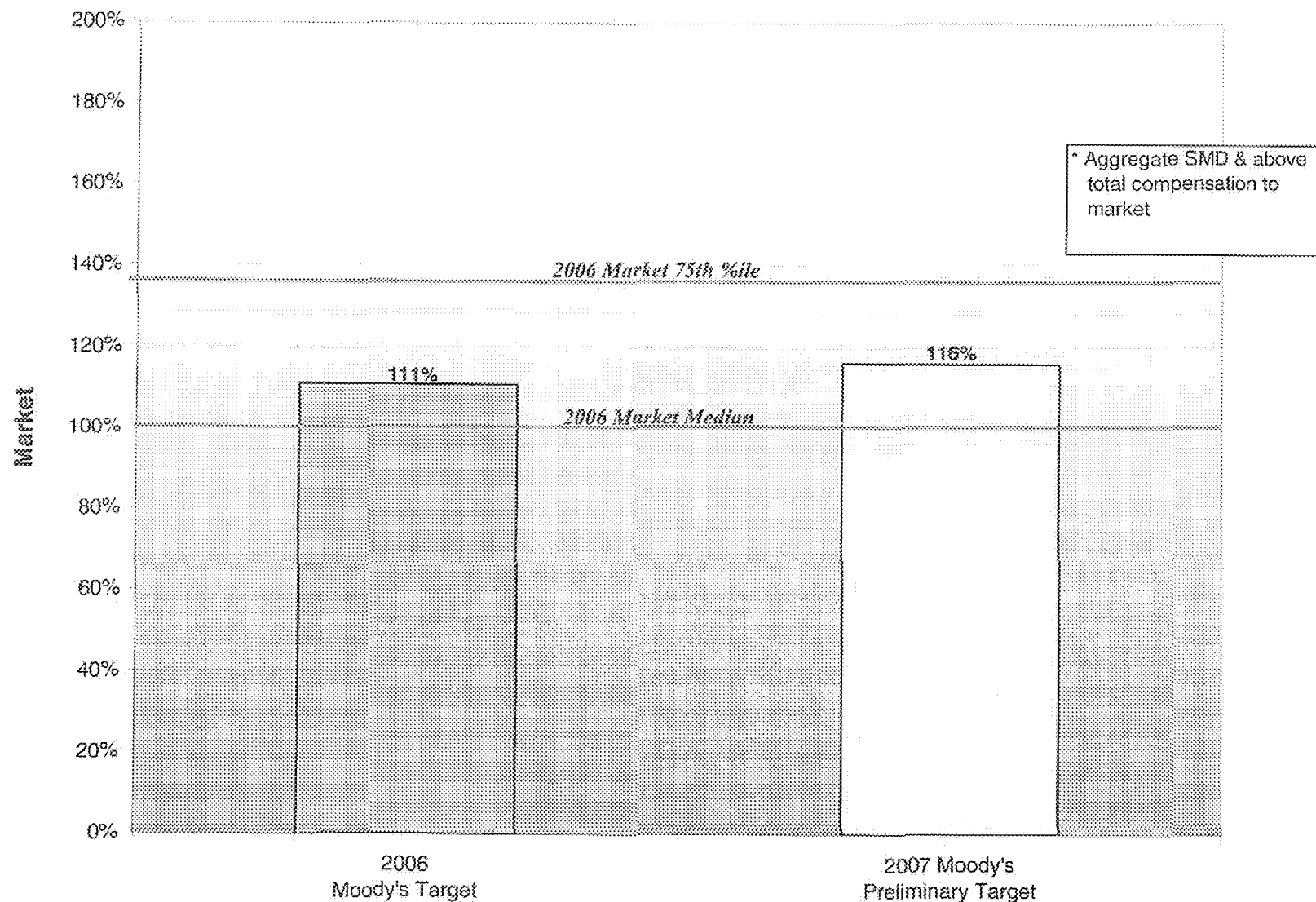
## Total Cash Compensation: SMDs & Above (excluding R. McDaniel)



## Total Long-Term Compensation: SMDs & Above (excluding R. McDaniel)



## Total Compensation: SMDs & Above (excluding R. McDaniel)



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## APPENDIX

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## 2005 CEO Compensation

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Legg Mason	Mason, R.A.	COB, CEO	\$500,000	\$14,000,000	\$0	\$14,500,000	\$16,729,500	\$0	\$0	\$16,729,500	\$31,229,500	54%
BlackRock	Fink, L.D.	COB, CEO	\$500,000	\$10,125,000	\$0	\$10,625,000	\$0	\$3,749,906	\$0	\$3,749,906	\$14,374,906	26%
Northern Trust	Osborn, W.A.	COB, CEO	\$1,000,000	\$2,500,000	\$0	\$3,500,000	\$4,001,850	\$2,667,900	\$0	\$6,669,750	\$10,169,750	66%
E*Trade Financial	Caplan, M.H.	CEO	\$750,000	\$3,550,000	\$0	\$4,300,000	\$2,333,332	\$2,504,168	\$0	\$4,837,501	\$9,137,501	53%
Compass Bancshares	Jones Jr, D.P.	COB, CEO	\$975,000	\$1,950,000	\$0	\$2,925,000	\$3,205,133	\$0	\$2,967,387	\$6,172,520	\$9,097,520	68%
Mellon Financial	McGuinn, M.G.	COB, CEO (retired from CEO post February 13, 2006)	\$966,667	\$1,500,000	\$0	\$2,466,667	\$4,007,050	\$2,382,007	\$0	\$6,389,057	\$8,855,724	72%
Financial Security Assurance	Cochran, R.P.	COB, CEO	\$500,000	\$3,300,000	\$0	\$3,800,000	\$0	\$480,029	\$4,253,400	\$4,733,429	\$8,533,429	55%
MBIA	Dunton, G.C.	CEO	\$825,000	\$1,650,000	\$0	\$2,475,000	\$0	\$0	\$5,805,000	\$5,805,000	\$8,280,000	70%
Everest Re	Taranto, J.V.	COB, CEO	\$1,000,000	\$800,000	\$0	\$1,800,000	\$0	\$5,601,400	\$0	\$5,601,400	\$7,401,400	76%
Franklin Resources	Johnson, G.E.	Pres, CEO	\$780,132	\$2,650,000	\$0	\$3,430,132	\$0	\$3,850,068	\$0	\$3,850,068	\$7,280,200	53%
MGIC	Culver, C.S.	COB, CEO	\$750,000	\$1,912,500	\$0	\$2,662,500	\$0	\$2,497,499	\$2,106,240	\$4,603,739	\$7,266,239	63%
First Horizon	Glass, J.K.	Pres, CEO, COB	\$909,046	\$319,000	\$0	\$1,228,046	\$714,319	\$1,919,176	\$2,576,250	\$5,209,745	\$6,437,791	81%
Assured Guaranty	Frederico, D.J.	Pres, CEO	\$700,000	\$2,000,000	\$0	\$2,700,000	\$1,275,003	\$2,124,992	\$0	\$3,399,995	\$6,099,995	56%
Ambac Financial	Genader, R.J.	Pres, CEO	\$575,000	\$1,200,000	\$0	\$1,775,000	\$2,616,900	\$1,800,036	\$0	\$4,216,936	\$5,991,936	70%
Bank of New York	Renyi, T.A.	COB, CEO	\$1,000,000	\$3,000,000	\$0	\$4,000,000	\$1,968,188	\$0	\$0	\$1,968,188	\$5,968,188	33%
BB&T	Allison IV, J.A.	COB, CEO	\$900,000	\$981,000	\$0	\$1,881,000	\$2,645,990	\$0	\$976,878	\$3,622,868	\$5,503,868	66%
Radian	Ibrahim, S.A.	CEO (from May 4, 2005)	\$725,000	\$1,766,667	\$0	\$2,491,667	\$880,102	\$820,241	\$1,248,462	\$2,948,806	\$5,440,472	54%
Zions Bancorporation	Simmons, H.H.	COB, Pres, CEO	\$750,000	\$480,000	\$0	\$1,230,000	\$1,125,561	\$0	\$2,816,000	\$3,941,561	\$5,171,561	76%
Suntrust	Humann, P.L.	COB, CEO	\$1,000,000	\$1,301,488	\$0	\$2,301,488	\$733,320	\$0	\$1,920,000	\$2,653,320	\$4,954,808	54%
PMI Group	Haughton, W.R.	COB, CEO (to retire June 1, 2006)	\$800,000	\$1,315,000	\$0	\$2,115,000	\$1,832,160	\$0	\$0	\$1,832,160	\$3,947,160	46%
A.G. Edwards	Bagby, R.L.	COB, CEO and Pres & COB, CEO, and Pres of Brokerage Co	\$509,000	\$1,921,703	\$0	\$2,430,703	\$0	\$1,219,640	\$0	\$1,219,640	\$3,650,343	33%
T. Rowe Price <sup>(2)</sup>	Roche, G.A.	COB, Pres (to retire in 2006)	\$350,000	\$3,300,000	\$0	\$3,650,000	\$0	\$0	\$0	\$0	\$3,650,000	0%
Old Republic	Zucaro, A.C.	Pres, CEO	\$711,279	\$548,465	\$0	\$1,259,744	\$1,804,320	\$0	\$548,465	\$2,352,785	\$3,612,528	65%
XL Capital	O'Hara, B.M.	Pres, CEO	\$1,000,000	\$0	\$0	\$1,000,000	\$0	\$0	\$2,500,000	\$2,500,000	\$3,500,000	71%
Raymond James	James, T.A.	COB, CEO	\$300,000	\$2,100,000	\$39,506	\$2,439,506	\$0	\$399,969	\$0	\$399,969	\$2,839,475	14%
Regions Financial <sup>(3)</sup>	Moore, J.W.	Pres, CEO	\$835,000	\$1,402,935	\$0	\$2,237,935	\$171,110	\$0	\$0	\$171,110	\$2,409,045	7%
M&T Bank	Sadler, R.E. Jr.	CEO, Pres M&T Bank Corp; CEO of M&T Bank	\$800,000	\$500,000	\$0	\$1,300,000	\$0	\$0	\$0	\$0	\$1,300,000	0%
25th Percentile			\$637,500	\$1,090,500	\$0	\$1,840,500	\$0	\$0	\$0	\$2,160,486	\$3,798,752	40%
Median			\$780,132	\$1,766,667	\$0	\$2,466,667	\$806,711	\$399,969	\$0	\$3,749,906	\$5,991,936	55%
75th Percentile			\$937,857	\$2,575,000	\$0	\$3,465,066	\$2,242,046	\$2,253,500	\$2,013,120	\$5,023,623	\$8,406,715	69%

(1) Option value = # of options X .3 to approximate Black-Scholes value

(2) Company did not make equity grants because of substantial equity ownership

(3) No substantive long-term awards granted this year in consideration of considerable merger-related vesting of Union Planters awards in 2004 (\$27,645,615)



## 2005 Second Highest Paid Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
BlackRock	Kapito, R.S.	VCOB	\$350,000	\$17,518,500	\$0	\$17,868,500	\$0	\$1,874,890	\$0	\$1,874,890	\$19,743,390	9%
E*Trade Financial	Lilien, R.J.	Pres, COO	\$650,000	\$3,250,000	\$0	\$3,900,000	\$1,799,998	\$1,350,001	\$0	\$3,149,999	\$7,049,999	45%
Financial Security Assurance	McCarthy, S.W.	Pres, COO	\$320,000	\$3,000,000	\$0	\$3,320,000		\$352,959	\$3,127,500	\$3,480,459	\$6,800,459	51%
First Horizon	Hughes, J.L.	Pres FTN Financial	\$600,385	\$3,395,000	\$0	\$3,995,385	\$114,400	\$983,288	\$1,361,250	\$2,458,938	\$6,454,323	38%
Legg Mason	Fetting, M.R.	SrEVP, Pres Legg Mason Asset Mgmt	\$300,000	\$3,219,000	\$0	\$3,519,000	\$2,214,375	\$483,000	\$0	\$2,697,375	\$6,216,375	43%
T. Rowe Price	Rogers, B.C.	VP, Chief Investment Officer	\$350,000	\$3,700,000	\$0	\$4,050,000	\$1,076,460	\$0	\$0	\$1,076,460	\$5,126,460	21%
Mellon Financial	Elliott, S.G.	SVCOB, Mellon Financial & Mellon Bank EVP, Global Hd of Bus Svcs, CEO	\$670,000	\$1,155,000	\$0	\$1,825,000	\$1,786,162	\$1,381,517	\$0	\$3,167,679	\$4,992,679	63%
XL Capital	Keeling, H.C.V.	Reinsurance Operations	\$590,000	\$0	\$0	\$590,000	\$2,709,420	\$532,800	\$500,000	\$3,742,220	\$4,332,220	86%
PMI Group	Smith, L.S.	Pres, COO, Director	\$525,000	\$750,000	\$0	\$1,275,000	\$1,130,214	\$1,850,000	\$0	\$2,980,214	\$4,255,214	70%
MBIA	Budnick, N.G.	VP, Pres, Insurance Corp.	\$600,000	\$960,000	\$0	\$1,560,000	\$0	\$0	\$2,400,000	\$2,400,000	\$3,960,000	61%
Raymond James	Trocin, J.E.	EVP, Equity Capital Markets	\$240,000	\$2,644,000	\$37	\$2,884,037	\$45,360	\$535,980	\$0	\$581,340	\$3,465,377	17%
Bank of New York	Van Saun, B.W.	VCOB, CFO	\$605,770	\$1,752,000	\$0	\$2,357,770	\$1,094,040	\$0	\$0	\$1,094,040	\$3,451,810	32%
Suntrust	Wells, J.M. III	Pres, COO EVP-Field Operations (Pres, COO from January 2006)	\$775,000	\$808,945	\$0	\$1,583,945	\$453,600	\$0	\$1,200,000	\$1,653,600	\$3,237,545	51%
MGIC	Sinks, P.	COO	\$352,308	\$697,520	\$0	\$1,049,828	\$0	\$1,118,923	\$1,053,120	\$2,172,043	\$3,221,870	67%
BB&T	King, K.S.	COO	\$575,000	\$626,750	\$0	\$1,201,750	\$1,449,000	\$0	\$550,716	\$1,999,716	\$3,201,466	62%
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,025,000	\$0	\$1,525,000	\$612,000	\$1,020,000	\$0	\$1,632,000	\$3,157,000	52%
Zions Bancorporation	Arnold, D.L.	VCOB, CFO	\$437,500	\$300,000	\$0	\$737,500	\$764,532	\$77,869	\$1,557,600	\$2,400,001	\$3,137,501	76%
Regions Financial	Horsley, R.D.	VCOB, CEO Bus Enterprises	\$612,500	\$825,341	\$0	\$1,437,841	\$1,173,591	\$512,374	\$0	\$1,685,965	\$3,123,806	54%
Northern Trust	Waddell, F.H.	Pres, COO, Pres Corp & Inst Svcs	\$487,500	\$700,000	\$0	\$1,187,500	\$1,000,483	\$666,975	\$0	\$1,667,438	\$2,854,938	58%
Franklin Resources	Advani, V.C.	EVP, Advisor Svcs	\$453,125	\$1,025,000	\$0	\$1,478,125	\$0	\$1,125,080	\$0	\$1,125,080	\$2,603,205	43%
Compass Bancshares	Hegel, G.R.	CFO EVP Int'l, Infrastr, Cons ABS, Conduit & Struct Insur Grps	\$454,168	\$424,057	\$0	\$878,225	\$739,843	\$0	\$721,548	\$1,461,191	\$2,339,416	62%
Ambac Financial	Uhlein, J.W. III	Pres, COO	\$300,000	\$825,000	\$0	\$1,125,000	\$832,650	\$375,010	\$0	\$1,207,660	\$2,332,660	52%
Radian	Kasmar, R.J.	CFO, Treasurer, Secretary & VP	\$229,308	\$902,005	\$0	\$1,131,313	\$0	\$668,399	\$0	\$668,399	\$1,799,712	37%
Everest Re	Gallagher, T.J.	Pres, COO	\$494,231	\$200,000	\$0	\$694,231	\$0	\$948,900	\$0	\$948,900	\$1,643,131	58%
Old Republic	Nard, C.S.	SVP, Mortgage Guaranty (from 6/1/05) COB, M&T Bank Corp and M&T Bank (former CEO)	\$305,167	\$378,928	\$0	\$684,095	\$483,300	\$0	\$378,928	\$862,228	\$1,546,323	56%
M&T Bank	Wilmers, R.G.		\$596,154	\$500,000	\$0	\$1,096,154	\$0	\$0	\$0	\$0	\$1,096,154	0%
25th Percentile			\$350,000	\$650,875	\$0	\$1,110,577	\$11,340	\$0	\$0	\$1,085,250	\$2,471,311	41%
Median			\$487,500	\$825,341	\$0	\$1,437,841	\$675,821	\$512,374	\$0	\$1,667,438	\$3,221,870	52%
75th Percentile			\$598,077	\$2,198,000	\$0	\$2,620,904	\$1,121,170	\$1,001,644	\$638,132	\$2,429,470	\$4,662,449	62%

