

1. Executive Summary

The **2005 Risk Talent Associates Professional Compensation Survey – Energy** demonstrates an average growth of 5% in total compensation and salaries over the previous year for risk professionals in the energy industry. Over fifty professionals participated in the survey, representing a wide array of titles, tenure and geographies.

Cash bonuses as a percentage of overall compensation in 2005 are twice as high for more senior positions (28-37% for Director, Vice President, Senior Vice President, Managing Director or Chief Risk Officer) than junior positions (14-16% for Associate, Analyst, Manager and Consultant). There was insufficient data to measure the impact of non-cash bonuses on overall compensation.

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

ENERGY	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
	2004	2005	2004	2005	2004	2005	2004	2005
Associate/Analyst (21%)	\$ 86,000	\$ 91,000	\$ 75,000	\$ 78,000	\$ 11,000	\$ 13,000	**	**
Manager/Consultant (39%)	\$ 144,000	\$ 161,000	\$ 120,000	\$ 135,000	\$ 24,000	\$ 26,000	**	**
Director (22%)	\$ 208,000	\$ 212,000	\$ 136,000	\$ 139,000	\$ 72,000	\$ 73,000	**	**
VP/SVP (12%)	\$ 221,000	\$ 243,000	\$ 165,000	\$ 175,000	\$ 56,000	\$ 68,000	**	**
MD/CRO (6%)	\$ 274,000	\$ 287,000	\$ 170,000	\$ 180,000	\$ 104,000	\$ 107,000	**	**

Source: Risk Talent Associates Salary Survey 2005. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of overall respondents indicated by “%”. Insufficient data reported as “**”.

Abbreviations: Vice President (VP), Senior Vice President (SVP), Managing Director (MD), Chief Risk Officer (CRO).

Other conclusions from the survey include:

- Total compensation in 2005 for executives with 0-6 years of experience was an average of \$115,000, compared to \$181,000 for 7-15 years of experience, and \$251,000 for 16 or more years of experience. Both salaries and bonuses increase commensurate with tenure.
- Approximately 25% of survey respondents reported changing jobs within the last two years, a trend that is consistent with the 25-30% rate reported in previous salary surveys conducted by Risk Talent Associates in asset management and technology. Of those respondents who changed jobs, over 76% came from within the energy industry.
- Total compensation and salary for energy risk professionals is higher at small to mid-size companies (up to 50 risk professionals), compared to large organizations (more than 50 risk professionals).
- Although energy risk professionals in global locations represented only 10% of survey respondents, they receive the highest total compensation in 2005, followed by those in the US South/Southeast. The majority of survey respondents work in the US South/Southeast and US Mid-West, at 37% and 31% respectively, followed by US West at 10% and less than 6% for each of the US Mid-Atlantic and Northeast regions.

- Approximately half of the energy risk professionals in the survey indicate they focus on all types of risk versus a single type of risk (market, credit or operational). Among the half who focus on a single type of risk, 87% focus on market risk.

Survey Methodology

The **2005 Risk Talent Associates Professional Compensation Survey – Energy** was conducted between June 16 and July 12, 2005 using Survey Monkey Internet survey software. E-mail invitations to participate in the survey were sent to risk consulting professionals in the Risk Talent Associates corporate database. Responses were received from 59 professionals.

The survey collected information on 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, size of company (based on the number of risk professionals in their organization) and type of company.

Risk Talent Associates, an executive search firm focused on risk management, is conducting a series of risk compensation surveys in 2005 across four market segments: capital markets, asset management, compliance and other fields (software, consulting, energy and corporate).

About Risk Talent Associates

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

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