1. Executive Summary

The 2006 Risk Talent Associates Professional Compensation Survey – Energy reveals that total compensation grew an average of 5% in 2005 over 2004 for risk professionals in the energy industry. This year’s survey includes salary information submitted by almost eighty professionals from major corporations across the energy industry.

The survey illustrates that both salaries and bonuses increase commensurate with more senior titles and longer tenure. Cash bonuses as a percentage of overall compensation in 2005 are twice as high for more senior positions (33-35% for Director, Vice President, Managing Director or Chief Risk Officer) than junior to mid-level positions (13-17% for Associate, Analyst, Manager and Principal).

Figure 1: Total Compensation, Salary and Bonus by Title (US Dollars)

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<tbody>
<tr>
<td>Associate/Analyst</td>
<td>22%</td>
<td>$86,000</td>
<td>$90,000</td>
<td>$75,000</td>
<td>$78,000</td>
<td>$11,000</td>
<td>$12,000</td>
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<td>Manager/Principal</td>
<td>36%</td>
<td>$136,000</td>
<td>$153,000</td>
<td>$112,000</td>
<td>$127,000</td>
<td>$24,000</td>
<td>$26,000</td>
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<tr>
<td>Director</td>
<td>19%</td>
<td>$205,000</td>
<td>$215,000</td>
<td>$135,000</td>
<td>$140,000</td>
<td>$70,000</td>
<td>$75,000</td>
<td>$38,000</td>
<td>$61,000</td>
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<tr>
<td>Vice President/SVP</td>
<td>9%</td>
<td>$251,000</td>
<td>$269,000</td>
<td>$164,000</td>
<td>$174,000</td>
<td>$87,000</td>
<td>$95,000</td>
<td>$75,000</td>
<td>$81,000</td>
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<tr>
<td>MD/CRO</td>
<td>9%</td>
<td>$307,000</td>
<td>$316,000</td>
<td>$205,000</td>
<td>$212,000</td>
<td>$102,000</td>
<td>$104,000</td>
<td>$42,000</td>
<td>$44,000</td>
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Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of respondents for each category listed as “% Resp”. Insufficient data reported as “**”. Abbreviations: Senior Vice President (SVP), Managing Director (MD), Chief Risk Officer (CRO).

Figure 2: Total Compensation, Salary and Bonus by Years of Experience (US Dollars)

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<tbody>
<tr>
<td>0-6 years</td>
<td>34%</td>
<td>$102,000</td>
<td>$109,000</td>
<td>$87,000</td>
<td>$91,000</td>
<td>$15,000</td>
<td>$18,000</td>
<td>**</td>
<td>**</td>
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<tr>
<td>7-15 years</td>
<td>42%</td>
<td>$219,000</td>
<td>$250,000</td>
<td>$134,000</td>
<td>$142,000</td>
<td>$37,000</td>
<td>$40,000</td>
<td>$48,000</td>
<td>$68,000</td>
</tr>
<tr>
<td>16+ years</td>
<td>25%</td>
<td>$290,000</td>
<td>$310,000</td>
<td>$154,000</td>
<td>$166,000</td>
<td>$92,000</td>
<td>$94,000</td>
<td>$44,000</td>
<td>$50,000</td>
</tr>
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Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of respondents for each category listed as “% Resp”. Insufficient data reported as “**”.

Approximately 22% of survey respondents reported changing jobs within the last two years. This trend is lower than the 30% rate reported in asset management but higher than the 17% rate reported in capital markets, according to salary surveys conducted by Risk Talent Associates earlier this year. Of those respondents who changed jobs, approximately 70% came from within the energy industry and 30% came from major corporations and consultancies.

2. Trends in Geography, Company Size and Risk Type

Energy risk professionals from global locations (10% of respondents) and the northeastern United States (7% of respondents) report the highest total compensation in 2005. Energy risk professionals in the US South/Southeast (31% of respondents) and US Mid-Atlantic (10% of respondents) are compensated the next highest. The lowest compensated individuals in the energy risk arena are from the US West (10% of respondents) and US Mid-West (31% of respondents).
The survey also shows that total compensation and salary for energy risk professionals are highest at mid-size companies (20-50 risk professionals), compared to large organizations (more than 50 risk professionals) and small organizations (20 or less risk professionals).

Figure 3: 2005 Total Compensation, Salary and Bonus by Size of Organization (US Dollars)

Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.
Notes: Total compensation does not include non-cash bonus numbers. Percentage of respondents for each category listed in brackets (%). Insufficient data reported as "**".

Lastly, the survey demonstrates that those professionals who focus on enterprise risk receive the highest total compensation, followed by those who focus on credit risk, market risk and operational risk. As expected, the majority (43%) of respondents focus on market risk and the minority (5%) on financial compliance.

Figure 4: 2005 Total Compensation, Salary and Bonus by Risk Type (US Dollars)

Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.
Notes: Total compensation does not include non-cash bonus numbers. Percentage of respondents for each category listed in brackets (%). Insufficient data reported as "**".
3. Survey Methodology

The 2006 Risk Talent Associates Professional Compensation Survey – Energy was conducted during June 2006 using Survey Monkey Internet survey software. E-mail invitations were sent to risk consulting professionals in the Risk Talent Associates corporate database, with responses from 77 professionals. The survey collected 2005 and 2004 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation) levels. Survey respondents were asked to identify their years of experience, title, type of risk focus (market, credit, operational, risk technology and financial compliance), geographic location, and size (based on the number of risk professionals in their organization).

About Risk Talent Associates

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

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