(1) Option value = # of options X .3 to approximate Black-Scholes value

## 2005 Third Highest Paid Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTI <sup>(2)</sup>	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
BlackRock	Schlosstein, R.L.	Pres	\$400,000	\$5,325,000	\$0	\$5,725,000	\$0	\$1,972,186	\$0	\$1,972,186	\$7,697,186	26%
First Horizon	Baker, G.L.	COO	\$600,385	\$2,394,000	\$0	\$2,994,385	\$114,400	\$983,288	\$1,361,250	\$2,458,938	\$5,453,323	45%
Legg Mason	Scheve, T.C.	SrEVP; Pres & CEO Legg Mason Wood Walker	\$300,000	\$2,879,000	\$0	\$3,179,000	\$1,772,730	\$433,000	\$0	\$2,205,730	\$5,384,730	41%
T. Rowe Price	Kennedy, J.A.C.	VP, Director of Equities	\$350,000	\$3,300,000	\$0	\$3,650,000	\$978,600	\$0	\$0	\$978,600	\$4,628,600	21%
XL Capital	Tobin, C.R.	EVP, CEO of Insurance Operations	\$534,416	\$0	\$0	\$534,416	\$2,709,420	\$532,800	\$500,000	\$3,742,220	\$4,276,636	88%
Mellon Financial	O'Hanley, R.P.	Management	\$525,000	\$2,250,000	\$0	\$2,775,000	\$214,106	\$1,026,673	\$0	\$1,240,779	\$4,015,779	31%
E*Trade Financial	Webb, D.E.	Pres, E*Trade Capital Mkts	\$575,000	\$1,888,000	\$0	\$2,463,000	\$833,332	\$625,002	\$0	\$1,458,334	\$3,921,334	37%
PMI Group	Shuster, B.M.	President International & Strategic Investments	\$400,000	\$506,000	\$0	\$906,000	\$699,656	\$1,850,000	\$0	\$2,549,656	\$3,455,656	74%
Bank of New York	Velli, J.M.	SrEVP	\$625,000	\$1,250,000	\$0	\$1,875,000	\$1,367,550	\$0	\$0	\$1,367,550	\$3,242,550	42%
Zions Bancorporation	Blackford, D.E.	COB, Pres & CEO California Bank & Trust	\$483,000	\$280,000	\$0	\$743,000	\$552,162	\$0	\$1,624,500	\$2,176,662	\$2,919,662	75%
Assured Guaranty	Schozer, M.J.	President, Assured Guaranty Corp	\$375,000	\$891,667	\$0	\$1,266,667	\$612,000	\$1,020,000	\$0	\$1,632,000	\$2,898,667	56%
Northern Trust	Theriault, T.J.	EVP, Pres Worldwide Operations & Technology	\$487,500	\$650,000	\$0	\$1,137,500	\$1,000,483	\$666,975	\$0	\$1,667,458	\$2,804,958	59%
MGIC	Pierzchalski, L.J.	EVP-Risk Management	\$360,385	\$753,549	\$0	\$1,113,934	\$0	\$896,202	\$710,856	\$1,607,058	\$2,720,992	59%
Financial Security Assurance	Stern, B.E.	MD, General Counsel, Secretary	\$250,000	\$900,000	\$0	\$1,150,000	\$127,070	\$1,125,900	\$1,252,970	\$2,402,970	\$2,402,970	52%
MBIA	Corso, C.D.	VP, Chief Investment Officer	\$400,000	\$550,000	\$0	\$950,000	\$0	\$0	\$1,350,000	\$1,350,000	\$2,300,000	59%
Compass Bancshares	Bartl, J.D.	EVP	\$414,369	\$330,458	\$0	\$744,827	\$873,896	\$0	\$776,742	\$1,450,638	\$2,195,465	68%
Regions Financial	Upchurch, S.E. Jr	Director of Corporate & Strategic Initiatives	\$425,000	\$515,426	\$0	\$940,426	\$821,515	\$358,645	\$0	\$1,180,160	\$2,120,586	56%
BB&T	Chalk, W.K.	SrEVP, Chief Credit Officer	\$416,250	\$408,341	\$0	\$824,591	\$874,118	\$0	\$327,315	\$1,201,433	\$2,026,024	59%
Franklin Resources	Yun, W.Y.	EVP, Institutional	\$525,000	\$650,000	\$0	\$1,175,000	\$0	\$750,089	\$0	\$750,089	\$1,925,089	39%
Suntrust	Chancy, M.A.	Corp EVP, CFO	\$420,833	\$373,376	\$0	\$794,209	\$302,400	\$0	\$810,000	\$1,112,400	\$1,906,609	58%
Ambac Financial	Renfield-Miller, D.C.	SMD, Chairman, Ambac Assurance UK	\$250,000	\$745,000	\$0	\$995,000	\$594,750	\$250,033	\$0	\$844,783	\$1,839,783	46%
Raymond James <sup>(2)</sup>	Shields, K.A.	COB, CEO RJ Ltd	\$224,747	\$1,484,962	\$0	\$1,709,709	\$45,360	\$0	\$0	\$45,360	\$1,755,069	3%
A.G. Edwards	Miller, P.M.	EVP, Dir of Sales & Marketing of Brokerage	\$207,248	\$780,771	\$0	\$988,019	\$0	\$578,284	\$0	\$578,284	\$1,566,303	37%
Everest Re	Limauro, S.L.	EVP, CFO	\$331,731	\$300,000	\$0	\$631,731	\$0	\$806,565	\$0	\$806,565	\$1,438,296	56%
Radian	Quint, C.R.	EVP, CFO	\$335,000	\$400,000	\$0	\$735,000	\$257,178	\$0	\$302,562	\$559,740	\$1,294,740	43%
Old Republic	Kellog, J.A.	SVP, General Insurance	\$357,400	\$210,974	\$0	\$568,374	\$386,640	\$0	\$210,974	\$597,614	\$1,165,988	51%
M&T Bank	Brumback, E.L.	EVP of M&T Bank Corp, Pres & COO M&T Bank	\$473,077	\$375,000	\$0	\$848,077	\$0	\$0	\$0	\$0	\$848,077	0%
25th Percentile			\$342,500	\$387,500	\$0	\$809,400	\$11,340	\$0	\$0	\$825,674	\$1,873,196	38%
Median			\$400,000	\$650,000	\$0	\$995,000	\$469,401	\$358,645	\$0	\$1,252,970	\$2,402,970	51%
75th Percentile			\$480,289	\$1,387,481	\$0	\$1,792,355	\$830,378	\$778,327	\$605,428	\$1,849,718	\$3,688,495	59%

(1) Option value = # of options X .3 to approximate Black-Scholes value

(2) Excludes \$1,634,521 in retention payments for Goepel McDermid acquisition

## 2005 Fourth Highest Paid Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTI <sup>2</sup>	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Legg Mason	Bain, P.L.	SrEVP & CAO	\$300,000	\$2,539,000	\$0	\$2,839,000	\$1,645,095	\$384,000	\$0	\$2,029,095	\$4,868,095	42%
T. Rowe Price	Bernard, E.C.	VP	\$350,000	\$2,900,000	\$0	\$3,250,000	\$1,076,460	\$0	\$0	\$1,076,460	\$4,326,460	25%
XL Capital	Luck, F.E.	EVP, Global Hd of Corp Svcs	\$550,000	\$275,000	\$0	\$825,000	\$2,098,050	\$666,000	\$500,000	\$3,284,050	\$4,089,050	80%
First Horizon	Burkett, C.G.	Pres, Tennessee & National Bkg VCOB; COB & CEO Mellon New England; Pres Private Wealth Mgmt	\$600,385	\$995,000	\$0	\$1,595,385	\$114,400	\$983,288	\$1,361,250	\$2,458,938	\$4,054,323	61%
Mellon Financial	Lamere, D.F.	VCOB	\$470,000	\$1,750,000	\$0	\$2,220,000	\$163,500	\$784,055	\$0	\$947,555	\$3,167,555	30%
Bank of New York	Monks, D.R.	VCOB	\$533,654	\$1,175,000	\$0	\$1,708,654	\$1,367,550	\$0	\$0	\$1,367,550	\$3,076,204	44%
E*Trade Financial	Gelbard, A.W.	CAO	\$575,000	\$1,431,000	\$0	\$2,006,000	\$600,002	\$450,008	\$0	\$1,050,010	\$3,056,010	34%
Northern Trust	Morrison, W.L.	EVP, Personal Financial Services	\$500,000	\$575,000	\$0	\$1,075,000	\$1,000,483	\$666,975	\$0	\$1,667,438	\$2,742,438	61%
MGIC	Lauer, J.M.	EVP, CFO	\$367,616	\$722,346	\$0	\$1,089,962	\$0	\$880,731	\$710,856	\$1,591,587	\$2,681,549	59%
BlackRock	Wagner, S.L.	VCOB, COO	\$250,000	\$2,000,000	\$0	\$2,250,000	\$0	\$407,368	\$0	\$407,368	\$2,657,368	15%
Zions Bancorporation	Anderson, A.S.	Pres, CEO Zions First Nat'l Bank	\$379,000	\$245,000	\$0	\$624,000	\$594,636	\$0	\$1,407,900	\$2,002,536	\$2,626,536	76%
Financial Security Assurance	Brewer, R.B., II	MD, Chief Underwriting Officer	\$250,000	\$900,000	\$0	\$1,150,000	\$0	\$127,070	\$1,125,900	\$1,252,970	\$2,402,970	52%
PMI Group	Lofe, D.P., Jr	EVP, CFO	\$360,000	\$411,250	\$0	\$771,250	\$573,409	\$925,000	\$0	\$1,498,409	\$2,269,659	66%
MBIA	Brown, J.W.	Executive Chairman (former CEO)	\$540,000	\$1,728,000	\$0	\$2,268,000	\$0	\$0	\$0	\$0	\$2,268,000	0%
Assured Guaranty	Michener, J.M.	General Counsel	\$375,000	\$600,000	\$0	\$975,000	\$382,500	\$637,500	\$0	\$1,020,000	\$1,995,000	51%
Regions Financial	Miller, P.D.	Regional CEO	\$412,500	\$416,888	\$0	\$829,388	\$586,801	\$256,204	\$0	\$843,005	\$1,672,393	50%
BB&T	Greene, R.E.	SrEVP VCOB and VCOB, EVP, Dir of Ops of Brokerage	\$393,750	\$321,891	\$0	\$715,641	\$661,497	\$0	\$246,846	\$908,343	\$1,623,984	56%
A.G. Edwards	Kessler, R.J.	Pres, COO	\$207,226	\$780,771	\$0	\$987,997	\$0	\$578,284	\$0	\$578,284	\$1,566,281	37%
Raymond James	Helck, C.	SMD, Chief Risk Officer	\$266,000	\$1,100,000	\$269	\$1,366,269	\$45,360	\$149,965	\$0	\$195,325	\$1,561,594	13%
Ambac Financial	McKinnon, W.T.	SrEVP	\$300,000	\$700,000	\$0	\$1,000,000	\$297,375	\$200,274	\$0	\$497,649	\$1,497,649	33%
Compass Bancshares	Stone, G.R.	EVP	\$347,006	\$347,006	\$0	\$694,012	\$378,041	\$0	\$368,850	\$746,891	\$1,440,903	52%
Franklin Resources	Simpson, M.L.	Corp EVP, Chief Information Officer	\$669,500	\$700,000	\$0	\$1,369,500	\$0	\$0	\$0	\$0	\$1,369,500	0%
Suntrust	Sullivan, T.E.	former Pres. of Enhance Fin. Svcs Gp	\$434,833	\$346,598	\$0	\$781,431	\$136,080	\$0	\$420,000	\$556,080	\$1,337,511	42%
Radian	Kamarck, M.	SVP, Secretary & General Counsel	\$451,923	\$311,643	\$0	\$763,566	\$0	\$0	\$493,064	\$493,064	\$1,256,630	39%
Old Republic	LeRoy, S.III	VCOB; COB, CEO of Mid-Atlantic Div, EVP of M&T Bank Corp	\$378,364	\$186,257	\$0	\$564,621	\$412,416	\$0	\$186,257	\$598,673	\$1,163,293	51%
M&T Bank	Pinto, M.P.	SVP; MD, CEO - Bermuda Re	\$446,154	\$350,000	\$0	\$796,154	\$0	\$0	\$0	\$0	\$796,154	0%
Everest Re	de Saram, M.S.		\$317,331	\$0	\$0	\$317,331	\$0	\$427,005	\$0	\$427,005	\$744,336	57%
25th Percentile			\$332,169	\$346,802	\$0	\$778,341	\$0	\$0	\$0	\$495,357	\$1,469,278	32%
Median			\$379,000	\$700,000	\$0	\$1,000,000	\$337,708	\$228,239	\$0	\$908,343	\$2,268,000	44%
75th Percentile			\$485,000	\$1,137,500	\$0	\$1,652,020	\$598,660	\$622,696	\$394,425	\$1,432,979	\$2,899,224	57%

(1) Option value = # of options X .3 to approximate Black-Scholes value

## 2005 Fifth Highest Paid Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
XL Capital	Giordano, P.S.	EVP, CEO of Financial Products & Services Ops of Co.	\$550,000	\$275,000	\$0	\$825,000	\$2,098,050	\$0	\$975,000	\$3,073,050	\$3,898,050	79%
T. Rowe Price <sup>(2)</sup>	Riepe, J.S.	VCOB (to retire in 2006)	\$350,000	\$3,300,000	\$0	\$3,650,000	\$0	\$0	\$0	\$0	\$3,650,000	0%
First Horizon	Martin, L.B.	COO, First Tennessee Financial Svcs	\$464,492	\$710,035	\$0	\$1,174,527	\$88,502	\$760,530	\$1,053,000	\$1,902,032	\$3,076,559	62%
E*Trade Financial	Simmons, R.J.	CFO	\$500,000	\$1,506,000	\$0	\$2,006,000	\$600,002	\$450,008	\$0	\$1,050,010	\$3,056,010	34%
Bank of New York	Hassell, G.L.	Pres	\$800,000	\$2,100,000	\$0	\$2,900,000	\$0	\$0	\$0	\$0	\$2,900,000	0%
Mellon Financial	Canter, S.E.	VCOB; COB & CEO The Drayfus Corp	\$500,000	\$900,000	\$0	\$1,400,000	\$234,612	\$1,125,052	\$0	\$1,359,664	\$2,759,664	49%
Northern Trust	Toth, T.J.	EVP, Pres Northern Trust Global Investments	\$437,500	\$550,000	\$0	\$987,500	\$1,000,463	\$666,975	\$0	\$1,667,438	\$2,654,938	63%
MGIC	Lane, J.H.	SVP, General Counsel	\$295,385	\$579,072	\$0	\$874,457	\$0	\$809,154	\$710,856	\$1,520,010	\$2,394,467	63%
Financial Security Assurance	Simon, J.W.	MD, CFO	\$250,000	\$800,000	\$0	\$1,050,000	\$0	\$127,070	\$1,125,900	\$1,252,970	\$2,302,970	54%
Legg Mason	Chowdhury, D.	SrVP	\$225,000	\$1,360,000	\$0	\$1,585,000	\$496,365	\$200,000	\$0	\$696,365	\$2,281,365	31%
PMI Group	Bacigalupi, V.J.	EVP, CAO, General Counsel & Secretary	\$380,000	\$401,250	\$0	\$781,250	\$573,409	\$925,000	\$0	\$1,498,409	\$2,259,659	66%
MBIA	Wertheim, R.D.	VP, General Counsel, Secretary	\$350,000	\$725,000	\$0	\$1,075,000	\$0	\$0	\$1,000,000	\$1,000,000	\$2,075,000	48%
BlackRock	Connolly, R.P.	General Counsel	\$250,000	\$1,050,000	\$0	\$1,300,000	\$0	\$388,806	\$0	\$388,806	\$1,688,806	23%
BB&T	Wilson III, C.L.	SrEVP	\$381,250	\$311,672	\$0	\$692,922	\$640,493	\$0	\$244,346	\$884,839	\$1,577,761	56%
Raymond James	Riess, R.K.	EVP; Pres and CEO of Eagle; MD, Asset Mgt.	\$240,000	\$1,128,000	\$0	\$1,368,000	\$45,360	\$156,979	\$0	\$202,339	\$1,570,339	13%
A.G. Edwards	Diederich, G.M.	EVP, Dir of Branches of Brokerage Co	\$219,990	\$748,427	\$0	\$968,417	\$0	\$556,023	\$0	\$556,023	\$1,524,440	36%
Regions Financial	Morgan, A.B. Jr.	Pres & CEO, Morgan Keegan & Co.	\$130,000	\$1,370,000	\$0	\$1,500,000	\$24,147	\$0	\$0	\$24,147	\$1,524,147	2%
Compass Bancshares	Pledger, C.D.	EVP	\$343,334	\$343,334	\$0	\$686,668	\$378,041	\$0	\$368,850	\$746,891	\$1,433,559	52%
Ambac Financial	Wallis, D.W.	SMD, Portfolio and Market Risk Management	\$238,823	\$755,134	\$0	\$993,957	\$214,110	\$135,048	\$0	\$349,158	\$1,343,115	26%
Suntrust	Reed, W.R. Jr	VCOB, Geographic Banking & Sales Admin	\$573,093	\$508,465	\$0	\$1,081,558	\$0	\$0	\$240,000	\$240,000	\$1,321,558	18%
Zions Bancorporation	Felger, G.M.	EVP, Wealth Management	\$393,250	\$313,667	\$0	\$706,917	\$371,648	\$0	\$176,000	\$547,648	\$1,254,564	44%
Franklin Resources	Tatock, A.M.	VCOB, Member - Office of the Chairman	\$590,000	\$600,000	\$0	\$1,190,000	\$0	\$0	\$0	\$0	\$1,190,000	0%
Radian	Yaruss, H.S.	Responsibility Officer	\$278,000	\$376,850	\$0	\$654,850	\$191,623	\$0	\$224,120	\$415,743	\$1,070,593	39%
Old Republic	Yeager, R.K.	SVP, Title Insurance	\$275,483	\$620,000	\$0	\$895,483	\$96,660	\$0	\$0	\$96,660	\$992,143	10%
Assured Guaranty	Ballenson, R.A.	Chief Accounting Officer	\$300,000	\$260,000	\$0	\$560,000	\$91,800	\$153,000	\$0	\$244,800	\$804,800	30%
M&T Bank	Czamecki, M.J.	EVP, M&T Bank Corp and M&T Bank	\$329,231	\$330,000	\$0	\$659,231	\$0	\$0	\$0	\$0	\$659,231	0%
Everest Re	Shoemaker, K.T.	Comptroller, Principal Accounting Officer	\$193,385	\$40,000	\$0	\$233,385	\$157,550	\$0	\$0	\$157,550	\$390,935	40%
25th Percentile			\$250,000	\$360,092	\$0	\$734,083	\$0	\$0	\$0	\$179,945	\$1,288,061	16%
Median			\$343,334	\$620,000	\$0	\$963,957	\$94,230	\$63,535	\$0	\$547,848	\$1,577,761	36%
75th Percentile			\$450,996	\$975,000	\$0	\$1,334,000	\$376,443	\$434,708	\$242,173	\$1,151,490	\$2,524,702	63%

(1) Option value = # of options X .3 to approximate Black-Scholes value

(2) Company did not make equity grants because of substantial equity ownership

## 2005 Chief Financial Officer Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Bank of New York	Van Saun, B.W.	VCOB, CFO	\$605,770	\$1,752,000	\$0	\$2,357,770	\$1,094,040	\$0	\$0	\$1,094,040	\$3,451,810	32%
Assured Guaranty	Mills, R.B.	CFO	\$500,000	\$1,025,000	\$0	\$1,525,000	\$612,000	\$1,020,000	\$0	\$1,632,000	\$3,157,000	52%
Zions Bancorporation	Arnold, D.L.	VCOB, CFO	\$437,500	\$300,000	\$0	\$737,500	\$764,532	\$77,869	\$1,557,800	\$2,400,001	\$3,137,501	76%
E*Trade Financial	Simmons, R.J.	CFO	\$500,000	\$1,506,000	\$0	\$2,006,000	\$600,002	\$450,008	\$0	\$1,050,010	\$3,056,010	34%
MGIC	Lauer, J.M.	EVP, CFO	\$367,616	\$722,346	\$0	\$1,089,962	\$0	\$880,731	\$710,856	\$1,591,587	\$2,681,549	59%
Compass Bancshares	Hegel, G.R.	CFO	\$454,168	\$424,057	\$0	\$878,225	\$739,843	\$0	\$721,548	\$1,461,191	\$2,339,416	62%
Financial Security Assurance	Simon, J.W.	MD, CFO	\$250,000	\$800,000	\$0	\$1,050,000		\$127,070	\$1,125,900	\$1,252,970	\$2,302,970	54%
PMI Group	Lofe, D.P., Jr.	EVP, CFO	\$380,000	\$411,250	\$0	\$771,250	\$573,409	\$925,000	\$0	\$1,498,409	\$2,269,659	66%
XL Capital	de St. Paer, J.	EVP, CFO	\$550,000	\$275,000	\$0	\$825,000	\$0	\$666,000	\$500,000	\$1,166,000	\$1,991,000	58%
Suntrust	Chancy, M.A.	Corp EVP, CFO	\$420,833	\$373,376	\$0	\$794,209	\$302,400	\$0	\$810,000	\$1,112,400	\$1,906,609	58%
A.G. Edwards	Kelly, D.L.	CFO, Treasurer, Secretary & VP	\$229,308	\$902,005	\$0	\$1,131,313	\$0	\$668,399	\$0	\$668,399	\$1,799,712	37%
Everest Re	Limauro, S.L.	EVP, CFO	\$331,731	\$300,000	\$0	\$631,731	\$0	\$806,565	\$0	\$806,565	\$1,438,296	56%
Radian	Quint, C.R.	EVP, CFO	\$335,000	\$400,000	\$0	\$735,000	\$257,178	\$0	\$302,562	\$559,740	\$1,294,740	43%
Ambac Financial	Leonard, S.T.	SVP, CFO	\$341,539	\$525,000	\$0	\$866,539	\$144,688	\$0	\$0	\$144,688	\$1,011,227	14%
Old Republic	Mueller, K.W.	SVP, CFO	\$325,000	\$126,638	\$0	\$451,638	\$225,540	\$0	\$126,638	\$352,178	\$803,815	44%
25th Percentile			\$333,366	\$336,688	\$0	\$754,375	\$36,172	\$0	\$0	\$737,482	\$1,619,004	40%
Median			\$367,616	\$424,057	\$0	\$866,539	\$279,789	\$127,070	\$126,638	\$1,112,400	\$2,269,659	54%
75th Percentile			\$477,084	\$851,003	\$0	\$1,110,638	\$809,000	\$737,482	\$716,202	\$1,479,800	\$2,868,779	59%

(1) Option value = # of options X .3 to approximate Black-Scholes value

## 2005 General Counsel Compensation – Proxy Comparators

Company	Executive	Position	Base Salary	Bonus	Other Cash	Total Cash	Option Value <sup>(1)</sup>	Restricted Stock	LTIP	Total Long-Term	Total Comp	Long-Term as % of Tot Comp
Financial Security Assurance	Stern, B.E.	MD, General Counsel, Secretary	\$250,000	\$900,000	\$0	\$1,150,000		\$127,070	\$1,125,900	\$1,252,970	\$2,402,970	52%
MGIC	Lane, J.H.	SVP, General Counsel	\$295,385	\$579,072	\$0	\$874,457	\$0	\$809,154	\$710,856	\$1,520,010	\$2,394,467	63%
PMI Group	Bacigalupi, V.J.	EVP, CAO, General Counsel & Secretary	\$360,000	\$401,250	\$0	\$761,250	\$573,409	\$925,000	\$0	\$1,498,409	\$2,259,659	66%
MBIA	Wertheim, R.D.	VP, General Counsel, Secretary	\$350,000	\$725,000	\$0	\$1,075,000	\$0	\$0	\$1,000,000	\$1,000,000	\$2,075,000	48%
Assured Guaranty	Michener, J.M.	General Counsel	\$375,000	\$600,000	\$0	\$975,000	\$382,500	\$637,500	\$0	\$1,020,000	\$1,995,000	51%
BlackRock	Connolly, R.P.	General Counsel	\$250,000	\$1,050,000	\$0	\$1,300,000	\$0	\$388,806	\$0	\$388,806	\$1,688,806	23%
Old Republic	LeRoy, S.III	SVP, Secretary & General Counsel	\$378,384	\$188,257	\$0	\$566,641	\$412,416	\$0	\$188,257	\$598,673	\$1,163,293	51%
Radian	Yaruss, H.S.	EVP, Sec, General Counsel & Chief Responsibility Officer	\$278,000	\$378,850	\$0	\$656,850	\$191,623	\$0	\$224,120	\$415,743	\$1,070,593	39%
25th Percentile			\$271,000	\$395,180	\$0	\$734,650	\$0	\$0	\$0	\$552,940	\$1,557,428	46%
Median			\$322,693	\$588,538	\$0	\$924,729	\$191,623	\$257,938	\$205,188	\$1,010,000	\$2,035,000	51%
75th Percentile			\$363,750	\$788,750	\$0	\$1,093,750	\$397,458	\$680,414	\$783,142	\$1,314,330	\$2,293,381	55%

(1) Option value = # of options X .3 to approximate Black-Scholes value

## 2005 Equity Award Grants

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Latest Annual Grants (as % Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 10/2/05		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
T. Rowe Price	2.8%	0.0%	2.8%	\$352	\$0	\$352
Zions Bancorporation <sup>(1)</sup>	2.3%	0.3%	2.6%	\$193	\$24	\$217
First Horizon	1.9%	0.5%	2.4%	\$88	\$24	\$113
E*Trade Financial	1.6%	0.2%	1.8%	\$170	\$21	\$191
Moody's	1.4%	0.3%	1.7%	\$252	\$34	\$306
A.G. Edwards	0.4%	1.3%	1.7%	\$17	\$55	\$72
BB&T	1.7%	0.0%	1.7%	\$402	\$0	\$402
PMI Group <sup>(2)</sup>	1.5%	0.2%	1.6%	\$55	\$6	\$62
M&T Bank	1.6%	0.0%	1.6%	\$209	\$0	\$209
XL Capital	1.0%	0.5%	1.5%	\$132	\$63	\$195
Compass Bancshares	1.1%	0.2%	1.3%	\$36	\$14	\$99
Northern Trust	1.1%	0.2%	1.3%	\$146	\$26	\$172
Mellon Financial	0.9%	0.3%	1.2%	\$150	\$53	\$203
Radian	1.1%	0.1%	1.2%	\$54	\$6	\$60
Raymond James	0.5%	0.6%	1.2%	\$18	\$22	\$40
Suntrust	1.1%	0.0%	1.2%	\$316	\$12	\$328
ACE - Assured Guaranty	0.5%	0.5%	1.0%	\$89	\$100	\$189
Financial Security Assurance <sup>(3)</sup>	0.0%	1.0%	1.0%		not applicable	
MBIA	0.6%	0.4%	1.0%	\$50	\$32	\$82
Regions Financial	0.7%	0.3%	0.9%	\$112	\$47	\$159
Old Republic	0.9%	0.0%	0.9%	\$46	\$0	\$46
Bank of New York <sup>(2)</sup>	0.8%	0.1%	0.9%	\$216	\$16	\$234
Ambac Financial	0.8%	0.3%	0.8%	\$63	\$23	\$75
Legg Mason	0.8%	0.0%	0.8%	\$107	\$2	\$109
Everest Re <sup>(2)</sup>	0.5%	0.1%	0.6%	\$32	\$6	\$40
MGIC	0.0%	0.6%	0.6%	\$0	\$29	\$29
BlackRock <sup>(3) (4)</sup>	0.0%	0.4%	0.4%	\$0	\$35	\$35
Franklin Resources <sup>(2)</sup>	0.1%	0.0%	0.2%	\$37	\$7	\$44
25th Percentile (excludes Moody's)	0.5%	0.1%	0.9%	\$47	\$6	\$60
Median (excludes Moody's)	0.9%	0.2%	1.2%	\$89	\$21	\$111
75th Percentile (excludes Moody's)	1.3%	0.4%	1.6%	\$165	\$31	\$201

(1) Includes awards assumed as part of Amegy acquisition, excludes outstanding employee options in NetDeposit subsidiary ( $\pm 10\%$  of NetDeposit diluted shares)

(2) Restricted share awards disclosed for proxy executives only

(3) Excludes shares of Dexia stock awarded to executives

(4) Excludes awards denominated in PNC shares

## 2005 Equity Award Grants (3X Restricted Share Weight)

*Note: Dollar value of market cap reflects face value of options and restricted share awards*

Company	Award Amounts (as % Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 10/4/05		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
A.G. Edwards	0.4%	3.9%	4.3%	\$16	\$162	\$178
First Horizon	1.8%	1.5%	3.4%	\$87	\$73	\$160
Zions Bancorporation <sup>(1)</sup>	2.3%	0.9%	3.1%	\$192	\$73	\$264
Financial Security Assurance <sup>(2)</sup>	0.0%	2.9%	2.9%	not applicable		
T. Rowe Price	2.8%	0.0%	2.8%	\$352	\$0	\$352
XL Capital	1.0%	1.5%	2.5%	\$131	\$188	\$319
Raymond James	0.5%	1.9%	2.4%	\$18	\$64	\$83
Moody's	1.4%	0.9%	2.3%	\$250	\$161	\$411
E*Trade Financial	1.6%	0.6%	2.2%	\$169	\$62	\$231
ACE - Assured Guaranty	0.5%	1.6%	2.1%	\$88	\$296	\$384
PMI Group <sup>(3)</sup>	1.5%	0.5%	1.9%	\$55	\$19	\$74
Mellon Financial	0.9%	1.0%	1.9%	\$149	\$157	\$306
MBIA	0.6%	1.1%	1.7%	\$50	\$95	\$145
Compass Bancshares	1.1%	0.6%	1.7%	\$85	\$43	\$127
Northam Trust	1.1%	0.6%	1.7%	\$145	\$79	\$224
BB&T	1.7%	0.0%	1.7%	\$402	\$0	\$402
MGIC	0.0%	1.7%	1.7%	\$0	\$86	\$86
M&T Bank	1.6%	0.0%	1.6%	\$209	\$0	\$209
Regions Financial	0.7%	0.8%	1.5%	\$111	\$142	\$253
Radian	1.1%	0.3%	1.4%	\$54	\$17	\$71
Ambac Financial	0.6%	0.8%	1.3%	\$52	\$68	\$120
Suntrust	1.1%	0.1%	1.2%	\$315	\$37	\$352
BlackRock <sup>(4)</sup>	0.0%	1.1%	1.1%	\$0	\$104	\$104
Bank of New York <sup>(3)</sup>	0.6%	0.2%	1.0%	\$218	\$47	\$264
Old Republic	0.9%	0.0%	0.9%	\$46	\$0	\$46
Everest Re <sup>(3)</sup>	0.5%	0.4%	0.9%	\$32	\$25	\$56
Legg Mason	0.8%	0.0%	0.8%	\$107	\$5	\$112
Franklin Resources <sup>(3)</sup>	0.1%	0.1%	0.2%	\$37	\$20	\$57
25th Percentile (excludes Moody's)	0.5%	0.2%	1.3%	\$47	\$19	\$66
Median (excludes Moody's)	0.9%	0.6%	1.7%	\$88	\$63	\$169
75th Percentile (excludes Moody's)	1.3%	1.0%	2.3%	\$164	\$93	\$264

(1) Includes awards assumed as part of Amegy acquisition, excludes outstanding employee options in NetDeposit subsidiary ( $\approx 10\%$  of NetDeposit diluted shares)

(2) Excludes shares of Dexia stock awarded to executives

(3) Restricted share awards disclosed for proxy executives only

(4) Excludes awards denominated in PNC shares



## 2005 Equity Award Outstanding

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Awards Outstanding (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 10/4/06		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
BlackRock <sup>(1)</sup>	18.2%	3.1%	21.4%	\$1,730	\$295	\$2,025
T. Rowe Price	14.8%	0.0%	14.8%	\$1,830	\$3	\$1,833
Northern Trust	9.7%	0.4%	10.1%	\$1,260	\$52	\$1,313
First Horizon	9.4%	0.6%	10.0%	\$448	\$30	\$478
E*Trade Financial	8.1%	0.6%	8.7%	\$857	\$61	\$919
Mellon Financial	7.7%	0.9%	8.7%	\$1,257	\$152	\$1,409
M&T Bank	8.6%	0.0%	8.6%	\$1,137	\$0	\$1,137
Bank of New York <sup>(2)</sup>	8.2%	0.2%	8.5%	\$2,236	\$64	\$2,300
Moody's	7.5%	0.5%	8.1%	\$1,330	\$97	\$1,427
XL Capital	6.6%	1.1%	7.6%	\$834	\$137	\$971
MBIA	6.7%	0.9%	7.6%	\$557	\$79	\$636
Regions Financial	6.8%	0.8%	7.6%	\$1,157	\$131	\$1,289
Raymond James	5.8%	1.6%	7.4%	\$201	\$54	\$255
PMI Group <sup>(2)</sup>	6.6%	0.3%	6.9%	\$250	\$11	\$261
Zions Bancorporation <sup>(3)</sup>	6.6%	0.2%	6.8%	\$580	\$15	\$575
Compass Bancshares	6.1%	0.4%	6.5%	\$449	\$31	\$480
Suntrust	5.6%	0.7%	6.3%	\$1,604	\$198	\$1,802
A.G. Edwards	4.0%	2.2%	6.3%	\$188	\$93	\$282
BB&T	6.1%	0.0%	6.2%	\$1,453	\$11	\$1,463
Ambac Financial	3.9%	1.3%	5.2%	\$348	\$120	\$468
ACE - Assured Guaranty	3.7%	1.5%	5.2%	\$673	\$273	\$946
Old Republic	5.1%	0.0%	5.1%	\$262	\$0	\$262
MGIC	3.6%	1.2%	4.7%	\$183	\$60	\$243
Legg Mason	4.6%	0.1%	4.7%	\$510	\$7	\$516
Radian	4.4%	0.1%	4.6%	\$219	\$6	\$224
Everest Re <sup>(2)</sup>	3.5%	0.2%	3.7%	\$222	\$14	\$235
Financial Security Assurance <sup>(4)</sup>	0.0%	3.5%	3.5%	not applicable		
Franklin Resources <sup>(2)</sup>	3.0%	0.1%	3.1%	\$809	\$15	\$824
25th Percentile (excludes Moody's)	4.2%	0.1%	5.1%	\$283	\$12	\$313
Median (excludes Moody's)	6.1%	0.6%	6.8%	\$641	\$63	\$730
75th Percentile (excludes Moody's)	7.9%	1.1%	8.5%	\$1,232	\$113	\$1,307

(1) Excludes awards denominated in PNC shares

(2) Restricted share awards disclosed for proxy executives only

(3) Includes awards assumed as part of Amegy acquisition, excludes outstanding employee options in NetDeposit subsidiary (a 10% of NetDeposit diluted shares)

(4) Excludes shares of Dexia stock awarded to executives



## 2005 Equity Award Outstanding (3X Restricted Share Weight)

\*Note: Dollar value of market cap reflects face value of options and restricted share awards

Company	Awards Outstanding (as % Fully Diluted Shares Outstanding)			Dollar Value of Market Cap (\$Millions) as of 10/4/05		
	Options	Restricted Shares	Options & Restricted Shares	Options	Restricted Shares	Options & Restricted Shares
BlackRock <sup>(1)</sup>	17.2%	8.8%	26.0%	\$1,628	\$832	\$2,461
T. Rowe Price	14.8%	0.1%	14.9%	\$1,830	\$8	\$1,837
First Horizon	9.3%	1.9%	11.1%	\$442	\$89	\$531
Northern Trust	9.6%	1.2%	10.8%	\$1,250	\$156	\$1,406
Mellon Financial	7.6%	2.7%	10.3%	\$1,234	\$446	\$1,680
A.G. Edwards	3.9%	6.4%	10.3%	\$161	\$268	\$429
Raymond James	5.6%	4.5%	10.1%	\$195	\$157	\$352
Financial Security Assurance <sup>(2)</sup>	0.0%	9.8%	9.8%		not applicable	
E*Trade Financial	8.0%	1.7%	9.7%	\$848	\$182	\$1,029
XL Capital	6.4%	3.2%	9.6%	\$817	\$403	\$1,219
MBIA	6.6%	2.8%	9.3%	\$547	\$231	\$779
Moody's	7.4%	1.6%	9.1%	\$1,315	\$288	\$1,603
Regions Financial	6.7%	2.3%	9.0%	\$1,140	\$388	\$1,528
Bank of New York <sup>(3)</sup>	8.2%	0.7%	8.9%	\$2,226	\$181	\$2,417
M&T Bank	8.6%	0.0%	8.6%	\$1,137	\$0	\$1,137
ACE - Assured Guaranty	3.6%	4.4%	8.0%	\$653	\$796	\$1,449
Ambac Financial	3.8%	3.9%	7.7%	\$339	\$350	\$688
Suntrust	5.6%	2.1%	7.6%	\$1,582	\$586	\$2,168
PMI Group <sup>(3)</sup>	6.5%	0.8%	7.4%	\$249	\$32	\$281
Compass Bancshares	6.0%	1.2%	7.3%	\$445	\$92	\$538
Zions Bancorporation <sup>(4)</sup>	6.6%	0.5%	7.1%	\$558	\$46	\$603
MGIC	3.5%	3.4%	6.9%	\$179	\$175	\$354
BB&T	6.1%	0.1%	6.3%	\$1,451	\$32	\$1,484
Old Republic	5.1%	0.0%	5.1%	\$262	\$0	\$262
Radian	4.4%	0.3%	4.8%	\$216	\$17	\$235
Legg Mason	4.6%	0.2%	4.7%	\$609	\$20	\$629
Everest Re <sup>(4)</sup>	3.4%	0.6%	4.1%	\$221	\$41	\$262
Franklin Resources <sup>(3)</sup>	3.0%	0.2%	3.2%	\$808	\$45	\$853
25th Percentile (excludes Moody's)	4.1%	0.4%	7.0%	\$281	\$34	\$455
Median (excludes Moody's)	6.1%	1.7%	8.6%	\$631	\$156	\$816
75th Percentile (excludes Moody's)	7.8%	3.3%	10.0%	\$1,211	\$328	\$1,475

(1) Excludes awards denominated in PNC shares

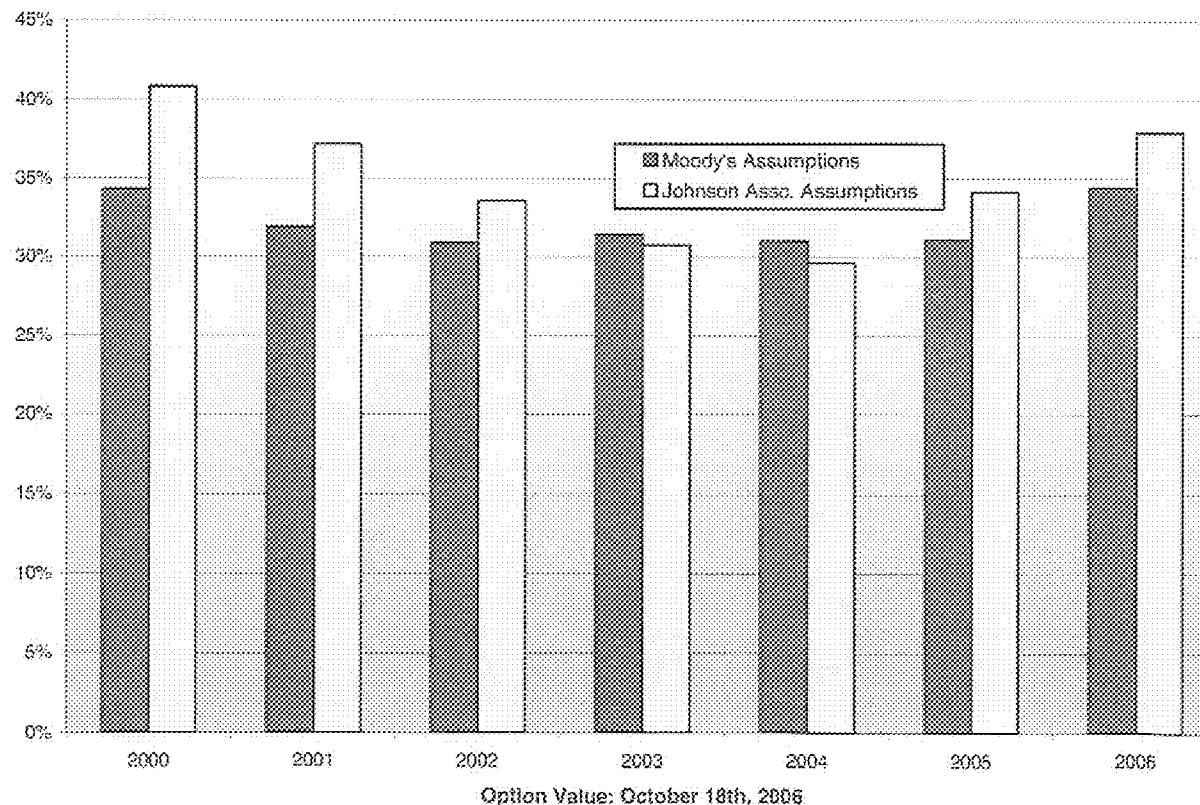
(2) Excludes shares of Dexia stock awarded to executives

(3) Restricted share awards disclosed for proxy executives only

(4) Includes awards assumed as part of Amegy acquisition, excludes outstanding employee options in NetDeposit subsidiary ( $\approx 10\%$  of NetDeposit diluted shares)

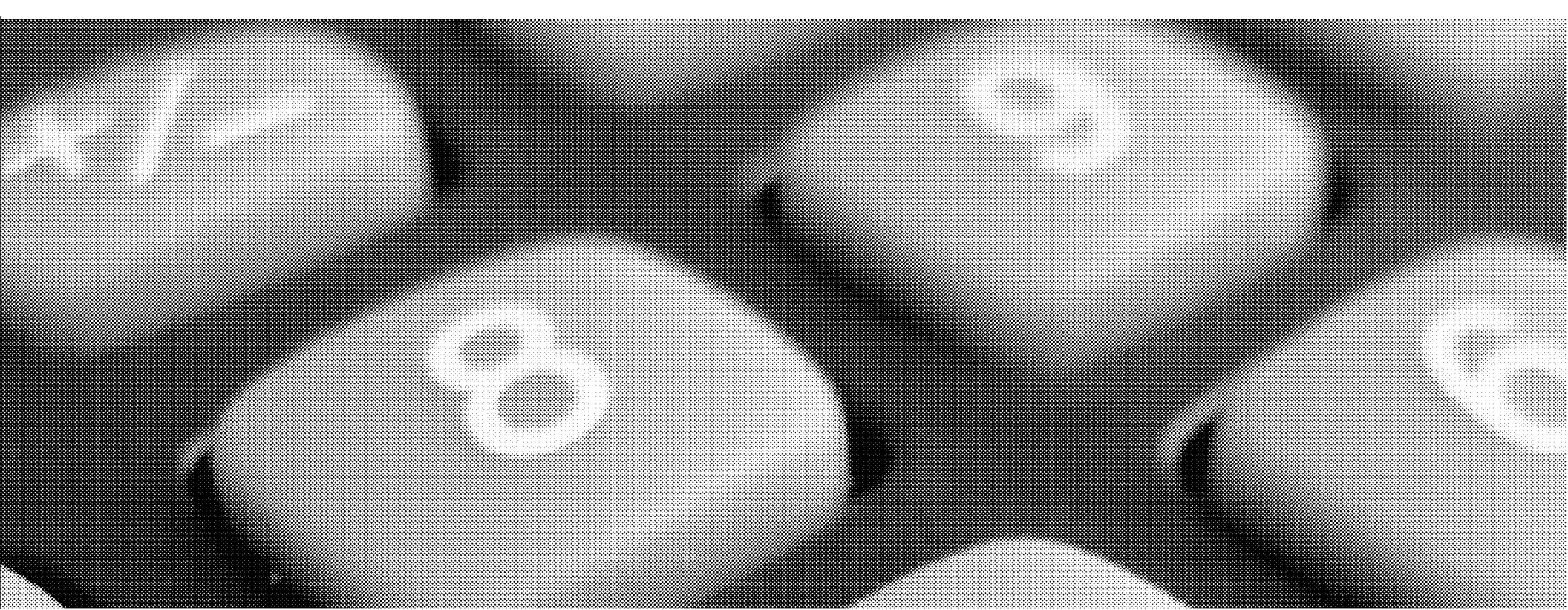
## Black Scholes as Model

- Since Moody's has been a public company stock option awards have been valued using the Black Scholes model. Unlike in some other organizations, grants were never considered a "free good" without a meaningful cost to shareholders
  - A detailed analysis shows stock options at Moody's currently have a Black Scholes value in the 30%-35% range using current assumptions
  - This result runs counter to that found in many other organizations where larger absolute dividend levels and more significant declines in price volatility have driven lower model values



Note: Moody's assumptions: 2000-2004: 5 year term, 30% volatility 2005: 6 year term, 23% volatility 2006: 6 yr term, 28% volatility  
Johnson Associates assumptions: 7 year term, volatility estimated using historical and implied rates





Moody's Corporation | December 2008

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# 2008 Competitive Market Analysis for Executive Roles

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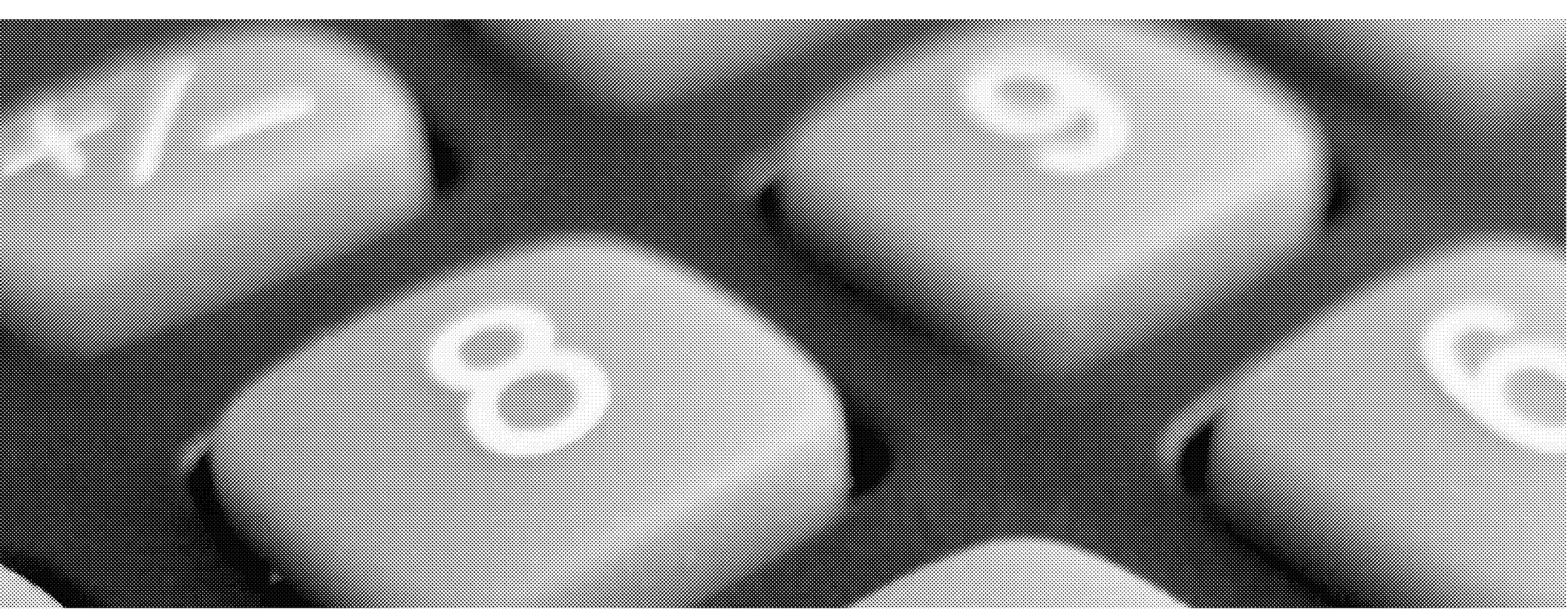
**Hewitt**

# Contents

- Background and Objectives
- Market Observations
- Market Data Summary
- Appendices
  - A: Proxy Analysis by Position
  - B: Study Methodology

# Background and Objectives

- Moody's Corporation (Moody's) has asked Hewitt Associates (Hewitt) to conduct a competitive review of the compensation levels for several senior executive roles
  - CEO and direct reports (7 roles)
  - One other senior role (Head of Structured Finance)
- The objective of this study is to compare current compensation levels for the executives at Moody's to compensation of similar executive positions at companies of comparable size and service offering in order to:
  - Ensure that Moody's compensation practices are competitive with the market
  - Provide a benchmark and framework for pay decisions for 2009
- For this competitive review, Hewitt assisted Moody's in developing a new peer group of 21 companies ("proxy peer group")
  - The Governance & Compensation Committee approved in October
  - This was used for Moody's senior-most roles including the CEO and direct reports; additional information is included in the Study Methodology section



# Market Observations

# Market Observations—Interpretation of Data

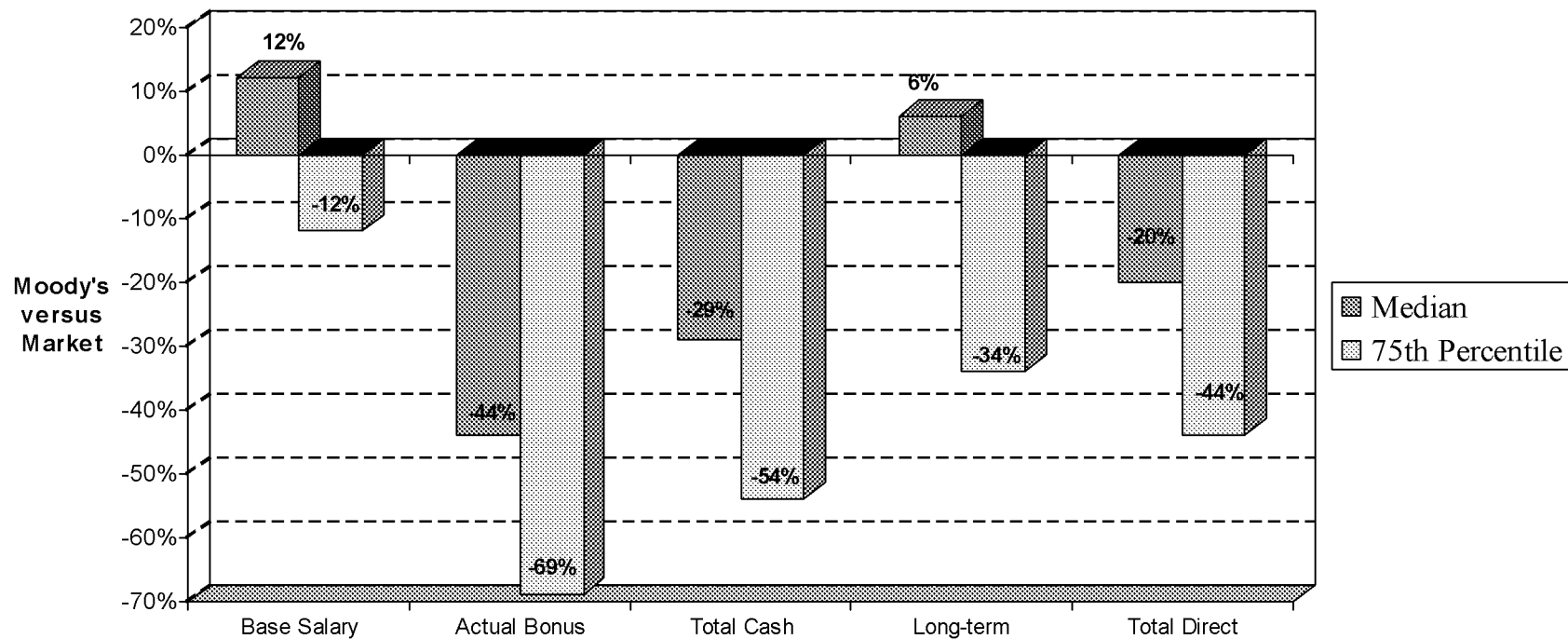
- Pay levels were compared to market median and 75<sup>th</sup> percentile levels
  - Pay is considered at a median market level if it is within 10%-15% of the median (above or below) for the relevant peer group
- External competitiveness is one element of the decision making process regarding pay levels for individual incumbents
- Other elements of pay decisions may include:
  - Degree to which the incumbent's role is "matched" by the market job
  - Scope of the market roles relative to the scope of the Moody's roles (in terms of organizational size, level, and strategic impact)
  - Degree to which internal equity is important for certain roles
  - The level of experience of the incumbent in his/her current role
    - Market data inherently reflects varying levels of experience and is viewed as pay for "fully proficient" incumbents in aggregate
  - Individual performance assessments



# Market Observations—Proxy-Matched Positions

## Actual Compensation Relative to Proxy Peer Group

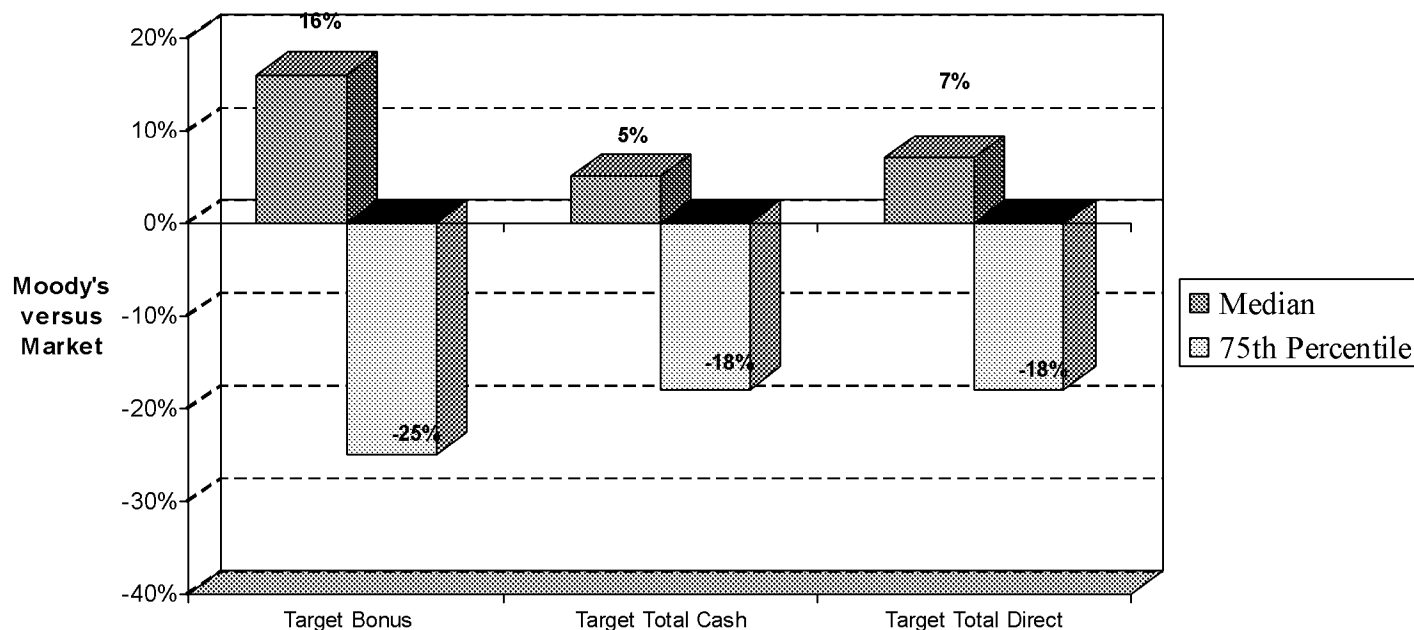
- Aggregate actual total compensation for Moody's senior executives for 2008 is below the competitive range of market median (+/- 15% of median) and significantly below the 75<sup>th</sup> percentile of the proxy peer group
  - Base salaries are within the market median competitive range
  - However, actual total cash levels significantly trail the market due to below market actual bonuses paid in 2008 for 2007 performance
  - 2008 long-term incentives approximate the market median but trail the 75<sup>th</sup> percentile
- This finding is different from the results of our earlier "salary band analysis" shared in October
- > That analysis was based on salary level, not on role/responsibilities

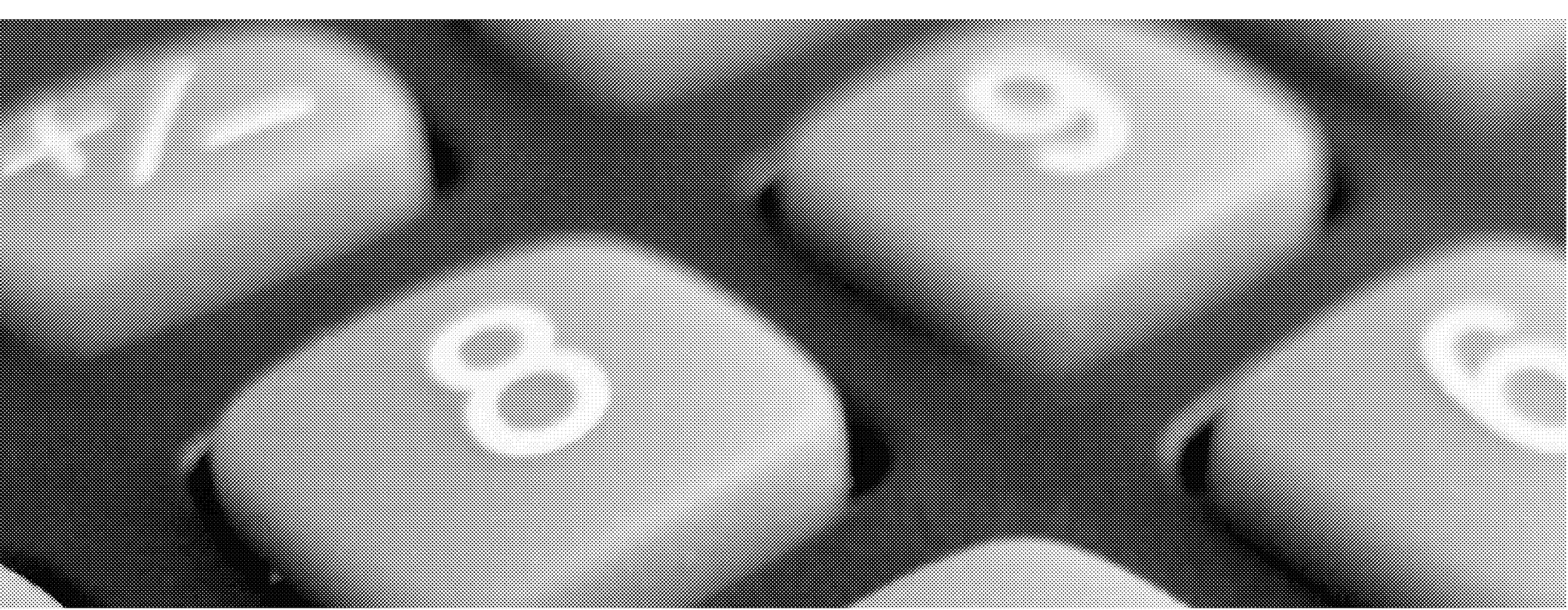


# Market Observations—Proxy-Matched Positions

## Target Compensation Relative to Proxy Peer Group

- 2008 target total compensation (base salary, plus target bonus, plus grant date economic value of most recent LTI award) for Moody's senior executives is within the competitive range of the market median and below the 75<sup>th</sup> percentile competitive range
- Target bonus opportunities are above the market median and below the market 75<sup>th</sup> percentile
- Target total cash approximates the market median and trails the 75<sup>th</sup> percentile
- Please note that target bonus data is available only for those peers that disclose target bonus opportunities
  - Eight of the peer companies do not disclose target bonus opportunity levels
- Please note that the Group CEO roles have been excluded from this target analysis due to insufficient market target bonus information for matching roles





# Market Data Summary

# Market Observations—Summary Methodology<sup>1</sup>

- We analyzed data from two peer groups for purposes of this assessment
  - Proxy Peers (group of 21 companies approved by the Committee)
  - Reference data: Hewitt TCM Financial Services Peers (financial services companies including banks, diversified financials, and business services companies regressed to appropriate revenue scope for each position)
    - > Providing market data from a broader sample is often helpful as reference
- Moody's long-term incentive values have been calculated to mirror how peer group equity awards were valued (to provide an "apples-to-apples" comparison)
  - Stock option values were calculated assuming full term assumptions (as opposed to expected life under FAS 123R)
  - Restricted stock is discounted to reflect the impact of the vesting schedule and the likelihood of forfeiture

<sup>1</sup>See the Appendix for a more detailed explanation of the study methodology

# Market Observations—Summary Methodology

- On an individual incumbent level,
  - Total cash = Base salary plus bonus
  - Total comp = Total cash plus long-term incentives
- However, these definitions do not typically hold up for market median summary statistics
  - For example, the median base salary and the median bonus need not come from the same company; therefore median total cash is not necessarily median salary plus median bonus
- The proxy peer group statistics are “raw” or unadjusted while the TCM Financial Services data is regressed or “size-adjusted” based on annual revenues
  - The summary statistics for the proxy analysis are calculated for each pay element discretely; therefore, the medians do not add across
  - Meanwhile, for the TCM Financial Services analysis, we based our regressions on the elements with the strongest correlations to organizational size (namely, base salary, total cash, and total compensation) and “backed into” bonus and long-term incentive values
    - > The median summary statistics add across as a result

# Market Data Summary—Actual Compensation

## Moody's Executive Compensation Market Data: CEO and Direct Reports

Summary of Actual Compensation; totals exclude reference matches

### Median

Position	Proxy Data					Financial Services Data from Hewitt TCM Database					Moody's Actual				
	Base	Actual Bonus	Total Cash	LTi	Total Direct	Base	Actual Bonus	Total Cash	LTi	Total Direct	Base	Actual Bonus	Actual Total Cash	LTi <sup>2 3</sup>	Actual Total Direct
CEO (McDaniel)	\$ 814,000	\$ 2,060,000	\$ 3,059,000	\$ 2,636,000	\$ 6,040,000	\$ 963,000	\$ 759,000	\$ 1,722,000	\$ 2,852,000	\$ 4,574,000	\$ 936,000	\$ 1,051,000	\$ 1,987,000	\$ 2,264,400	\$ 4,251,400
CFO (Huber)	\$ 408,000	\$ 501,000	\$ 835,000	\$ 501,000	\$ 1,666,000	\$ 415,000	\$ 251,000	\$ 666,000	\$ 637,000	\$ 1,303,000	\$ 510,000	\$ 528,000	\$ 1,038,000	\$ 1,040,400	\$ 2,078,400
GC (Goggins)	\$ 385,000	\$ 450,000	\$ 927,000	\$ 369,000	\$ 1,472,000	\$ 373,000	\$ 229,000	\$ 603,000	\$ 409,000	\$ 1,012,000	\$ 400,000	\$ 281,000	\$ 681,000	\$ 612,000	\$ 1,293,000
Group CEO (Almeida)	\$ 411,000	\$ 638,000	\$ 1,281,000	\$ 646,000	\$ 1,849,000	\$ 435,000	\$ 353,000	\$ 788,000	\$ 672,000	\$ 1,461,000	\$ 450,000	\$ 401,000	\$ 851,000	\$ 765,000	\$ 1,616,000
Group CEO (Madelain) <sup>1</sup>	\$ 411,000	\$ 638,000	\$ 1,281,000	\$ 646,000	\$ 1,849,000	\$ 514,000	\$ 578,000	\$ 1,092,000	\$ 1,173,000	\$ 2,264,000	\$ 545,000	\$ 366,668	\$ 911,668	\$ 765,000	\$ 1,676,668
<b>Total</b>	<b>\$ 3,548,000</b>	<b>\$ 6,025,000</b>	<b>\$ 10,305,000</b>	<b>\$ 6,468,000</b>	<b>\$ 17,739,000</b>						<b>\$ 3,971,000</b>	<b>\$ 3,345,468</b>	<b>\$ 7,316,468</b>	<b>\$ 6,848,401</b>	<b>\$ 14,164,870</b>
<b>% Difference (proxy)</b>											<b>12%</b>	<b>-44%</b>	<b>-29%</b>	<b>6%</b>	<b>-20%</b>
Additional benchmarks for reference purposes:															
COO	\$ 372,000	\$ 743,000	\$ 1,170,000	\$ 928,000	\$ 2,094,000	\$ 626,000	\$ 340,000	\$ 966,000	\$ 1,070,000	\$ 2,035,000					
Group CEO (UK) (Madelain) <sup>4</sup>						\$ 567,000	\$ 790,000	\$ 1,357,000	\$ 607,000	\$ 1,963,000					

### 75th Percentile

Position	Proxy Data					Financial Services Data from Hewitt TCM Database					Moody's Actual				
	Base	Actual Bonus	Total Cash	LTi	Total Direct	Base	Actual Bonus	Total Cash	LTi	Total Direct	Base	Actual Bonus	Actual Total Cash	LTi <sup>2 3</sup>	Actual Total Direct
CEO (McDaniel)	\$ 980,000	\$ 2,755,000	\$ 3,760,000	\$ 4,126,000	\$ 7,886,000	\$ 1,081,000	\$ 1,478,000	\$ 2,752,000	\$ 4,387,000	\$ 6,981,000	\$ 936,000	\$ 1,051,000	\$ 1,987,000	\$ 2,264,400	\$ 4,251,400
CFO (Huber)	\$ 464,000	\$ 1,082,000	\$ 1,612,000	\$ 936,000	\$ 2,208,000	\$ 475,000	\$ 405,000	\$ 867,000	\$ 873,000	\$ 1,682,000	\$ 510,000	\$ 528,000	\$ 1,038,000	\$ 1,040,400	\$ 2,078,400
GC (Goggins)	\$ 429,000	\$ 874,000	\$ 1,340,000	\$ 562,000	\$ 1,990,000	\$ 430,000	\$ 364,000	\$ 820,000	\$ 639,000	\$ 1,422,000	\$ 400,000	\$ 281,000	\$ 681,000	\$ 612,000	\$ 1,293,000
Group CEO (Almeida)	\$ 656,000	\$ 1,550,000	\$ 2,248,000	\$ 1,056,000	\$ 3,020,000	\$ 531,000	\$ 672,000	\$ 1,200,000	\$ 985,000	\$ 2,091,000	\$ 450,000	\$ 401,000	\$ 851,000	\$ 765,000	\$ 1,616,000
Group CEO (Madelain) <sup>1</sup>	\$ 656,000	\$ 1,550,000	\$ 2,248,000	\$ 1,056,000	\$ 3,020,000	\$ 628,000	\$ 1,098,000	\$ 1,661,000	\$ 1,717,000	\$ 3,240,000	\$ 545,000	\$ 366,668	\$ 911,668	\$ 765,000	\$ 1,676,668
<b>Total</b>	<b>\$ 4,537,000</b>	<b>\$ 10,727,000</b>	<b>\$ 15,856,000</b>	<b>\$ 10,405,000</b>	<b>\$ 25,115,000</b>						<b>\$ 3,971,000</b>	<b>\$ 3,345,468</b>	<b>\$ 7,316,468</b>	<b>\$ 6,848,401</b>	<b>\$ 14,164,870</b>
<b>% Difference (proxy)</b>											<b>-12%</b>	<b>-69%</b>	<b>-54%</b>	<b>-34%</b>	<b>-44%</b>
Additional benchmarks for reference purposes:															
COO	\$ 541,000	\$ 1,009,000	\$ 1,504,000	\$ 1,960,000	\$ 3,373,000	\$ 693,000	\$ 603,000	\$ 1,358,000	\$ 1,697,000	\$ 2,390,000					
Group CEO (UK) (Madelain) <sup>4</sup>						\$ 825,000	\$ 1,060,000	\$ 1,885,000	\$ 936,000	\$ 2,821,000					

<sup>1</sup> Exchange Rate GBP to USD: 1 to 1.946378 (rate in effect 6/30/2008)

<sup>2</sup> Stock options valued at: \$ 12.24

<sup>3</sup> Restricted shares valued at: \$ 36.20 (Applies to [REDACTED])

Note: Market values have been rounded to the nearest thousandth

<sup>4</sup> Financial services data for UK position uses the following peer group of companies: HBOS, 3i Group, Alliance & Leicester, Alliance Trust, Cattles, ICAP, London Stock Exchange Group, Man Group, Schroders, St. James Holdings, and SVG Capital; long-term incentives for both median and 75th percentiles were assumed to be a target percentage of median base salary

# Market Data Summary—Target Compensation

## Moody's Executive Compensation Market Data: CEO and Direct Reports

Summary of Target Compensation; totals exclude Moody's Group CEO roles and reference matches

### Median

Position	Proxy Data					Financial Services Data from Hewitt TCM Database					Moody's Target				
	Base	Target Bonus	Target Total Cash	LTI	Target Total Direct	Base	Target Bonus	Target Total Cash	LTI	Target Total Direct	Base	Target Bonus	Target Total Cash	LTI <sup>2 3</sup>	Target Total Direct
CEO (McDaniel)	\$ 814,000	\$ 1,118,000	\$ 2,236,000	\$ 2,636,000	\$ 4,490,000	\$ 963,000	\$ 944,000	\$ 1,907,000	\$ 2,852,000	\$ 4,759,000	\$ 936,000	\$ 1,221,000	\$ 2,157,000	\$ 2,264,400	\$ 4,421,400
CFO (Huber)	\$ 408,000	\$ 290,000	\$ 696,000	\$ 501,000	\$ 1,201,000	\$ 415,000	\$ 243,000	\$ 658,000	\$ 637,000	\$ 1,294,000	\$ 510,000	\$ 550,000	\$ 1,060,000	\$ 1,040,400	\$ 2,100,400
GC (Goggins)	\$ 385,000	\$ 379,000	\$ 799,000	\$ 369,000	\$ 1,209,000	\$ 373,000	\$ 190,000	\$ 563,000	\$ 409,000	\$ 972,000	\$ 400,000	\$ 320,800	\$ 720,800	\$ 612,000	\$ 1,332,800
Group CEO (Almeida)	\$ 411,000	\$ 196,000	\$ 530,000	\$ 646,000	\$ 899,000	\$ 435,000	\$ 373,000	\$ 808,000	\$ 672,000	\$ 1,480,000	\$ 450,000	\$ 440,000	\$ 890,000	\$ 765,000	\$ 1,655,000
Group CEO (Madelain) <sup>1</sup>	\$ 411,000	\$ 196,000	\$ 530,000	\$ 646,000	\$ 899,000	\$ 514,000	\$ 619,000	\$ 1,133,000	\$ 1,173,000	\$ 2,306,000	\$ 545,000	\$ 551,500	\$ 1,096,500	\$ 765,000	\$ 1,861,500
<b>Total</b>	<b>\$ 2,726,000</b>	<b>\$ 2,573,000</b>	<b>\$ 5,673,000</b>	<b>\$ 5,176,000</b>	<b>\$ 10,566,000</b>						<b>\$ 2,976,000</b>	<b>\$ 2,978,300</b>	<b>\$ 5,954,300</b>	<b>\$ 5,318,402</b>	<b>\$ 11,272,702</b>
<b>% Difference (proxy)</b>											<b>9%</b>	<b>16%</b>	<b>5%</b>	<b>3%</b>	<b>7%</b>

Additional benchmarks for reference purposes:

COO	\$ 372,000	\$ 663,000	\$ 1,091,000	\$ 928,000	\$ 2,263,000	\$ 626,000	\$ 489,000	\$ 1,115,000	\$ 1,070,000	\$ 2,184,000
Group CEO (UK) (Madelain) <sup>4</sup>						\$ 567,000	\$ 609,000	\$ 1,176,000	\$ 607,000	\$ 1,782,000

### 75th Percentile

Position	Proxy Data					Financial Services Data from Hewitt TCM Database					Moody's Target				
	Base	Target Bonus	Target Total Cash	LTI	Target Total Direct	Base	Target Bonus	Target Total Cash	LTI	Target Total Direct	Base	Target Bonus	Target Total Cash	LTI <sup>2 3</sup>	Target Total Direct
CEO (McDaniel)	\$ 980,000	\$ 1,632,000	\$ 3,006,000	\$ 4,126,000	\$ 6,277,000	\$ 1,081,000	\$ 1,219,000	\$ 2,764,000	\$ 4,387,000	\$ 6,888,000	\$ 936,000	\$ 1,221,000	\$ 2,157,000	\$ 2,264,400	\$ 4,421,400
CFO (Huber)	\$ 464,000	\$ 475,000	\$ 862,000	\$ 936,000	\$ 1,568,000	\$ 475,000	\$ 299,000	\$ 804,000	\$ 873,000	\$ 1,624,000	\$ 510,000	\$ 550,000	\$ 1,060,000	\$ 1,040,400	\$ 2,100,400
GC (Goggins)	\$ 429,000	\$ 553,000	\$ 973,000	\$ 562,000	\$ 1,470,000	\$ 430,000	\$ 242,000	\$ 706,000	\$ 639,000	\$ 1,342,000	\$ 400,000	\$ 320,800	\$ 720,833	\$ 612,000	\$ 1,332,833
Group CEO (Almeida)	\$ 656,000	\$ 220,000	\$ 588,000	\$ 1,056,000	\$ 1,133,000	\$ 531,000	\$ 606,000	\$ 1,180,000	\$ 985,000	\$ 2,107,000	\$ 450,000	\$ 440,000	\$ 890,000	\$ 765,000	\$ 1,655,000
Group CEO (Madelain) <sup>1</sup>	\$ 656,000	\$ 220,000	\$ 588,000	\$ 1,056,000	\$ 1,133,000	\$ 628,000	\$ 1,007,000	\$ 1,655,000	\$ 1,717,000	\$ 3,283,000	\$ 545,000	\$ 551,500	\$ 1,096,500	\$ 765,000	\$ 1,861,500
<b>Total</b>	<b>\$ 3,225,000</b>	<b>\$ 3,977,000</b>	<b>\$ 7,298,000</b>	<b>\$ 8,302,000</b>	<b>\$ 13,785,000</b>						<b>\$ 2,976,000</b>	<b>\$ 2,978,300</b>	<b>\$ 5,954,333</b>	<b>\$ 5,318,402</b>	<b>\$ 11,272,735</b>
<b>% Difference (proxy)</b>											<b>-8%</b>	<b>-25%</b>	<b>-18%</b>	<b>-36%</b>	<b>-18%</b>

Additional benchmarks for reference purposes:

COO	\$ 541,000	\$ 737,000	\$ 1,226,000	\$ 1,960,000	\$ 3,086,000	\$ 693,000	\$ 654,000	\$ 1,633,000	\$ 1,697,000	\$ 3,268,000
Group CEO (UK) (Madelain) <sup>4</sup>						\$ 825,000	\$ 865,000	\$ 1,690,000	\$ 1,361,000	\$ 3,051,000

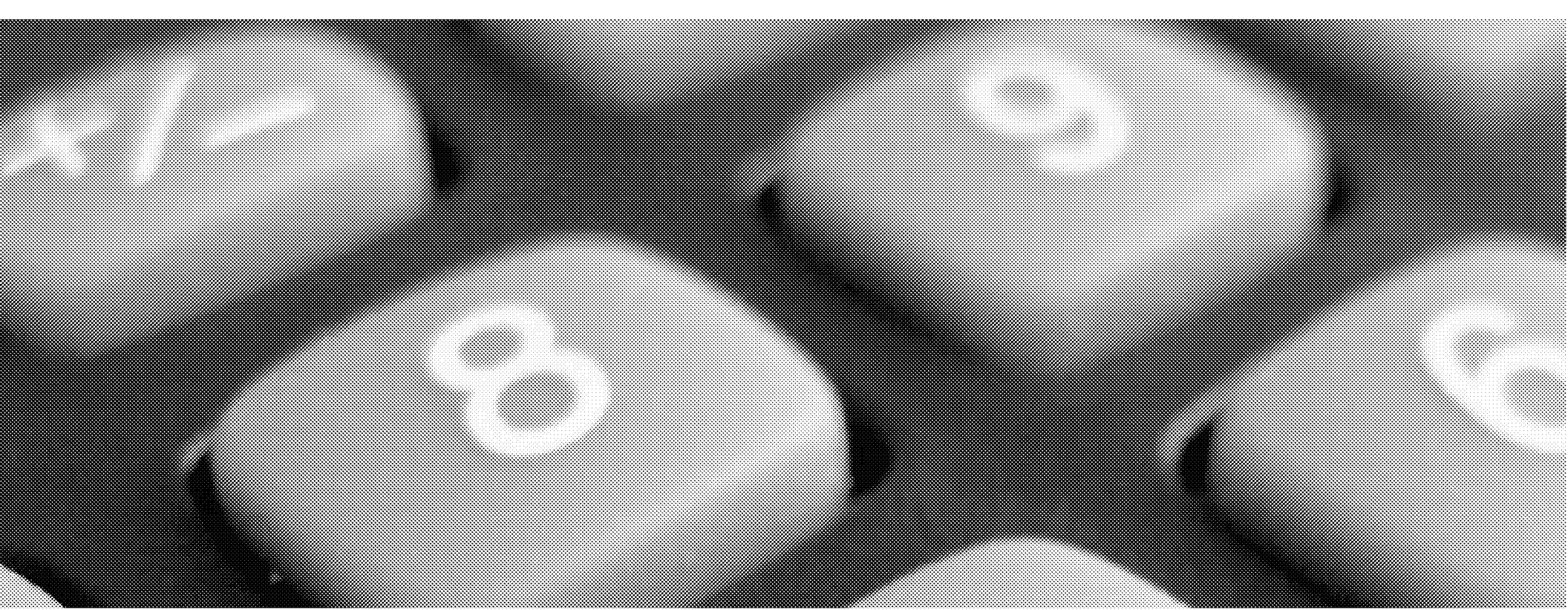
<sup>1</sup> Exchange Rate GBP to USD: 1 to 1.946378 (rate in effect 6/30/2008)

<sup>2</sup> Stock options valued at: \$ 12.24

<sup>3</sup> Restricted shares valued at: \$ 36.20 (Applies to [REDACTED])

Note: Market values have been rounded to the nearest thousandth

<sup>4</sup> Financial services data for UK position uses the following peer group of companies: HBOS, 3i Group, Alliance & Leicester, Alliance Trust, Cattles, ICAP, London Stock Exchange Group, Man Group, Schroders, St. James Holdings, and SVG Capital; long-term incentives for both median and 75th percentiles were assumed to be a target percentage of median base salary



# Appendix A: Proxy Analysis by Position



# CEO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation
ALLIANCEBERNSTEIN HOLDING L.P.	SANDERS, LEWIS A.	Chairman of the Board and CEO	\$4,719,749,000	\$283,250	\$0		\$283,250		\$19,325,689	\$19,608,939
BLACKROCK INC.	FINK, LAURENCE D.	Chairman and CEO	\$4,844,655,000	\$515,000	\$25,235,000		\$25,750,000		\$18,173,452	\$43,923,452
CME GROUP INC.	DONOHUE, CRAIG S.	CEO	\$1,756,101,000	\$875,500	\$1,313,250	\$875,500	\$2,188,750	\$1,751,000	\$1,301,622	\$3,490,372
CORPORATE EXECUTIVE BOARD CO	MONAHAN III, THOMAS L.	CEO	\$532,716,000	\$618,000	\$154,500	\$675,191	\$772,500	\$1,293,191	\$1,922,225	\$2,694,725
DUN & BRADSTREET CORP	ALESIO, STEVEN W.	Chairman and CEO	\$1,599,200,000	\$896,100	\$1,931,250	\$1,164,930	\$2,827,350	\$2,061,030	\$3,212,240	\$6,039,590
EATON VANCE CORP	HAWKES, JAMES B. / FAUST	Chairman of the Board and CEO	\$1,084,100,000	\$695,250	\$8,497,500		\$9,192,750		\$3,132,074	\$12,324,824
EQUIFAX INC	SMITH, RICHARD F.	Chairman and CEO	\$1,843,000,000	\$1,390,500	\$2,080,559	\$1,390,500	\$3,471,059	\$2,781,000	\$4,241,200	\$7,712,259
FACTSET RESEARCH SYSTEMS INC	HADLEY, PHILIP A.	Chairman and CEO	\$475,801,000	\$283,250	\$633,450		\$916,700		\$549,004	\$1,465,704
FAIR ISAAC CORP	GREENE, MARK N.	CEO and Dir	\$822,236,000	\$566,500	\$437,750	\$566,500	\$1,004,250	\$1,133,000	\$1,095,750	\$2,100,000
FEDERATED INVESTORS INC	DONAHUE, J. CHRISTOPHER	President and CEO	\$1,127,644,000	\$957,900	\$2,266,000		\$3,223,900		\$499,012	\$3,722,912
FRANKLIN RESOURCES INC	JOHNSON, GREGORY E.	President and CEO	\$6,205,769,000	\$803,536	\$3,244,500		\$4,048,036		\$4,011,290	\$8,059,326
INTERACTIVE DATA CORP	CLARK, STUART J.	President and Chief Executive Officer	\$689,610,000	\$584,010	\$747,008	\$525,609	\$1,331,018	\$1,109,619	\$1,039,360	\$2,370,378
INVESCO LTD.	FLANAGAN, MARTIN L.	President and CEO; Dir	\$3,878,900,000	\$813,700	\$4,892,500		\$5,706,200		\$1,550,034	\$7,256,234
MCGRAW-HILL COMPANIES INC	MCGRAW, III, HAROLD W.	Chairman, President and CEO	\$6,772,281,000	\$1,339,000	\$2,060,000	\$1,071,200	\$3,399,000	\$2,410,200	\$4,281,858	\$7,680,858
NASDAQ OMX GROUP, INC.	GREIFELD, ROBERT	President and CEO	\$2,436,592,000	\$1,030,000	\$3,914,000	\$2,060,000	\$4,944,000	\$3,090,000	\$4,683,200	\$9,627,200
NYSE EURONEXT	NIEDERAUER, DUNCAN L.	CEO and Director	\$4,158,000,000	\$1,002,500	\$2,060,000	\$2,500,000	\$3,062,500	\$3,502,500	\$2,635,543	\$5,698,043
RISKMETRICS GROUP INC	BERMAN, ETHAN	CEO and Chairman of the Board	\$240,301,000	\$309,000	\$309,000	\$309,000	\$618,000	\$618,000	\$0	\$618,000
THOMSON REUTERS CORP	HARRINGTON, RICHARD J.	President and CEO	\$7,296,000,000	\$1,489,024	\$1,569,839	\$1,489,024	\$3,058,863	\$2,978,047	\$3,009,035	\$6,067,898
VERISK ANALYTICS, INC.	COYNE, FRANK	Chairman of the Board, President, CI	\$802,200,000	\$925,614	\$2,060,000	\$2,781,000	\$2,985,614	\$3,706,614	\$0	\$2,985,614
Count			19	19	19	12	19	12	19	19
25th %ile			\$812,218,000	\$575,255	\$690,229	\$648,018	\$1,167,634	\$1,253,143	\$1,067,555	\$2,840,169
Median			\$1,756,101,000	\$813,700	\$2,060,000	\$1,118,065	\$3,058,863	\$2,235,615	\$2,635,543	\$6,039,590
Average			\$2,699,202,895	\$809,349	\$3,337,163	\$1,284,038	\$4,146,513	\$2,202,850	\$3,929,610	\$8,076,122
75th %ile			\$4,438,874,500	\$980,200	\$2,755,250	\$1,631,768	\$3,759,547	\$3,006,035	\$4,126,245	\$7,885,792
MOODY'S	McDaniel, Ray	Chairman and CEO		\$936,000	\$1,051,000	\$1,221,000	\$1,987,000	\$2,157,000	\$2,264,400	\$4,251,400

## Notes:

1. Market cash data was aged to January 1, 2009 using an annualized rate of 3.0%
2. Target compensation was excluded where target bonus was not disclosed
3. Benchmark data from Hewitt's 2008 Total Compensation Measurement (TCM) Database is not publicly available, but is reflected in the totals
4. Total cash compensation is the sum of base salary and bonus
5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)
7. Morningstar's CEO was excluded as he owns 61.4% of the company and at his request, received \$100,000 in base salary and no cash or equity incentive grant
8. UnionBanCal's CEO was excluded as a portion of his salary is paid by the Bank of Tokyo and he is not eligible for bonus or equity awards

# CFO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
ALLIANCEBERNSTEIN HOLDING L.P.	JOSEPH, JR., ROBERT H.	SVP and CFO	\$4,719,749,000	\$190,550	\$1,081,500		\$1,272,050		\$936,000	\$2,208,050	
BLACKROCK INC.	AUDET, PAUL L.	Mng Dir and CFO, Head of Cash Mgt Bus	\$4,844,655,000	\$267,800	\$2,616,200		\$2,884,000		\$2,346,303	\$5,230,303	
CME GROUP INC.	PARISI, JAMES E.	CFO	\$1,756,101,000	\$334,750	\$500,640	\$289,688	\$835,390	\$624,438	\$402,678	\$1,238,068	\$1,027,115
CORPORATE EXECUTIVE BOARD CO	YOST, TIMOTHY R.	CFO	\$532,716,000	\$412,000	\$77,250	\$207,406	\$489,250	\$619,406	\$501,450	\$990,700	\$1,120,856
DUN & BRADSTREET CORP	KONIDARIS, ANASTASIOS G.	SVP and CFO	\$1,599,200,000	\$386,250	\$362,109	\$289,688	\$748,359	\$675,938	\$492,289	\$1,240,648	\$1,168,227
EATON VANCE CORP	STEUL, WILLIAM M. / WHELAN, ROBERT J.	VP, Treasurer and CFO	\$1,084,100,000	\$324,450	\$1,287,500		\$1,611,950		\$215,057	\$1,827,007	
EQUIFAX INC	ADREAN, LEE	Corporate VP and CFO	\$1,843,000,000	\$448,050	\$376,572	\$268,830	\$824,622	\$716,880	\$851,120	\$1,675,742	\$1,568,000
FACTSET RESEARCH SYSTEMS INC	WALSH, PETER G.	SVP, CFO and Treasurer	\$475,801,000	\$262,650	\$458,350		\$721,000		\$487,985	\$1,208,985	
FAIR ISAAC CORP	OSBORNE, CHARLES M.	EVP, CFO	\$822,236,000	\$412,000	\$124,053	\$206,000	\$536,053	\$618,000	\$580,310	\$1,116,363	\$1,198,310
FEDERATED INVESTORS INC	DONAHUE, THOMAS R.	President, FII Holdings, Inc. and VP, Treasurer and	\$1,127,644,000	\$793,100	\$1,400,800		\$2,193,900		\$789,571	\$2,983,471	
FRANKLIN RESOURCES INC	LEWIS, KENNETH A.	SVP, CFO and Treasurer	\$6,205,769,000	\$407,994	\$695,250		\$1,103,244		\$113,050	\$1,216,294	
INTERACTIVE DATA CORP	HAJDUCKY III, ANDREW J.	EVP, CFO and Treasurer	\$689,610,000	\$372,860	\$289,824	\$248,548	\$662,684	\$621,408	\$355,520	\$1,018,204	\$976,928
INVESCO LTD.	STARR, LOREN M.	Sr Mng Dir and CFO (U.S.A.)	\$3,878,900,000	\$463,500	\$1,236,000		\$1,699,500		\$1,086,375	\$2,785,875	
MCGRAW-HILL COMPANIES INC	BAHASH, ROBERT J.	EVP, CFO	\$6,772,281,000	\$901,868	\$1,189,650		\$2,091,518		\$1,366,224	\$3,457,742	
MORNINGSTAR, INC.	COOLEY, SCOTT	CFO	\$435,107,000	\$201,972	\$247,200		\$449,172		\$114,296	\$563,467	
NASDAQ OMX GROUP, INC.	WARREN, DAVID P.	EVP, CFO	\$2,436,592,000	\$437,750	\$978,500	\$515,000	\$1,416,250	\$952,750	\$615,034	\$2,031,284	\$1,567,784
NYSE EURONEXT	VAN DER DOES DE WILLEBOIS, JOOST	EVP and Acting CFO	\$4,158,000,000	\$539,746	\$769,050		\$1,308,795		\$357,634	\$1,666,430	
RISKMETRICS GROUP INC	OBSTLER, DAVID	CFO	\$240,301,000	\$242,050	\$226,600		\$468,650		\$197,640	\$666,290	
THOMSON REUTERS CORP	DALEO, ROBERT D.	EVP and CFO	\$7,296,000,000	\$878,867	\$926,567	\$878,867	\$1,805,434	\$1,757,734	\$2,175,738	\$3,981,173	\$3,933,472
UNIONBANCAL CORP	MATSON, DAVID I.	Vice Chairman and CFO	\$2,992,416,000	\$494,797	\$247,200	\$399,640	\$741,997	\$894,437	\$1,269,564	\$2,011,561	\$2,164,001
VERISK ANALYTICS, INC.	ANGUILLARE, MARK	CFO, SVP	\$802,200,000	\$264,472	\$309,000	\$500,580	\$573,472	\$765,052	\$438,846	\$1,012,318	\$1,203,898
Count			21	21	21	10	21	10	21	21	10
25th %ile			\$802,200,000	\$267,800	\$289,824	\$253,619	\$662,684	\$622,166	\$357,634	\$1,116,363	\$1,132,699
Median			\$1,756,101,000	\$407,994	\$500,640	\$289,688	\$835,390	\$696,409	\$501,450	\$1,666,430	\$1,201,104
Average			\$2,605,351,333	\$430,356	\$733,325	\$380,425	\$1,163,681	\$824,604	\$747,271	\$1,910,951	\$1,592,859
75th %ile			\$4,158,000,000	\$463,500	\$1,081,500	\$475,345	\$1,611,950	\$862,090	\$936,000	\$2,208,050	\$1,567,946
MOODY'S	Huber, Linda	Executive Vice President and CFO		\$510,000	\$528,000	\$550,000	\$1,038,000	\$1,060,000	\$1,040,400	\$2,078,400	\$2,100,400

## Notes:

1. Market cash data was aged to January 1, 2009 using an annualized rate of 3.0%
2. Target compensation was excluded where target bonus was not disclosed
3. Benchmark data from Hewitt's 2008 Total Compensation Measurement (TCM) Database is not publicly available, but is reflected in the totals
4. Total cash compensation is the sum of base salary and bonus
5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)

# Group CEO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
INVESCO LTD.	TAYLOR, PHILIP A.	Sr Mng Dir and Head of NAn Retail (Canada)	\$3,878,900,000	\$664,861	\$2,790,920		\$3,455,781		\$1,799,672	\$5,255,453	
RISKMETRICS GROUP INC	MINA, JORGE	Co-Head of Risk Business	\$240,301,000	\$164,800	\$206,000		\$370,800		\$165,240	\$536,040	
INVESCO LTD.	LO, ANDREW T. S.	Sr Mng Dir and CEO of Invesco Asia Pacific	\$3,878,900,000	\$412,000	\$1,442,000		\$1,854,000		\$185,991	\$2,039,991	
NYSE EURONEXT	KINNEY, CATHERINE R	Group EVP and Head of Global Listings	\$4,158,000,000	\$772,500	\$901,250		\$1,673,750		\$784,287	\$2,458,037	
BLACKROCK INC.	KAPITO, ROBERT S.	President	\$4,844,655,000	\$412,000	\$19,232,160		\$19,644,160		\$11,027,133	\$30,671,293	
NYSE EURONEXT	FREEDBERG, HUGH	Group EVP and Head of Global Derivatives	\$4,158,000,000	\$793,100	\$1,586,200		\$2,379,300		\$677,958	\$3,057,258	
FEDERATED INVESTORS INC	FISHER, JOHN B.	President and CEO of Federated Advisory Com	\$1,127,644,000	\$628,300	\$1,977,600		\$2,605,900		\$1,146,154	\$3,752,054	
MCGRAW-HILL COMPANIES INC		PRESIDENT									
DUN & BRADSTREET CORP <sup>3</sup>		Ldr Global Solutions									
DUN & BRADSTREET CORP <sup>3</sup>		Leader International									
EQUIFAX INC <sup>3</sup>		President-NA Personal Solutions									
EQUIFAX INC <sup>3</sup>		President-USCIS									
EQUIFAX INC <sup>3</sup>		President-NA Commercial Solutions									
UNIONBANCAL CORP <sup>3</sup>		SR EVP Retail Banking									
Data pulled from Hewitt TCM database submission and is not publicly available											
		Count	12	14	14	6	14	6	14	14	6
		25th %ile	\$367,766,500	\$332,722	\$184,936	\$166,105	\$495,062	\$477,456	\$332,659	\$886,513	\$872,275
		Median	\$1,916,737,500	\$410,500	\$638,424	\$196,320	\$1,281,024	\$529,553	\$646,454	\$1,849,197	\$898,518
		Average	\$2,218,732,167	\$486,370	\$2,162,332	\$208,582	\$2,648,702	\$550,685	\$1,406,139	\$4,054,841	\$1,000,549
		75th %ile	\$3,948,675,000	\$655,721	\$1,550,150	\$220,362	\$2,247,975	\$587,631	\$1,055,687	\$3,019,662	\$1,132,586
MOODY'S	Madelain, Michel	Chief Operating Officer, Moody's Investors Service		\$545,000	\$366,668	\$551,500	\$911,668	\$1,096,500	\$765,000	\$1,676,668	\$1,861,500
MOODY'S	Almeida, Mark	President, Moody's Analytics		\$450,000	\$401,000	\$440,000	\$851,000	\$890,000	\$765,000	\$1,616,000	\$1,655,000

## Notes:

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3. Benchmark data from Hewitt's 2008 Total Compensation Measurement (TCM) Database is not publicly available, but is reflected in the totals
4. Total cash compensation is the sum of base salary and bonus
5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)

# General Counsel

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
MCGRAW-HILL COMPANIES INC	VITTOR, KENNETH M.	EVP and General Counsel	\$6,772,281,000	\$549,505	\$562,380		\$1,111,885		\$752,938	\$1,864,823	
VERISK ANALYTICS, INC.	THOMPSON, KENNETH	SVP, Gen Counsel, Corp Sec	\$802,200,000	\$365,650	\$309,000	\$667,440	\$674,650	\$1,033,090	\$404,520	\$1,079,170	\$1,437,610
EQUIFAX INC	MAST, KENT E.	Corporate VP and Chief Legal Officer	\$1,843,000,000	\$403,760	\$337,597	\$242,256	\$741,357	\$646,016	\$333,840	\$1,075,197	\$979,856
NASDAQ OMX GROUP, INC.	KNIGHT, EDWARD	EVP, Gen Counsel and Chief Reg Officer	\$2,436,592,000	\$437,750	\$978,500	\$515,000	\$1,416,250	\$952,750	\$615,034	\$2,031,284	\$1,567,784
EATON VANCE CORP	DYNNER, ALAN R. / PELLETIER	VP, Secretary and Chief Legal Officer	\$1,084,100,000	\$324,450	\$1,648,000		\$1,972,450		\$334,281	\$2,306,731	
CME GROUP INC. <sup>3</sup>		MD General Counsel & Corp Secr	\$1,756,101,000								
DUN & BRADSTREET CORP <sup>3</sup>		Leader Legal	\$1,599,200,000		Data pulled from Hewitt TCM database submission and is not publicly available						
UNIONBANCAL CORP <sup>3</sup>		SR EVP and General Counsel	\$2,992,416,000								
Count			8	8	8	6	8	6	8	8	6
25th %ile			\$1,470,425,000	\$334,750	\$316,149	\$240,741	\$691,327	\$641,976	\$333,950	\$1,076,190	\$971,592
Median			\$1,799,550,500	\$384,705	\$449,988	\$378,628	\$926,621	\$799,383	\$369,401	\$1,471,997	\$1,208,733
Average			\$2,410,736,250	\$394,061	\$673,329	\$415,223	\$1,085,792	\$815,428	\$459,593	\$1,545,385	\$1,233,013
75th %ile			\$2,575,548,000	\$429,253	\$874,470	\$553,110	\$1,340,159	\$972,835	\$562,405	\$1,989,669	\$1,470,153
MOODY'S	Goggins, John	Senior Vice President—General Counsel		\$400,000	\$281,000	\$320,800	\$681,000	\$720,800	\$612,000	\$1,293,000	\$1,332,800

## Notes:

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5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)

# CIO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
CORPORATE EXECUTIVE BOARD	C TOBIN, PH.D., GLENN I	General Manager	\$532,716,000	\$489,250	\$46,350	\$242,791	\$535,600	\$732,041	\$835,750	\$1,371,350	\$1,567,791
DUN & BRADSTREET CORP	VIELEHR, BYRON C.	SVP, Tech and CIO	\$1,599,200,000	\$386,250	\$482,813	\$309,000	\$869,063	\$695,250	\$636,599	\$1,505,661	\$1,331,849
FAIR ISAAC CORP	NANN, BERNHARD	SVP, Chief Tech Officer	\$822,236,000	\$309,000	\$77,250	\$154,500	\$386,250	\$463,500	\$331,610	\$717,860	\$795,110
FRANKLIN RESOURCES INC	BOLT, JENNIFER J.	EVP-Ops and Tech	\$6,205,769,000	\$463,500	\$978,500		\$1,442,000		\$414,989	\$1,856,989	
NASDAQ OMX GROUP, INC.	EWING, ANNA M.	EVP of Ops & Tech and CIO	\$2,436,592,000	\$386,250	\$735,420	\$515,000	\$1,121,670	\$901,250	\$709,670	\$1,831,340	\$1,610,920
THOMSON REUTERS CORP	WILENS, MICHAEL E.	EVP and Chief Tech Officer	\$7,296,000,000	\$808,153	\$852,016	\$808,153	\$1,660,169	\$1,616,307	\$2,000,706	\$3,660,875	\$3,617,012
		Count	6	6	6	5	6	5	6	6	5
		25th %ile	\$1,016,477,000	\$386,250	\$178,641	\$242,791	\$618,966	\$695,250	\$470,392	\$1,404,928	\$1,331,849
		Median	\$2,017,896,000	\$424,875	\$609,116	\$309,000	\$995,366	\$732,041	\$673,134	\$1,668,501	\$1,567,791
		Average	\$3,148,752,167	\$473,734	\$528,725	\$405,889	\$1,002,459	\$881,669	\$821,554	\$1,824,013	\$1,784,536
		75th %ile	\$5,263,474,750	\$482,813	\$822,867	\$515,000	\$1,361,918	\$901,250	\$804,230	\$1,850,577	\$1,610,920

## Notes:

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2. Target compensation was excluded where target bonus was not disclosed
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4. Total cash compensation is the sum of base salary and bonus
5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)

# Division CEO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
FRANKLIN RESOURCES INC	YUN, WILLIAM Y.	EVP-Institutional	\$6,205,769,000	\$540,750	\$927,000		\$1,467,750		\$345,841	\$1,813,591	
INVESCO LTD.	YERBURY, ROBERT J.	Sr Mng Dir and Head of UK Retail (U.K.)	\$3,878,900,000	\$676,287	\$2,993,404		\$3,669,690		\$1,024,648	\$4,694,338	
NYSE EURONEXT	THEODORE, JEAN-FRANCOIS	Deputy CEO, Head of Strategy and Dir	\$4,158,000,000	\$839,605	\$1,505,644		\$2,345,248		\$699,542	\$3,044,790	
THOMSON REUTERS CORP	ROWLANDS, SHARON	President and CEO, Thomson Financial	\$7,296,000,000	\$844,016	\$1,721,130	\$1,688,032	\$2,565,146	\$2,532,048	\$1,278,628	\$3,843,774	\$3,810,676
EATON VANCE CORP	RICHARDSON, DUNCAN W.	EVP and Chief Equity Invest Officer	\$1,084,100,000	\$360,500	\$4,223,000		\$4,583,500		\$1,566,037	\$6,149,537	
MORNINGSTAR, INC.	REINKEMEYER, PATRICK	President of Morningstar Associates	\$435,107,000	\$231,750	\$1,112,400		\$1,344,150		\$467,508	\$1,811,658	
BLACKROCK INC.	NOVICK, BARBARA G.	Vice Chairman	\$4,844,655,000	\$309,000	\$6,180,000		\$6,489,000		\$4,998,987	\$11,487,987	
FEDERATED INVESTORS INC	MALONEY, EUGENE F.	VP and EVP, Federated Investors Mgt Compa	\$1,127,644,000	\$875,500	\$1,153,600		\$2,029,100		\$446,026	\$2,475,126	
RISKMETRICS GROUP INC	LEGGETT, RICHARD	Head of Governance Business	\$240,301,000	\$300,000	\$247,200		\$547,200		\$354,430	\$901,630	
FACTSET RESEARCH SYSTEMS INC	KENNEDY, KIERAN M.	SVP, Dir of Invest Banking and Brokerage Svcs	\$475,801,000	\$242,050	\$375,950		\$618,000		\$396,497	\$1,014,497	
INTERACTIVE DATA CORP	HEPSWORTH, MARK	President, Institutional Business	\$689,610,000	\$334,750	\$234,928	\$178,523	\$569,678	\$513,273	\$407,900	\$977,578	\$921,173
MORNINGSTAR, INC.	GILLIS ODELBO, CATHERINE	President, Individual Business	\$435,107,000	\$231,750	\$453,200		\$684,950		\$278,420	\$963,370	
FACTSET RESEARCH SYSTEMS INC	FRANKENFIELD, MICHAEL D.	SVP and Dir of U.S. Invest Mgt Svcs	\$475,801,000	\$272,950	\$473,800		\$746,750		\$487,985	\$1,234,735	
ALLIANCEBERNSTEIN HOLDING L.P.	FEDAK, MARILYN G.	EVP	\$4,719,749,000	\$164,800	\$4,120,000		\$4,284,800		\$6,606,000	\$10,890,800	
ALLIANCEBERNSTEIN HOLDING L.P.	FAY, SHARON E.	EVP	\$4,719,749,000	\$164,800	\$4,017,000		\$4,181,800		\$6,426,000	\$10,607,800	
BLACKROCK INC.	DOLL, ROBERT C.	Vice Chairman	\$4,844,655,000	\$412,000	\$21,630,000		\$22,042,000		\$6,935,820	\$28,977,820	
NASDAQ OMX GROUP, INC.	CONCANNON, CHRISTOPHER R.	EVP of Transaction Svcs	\$2,436,592,000	\$386,250	\$784,860	\$515,000	\$1,171,110	\$901,250	\$946,197	\$2,117,307	\$1,847,447
BLACKROCK INC.	BULLER, STEVEN E.	Mng Dir, Head of Acctng Policy and Controls	\$4,844,655,000	\$267,800	\$1,570,750		\$1,838,550		\$1,661,012	\$3,499,562	
UNIONBANCAL CORP	BOURNE, JOANN M.	EVP	\$2,992,416,000	\$358,123	\$164,800	\$252,350	\$522,923	\$610,473	\$438,487	\$961,410	\$1,048,960
VERISK ANALYTICS, INC.	BOEHNING, RICHARD	SVP	\$802,200,000	\$311,377	\$103,000	\$565,470	\$414,377	\$876,847	\$444,972	\$859,349	\$1,321,819
RISKMETRICS GROUP INC	BERMAN, GREGG	Co-Head of Risk Business	\$240,301,000	\$195,700	\$206,000		\$401,700		\$165,240	\$566,940	
FRANKLIN RESOURCES INC	ADVANI, VIJAY C.	EVP-Global Advisor Svcs	\$6,205,769,000	\$540,750	\$1,545,000		\$2,085,750		\$714,698	\$2,800,448	
MCGRAW-HILL COMPANIES INC <sup>3</sup>		PRESIDENT									
MCGRAW-HILL COMPANIES INC <sup>3</sup>		PRESIDENT									
MCGRAW-HILL COMPANIES INC <sup>3</sup>		EXEC VP-GROUP PUBLISHER									
DUN & BRADSTREET CORP <sup>3</sup>		Leader MDR									
DUN & BRADSTREET CORP <sup>3</sup>		Ldr Traditional S&MS									
		Count	27	27	27	7	27	7	27	27	7
		25th %ile	\$435,107,000	\$254,925	\$198,053	\$158,715	\$535,061	\$464,996	\$350,136	\$923,935	\$750,083
		Median	\$1,084,100,000	\$311,377	\$784,860	\$252,350	\$1,171,110	\$610,473	\$446,026	\$1,811,658	\$1,048,960
		Average	\$2,377,205,333	\$390,091	\$2,081,674	\$487,431	\$2,471,765	\$876,431	\$1,415,653	\$3,887,418	\$1,408,657
		75th %ile	\$4,719,749,000	\$457,024	\$1,645,940	\$540,235	\$2,455,197	\$889,049	\$1,151,638	\$3,671,668	\$1,584,633

Data pulled from Hewitt TCM database submission and is not publicly available

## Notes:

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# Human Resources

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
EQUIFAX INC	RUSHING, CORETHA M.	Corporate VP and Chief HR Officer	\$1,843,000,000	\$412,000	\$343,631	\$247,200	\$755,631	\$659,200	\$712,760	\$1,468,391	\$1,371,960
MCGRAW-HILL COMPANIES INC	MURPHY, DAVID L.	EVP HR	\$6,772,281,000	\$638,291	\$846,248		\$1,484,539		\$827,423	\$2,311,962	
CORPORATE EXECUTIVE BOARD CO	JONES, MELODY L.	Chief HR Officer	\$532,716,000	\$442,900	\$103,000	\$221,122	\$545,900	\$664,022	\$668,600	\$1,214,500	\$1,332,622
FAIR ISAAC CORP	DEAL, RICHARD S.	SVP, Chief HR Officer	\$822,236,000	\$278,100	\$114,176	\$139,050	\$392,276	\$417,150	\$414,521	\$806,796	\$831,671
DUN & BRADSTREET CORP <sup>3</sup>		Leader HR & Winning Culture	\$1,599,200,000								
UNIONBANCAL CORP <sup>3</sup>		EVP and Director--Human Resources	\$2,992,416,000								
Data pulled from Hewitt TCM database submission and is not publicly available											
		Count	6	6	6	5	6	5	6	6	5
		25th %ile	\$1,599,200,000	\$337,425	\$143,150	\$186,604	\$480,575	\$509,198	\$414,521	\$806,796	\$850,535
		Median	\$1,843,000,000	\$383,438	\$343,631	\$224,828	\$755,631	\$599,540	\$551,394	\$1,382,176	\$1,049,203
		Average	\$2,805,826,600	\$409,851	\$378,910	\$223,864	\$788,760	\$576,605	\$564,608	\$1,353,369	\$1,075,509
		75th %ile	\$2,992,416,000	\$412,000	\$447,344	\$262,088	\$830,782	\$666,947	\$712,760	\$1,468,391	\$1,274,177

- Notes:
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  4. Total cash compensation is the sum of base salary and bonus
  5. Total compensation is the sum of long-term incentive (LTI) plus cash
  6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)

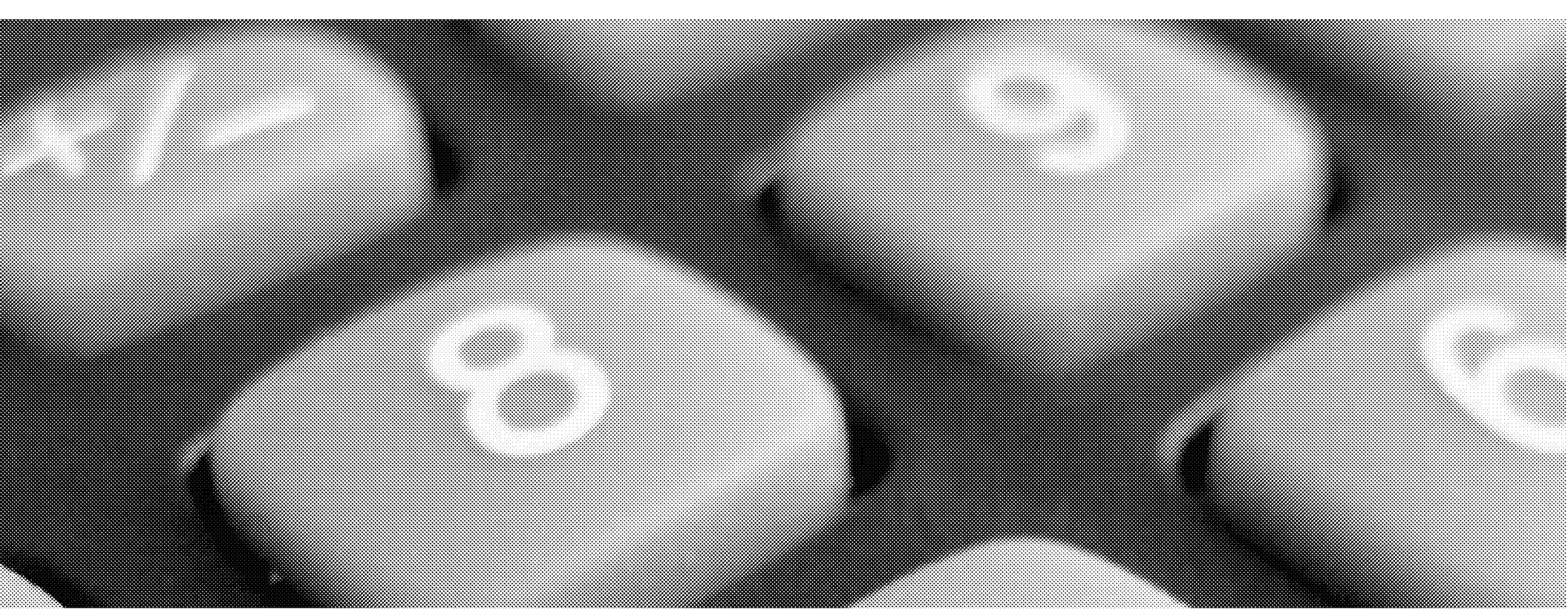
# COO

Company	Executive	Title	Revenues	Base Salary	Actual Bonus	Target Bonus	Total Cash Compensation	Target Total Cash Compensation	Long-Term Incentives	Total Compensation	Target Total Compensation
ALLIANCEBERNSTEIN HOLDING L.P.	LIEBERMAN, GERALD M.	Dir, President and COO	\$4,719,749,000	\$206,000	\$4,171,500		\$4,377,500		\$6,615,000	\$10,992,500	
CME GROUP INC.	GILL, PHUPINDER S.	President	\$1,756,101,000	\$618,000	\$927,000	\$463,500	\$1,545,000	\$1,081,500	\$541,041	\$2,086,041	\$1,622,541
DUN & BRADSTREET CORP	MATHEW, SARA	President and COO	\$1,599,200,000	\$576,800	\$1,036,438	\$663,320	\$1,613,238	\$1,240,120	\$1,838,905	\$3,452,143	\$3,079,025
FACTSET RESEARCH SYSTEMS INC	DICHRISTINA, MICHAEL F.	President, COO and Dir	\$475,801,000	\$283,250	\$633,450		\$916,700		\$549,004	\$1,465,704	
FAIR ISAAC CORP	CAMPBELL, MICHAEL H.	EVP, COO	\$822,236,000	\$386,250	\$104,895	\$193,125	\$491,145	\$579,375	\$803,344	\$1,294,489	\$1,382,719
INTERACTIVE DATA CORP	KING, JOHN L.	COO, COO of FT Interactive Data	\$689,610,000	\$357,410	\$277,815	\$238,249	\$635,225	\$595,659	\$407,900	\$1,043,125	\$1,003,559
MORNINGSTAR, INC.	HUANG, TAO	COO	\$435,107,000	\$309,000	\$1,071,200		\$1,380,200		\$671,288	\$2,051,488	
THOMSON REUTERS CORP	SMITH, JAMES C.	EVP and COO	\$7,296,000,000	\$808,153	\$852,016	\$808,153	\$1,660,169	\$1,616,307	\$2,000,706	\$3,660,875	\$3,617,012
UNIONBANCAL CORP	FL YNN, PHILIP B.	Vice Chairman and COO	\$2,992,416,000	\$689,308	\$515,000	\$695,250	\$1,204,308	\$1,384,558	\$2,539,128	\$3,743,436	\$3,923,686
VERISK ANAL YTICS, INC.	STEPHENSON, SCOTT	COO, EVP	\$802,200,000	\$432,406	\$618,000	\$778,680	\$1,050,406	\$1,211,086	\$1,051,752	\$2,102,158	\$2,262,838
Count			10	10	10	7	10	7	10	10	7
25th %ile			\$717,757,500	\$321,103	\$540,750	\$350,875	\$950,127	\$838,580	\$579,575	\$1,612,150	\$1,502,630
Median			\$1,210,718,000	\$409,328	\$742,733	\$663,320	\$1,292,254	\$1,211,086	\$927,548	\$2,094,100	\$2,262,838
Average			\$2,158,842,000	\$466,658	\$1,020,731	\$548,611	\$1,487,389	\$1,101,229	\$1,701,807	\$3,189,196	\$2,413,054
75th %ile			\$2,683,337,250	\$607,700	\$1,009,078	\$736,965	\$1,596,178	\$1,312,339	\$1,960,255	\$3,608,692	\$3,348,019

## Notes:

1. Market cash data was aged to January 1, 2009 using an annualized rate of 3.0%
2. Target compensation was excluded where target bonus was not disclosed
3. Benchmark data from Hewitt's 2008 Total Compensation Measurement (TCM) Database is not publicly available, but is reflected in the totals
4. Total cash compensation is the sum of base salary and bonus
5. Total compensation is the sum of long-term incentive (LTI) plus cash
6. LTI is the present value of the most recent awards (stock options, performance shares, restricted stock)





# Appendix B: Study Methodology

# Study Methodology—Components of Pay

- The following components of pay were reviewed in this analysis:
  - Salary
  - Target & Actual Bonus
  - Target & Actual Total Cash (salary plus bonus)
  - Long-term Incentives (LTI) (grant date value of most recent grant)
  - Target & Actual Total Direct Compensation (total cash plus LTI)
- Moody's compensation reflects:
  - Current compensation (base salary, target and actual bonus, and long-term incentives)
  - Moody's LTI awards (stock options and restricted stock) have been valued in the following manner:
    - > Stock options using the Black-Scholes option pricing model
      - Note: Valued using full term assumptions (not expected life as is used for FAS 123R purposes) for both Moody's and the external market
    - > Restricted stock at a discount to face value (to incorporate the impact of the vesting schedule and the likelihood of turnover during the vesting period)

# Study Methodology—Proxy Data

## Proxy Company Data

- For base salary, annual bonus, and total cash, data was taken from the most recent proxy
- LTI grant information was also taken from the most recent proxy (generally grants made in 2007). Awards were valued as follows:
  - Stock options: Black-Scholes methodology with adjustments for program specific features such as vesting schedule and treatment upon termination
  - Restricted stock: Face value at date of grant with adjustments for risk of forfeiture, treatment upon termination, and dividend policy
  - Performance plans: Target face value at date of grant with adjustments for risk of forfeiture, treatment upon termination, and program leverage
  - One-time, special awards were annualized over a period of 5 years
- Cash compensation aged to 1/1/2009 at 3.0% annually

# Study Methodology—Hewitt TCM Data

## Hewitt TCM Data

- Data derived from “Financial Services” companies: selected banking, diversified financial, and business services companies
- Data size-adjusted to reflect revenue scope of responsibility for Moody’s incumbents
- Analysis is based on “target” compensation: base salary, annual target bonus, and most recent actual LTI awards
- LTI valuation methodology consistent with proxy analysis
- Data collected as of 4/1/2008
- Cash compensation aged to 1/1/2009 at 3.0% annually

# Study Methodology—Data Sources

## Peer Groups and Data Sources

Element	Proxy Analysis	Survey Analysis
<b>Peer Group</b>	Proxy Peers: <ul style="list-style-type: none"> <li>Group of 21 competitors approved by the Compensation Committee</li> </ul>	Custom Extraction from Hewitt Total Compensation Measurement™ (TCM™) Database: <ul style="list-style-type: none"> <li>Financial services (including banks), diversified financials, and business services companies</li> </ul>
<b>Data Source</b>	<ul style="list-style-type: none"> <li>Public disclosures; proxy statements</li> <li>Some peer company non-NEO data from Hewitt TCM Database, as indicated</li> </ul>	<ul style="list-style-type: none"> <li>Hewitt TCM database</li> </ul>
<b>Job Matching</b>	<ul style="list-style-type: none"> <li>CEO, CEO's direct reports, and one other position (Head of Structured Finance)</li> </ul>	<ul style="list-style-type: none"> <li>CEO, CEO's direct reports, and one other position (Head of Structured Finance), as reference, in the Appendix</li> </ul>
<b>Data Analysis/Method of Presentation</b>	<ul style="list-style-type: none"> <li>Tabular data, by individual, with percentiles</li> <li>Raw statistics (peer group similar to Moody's in terms of size on average)</li> </ul>	<ul style="list-style-type: none"> <li>Aggregated tabular data with percentiles</li> <li>Regressed statistics (peer companies generally larger than Moody's; regression analysis used to "size adjust" the data)</li> </ul>

# Study Methodology—Proxy Peer Group

Name	Industry	HQ (State)	Employees	Revenue (2007)	Mkt Cap (June 2008)
ALLIANCEBERNSTEIN HOLDING LP	Asset Management & Custody Banks	NY	5,580	\$415	\$4,779
BLACKROCK INC	Asset Management & Custody Banks	NY	5,952	\$4,845	\$20,852
CME GROUP INC	Specialized Finance	IL	1,970	\$1,951	\$20,889
CORPORATE EXECUTIVE BRD CO	Diversified Commercial & Professional Services	VA	2,440	\$533	\$1,434
DUN & BRADSTREET CORP	Diversified Commercial & Professional Services	NJ	4,900	\$1,599	\$4,891
EATON VANCE CORP	Asset Management & Custody Banks	MA	953	\$1,084	\$4,589
EQUIFAX INC	Diversified Commercial & Professional Services	GA	7,000	\$1,843	\$4,354
FACTSET RESEARCH SYSTEMS INC	Application Software	CT	1,653	\$476	\$2,705
FAIR ISAAC CORP	Application Software	MN	2,824	\$822	\$1,010
FEDERATED INVESTORS INC	Asset Management & Custody Banks	PA	1,270	\$1,128	\$3,509
FRANKLIN RESOURCES INC	Asset Management & Custody Banks	CA	8,699	\$6,439	\$21,663
INTERACTIVE DATA CORP	Publishing	MA	2,304	\$690	\$2,363
INVESCO LTD	Asset Management & Custody Banks	GA	5,475	\$3,879	\$9,297
MCGRAW-HILL COMPANIES	Publishing	NY	21,171	\$6,772	\$12,891
MORNINGSTAR INC	Publishing	IL	1,720	\$435	\$3,292
NASDAQ OMX GROUP INC	Specialized Finance	NY	891	\$2,437	\$5,301
NYSE EURONEXT	Specialized Finance	NY	3,083	\$4,188	\$13,425
RISKMETRICS GROUP INC	Asset Management & Custody Banks	NY	1,040	\$240	\$1,188
THOMSON-REUTERS CORP (CDN)	Publishing	NY	ND	\$7,296	\$20,675
UNIONBANCAL CORP	Regional Banks	CA	9,811	\$3,861	\$5,578
VERISK ANALYTICS INC -REDH		NJ	3,404	\$802	@NA
<b>Median</b>			2,953	\$1,599	\$4,835
<b>Average</b>			4,607	\$2,464	\$8,234
<b>MOODY'S CORP</b>	<b>Specialized Finance</b>	NY	3,600	<b>\$2,259</b>	<b>\$8,427</b>

Count=21

## Study Methodology—Position Matches, Proxy Analysis

- The following matches provided the basis for the proxy analysis:

Executive	Title	Proxy Match
R. McDaniel	Chairman and Chief Executive Officer	CEO (Corporate)
L. Huber	Executive Vice President and Chief Financial Officer	CFO
M. Madelain	Chief Operating Officer, Moody's Investors Service	CEO (Group)
M. Almeida	President, Moody's Analytics	CEO (Group)
J. Goggins	Senior Vice President—General Counsel	General Counsel

- Data was also reviewed from the Hewitt TCM database for all of these Moody's roles
- The Hewitt TCM position matches for each Moody's executive are found on the next page

# Study Methodology—Position Matches, TCM Analysis

Moody's Title	Incumbent	Proxy/TCM Database Match	Number of Incumbents (n=)	
			Proxy Peer Group <sup>1</sup>	TCM <sup>2</sup>
Chairman and CEO	McDaniel	CEO (Corporate)	19	28
EVP, CFO	Huber	CFO	21	27
COO, MIS	Madelain	CEO (Group)/Sector Head	12	48
President, MA	Almedia	CEO (Group)/Sector Head	12	48
SVP, GC	Goggins	General Counsel	8	27

<sup>1</sup> All of these roles were also matched to proxy data. Some non-NEO proxy matches were pulled from the Hewitt TCM Database submissions from the proxy peer group companies (i.e., HR and GC matches that were not in the "Top 5")

<sup>2</sup> All TCM data is regressed to size of the Moody's business for which the incumbent is responsible. Corporate scope is \$2,259 million