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QUARTERLY MARKET SUMMARY IN REVIEW
QUARTER 4 2009

1. OVERVIEW OF THE MARKET –CONSULTANT'S CORNER

2009 was the end of a year and the end of a decade. The New York Times stated, "This was the year that Wall Street turned a crash into a bang". Last years' performance reflected a significant recovery from an economic crisis and a market panic as reported by market experts. Though there has been no official declaration that the recession has ended, most economic indicators signal that the economy has been improving since the middle of 2009.

Although there are some concerns over new regulatory limits in commercial trading business, the overall movement in our space is positive. We have experienced a 32% increase in hiring mandates Q4 '09 compared to Q4 '08 and an overall increase in the last quarter for 2009. The majority of expanding/building and hiring for our firm have included oil, coal and emissions front and mid office. We are affiliated with over 200 offices across the globe which has an energy practice.

There have been several indicators, reports and analyzing of the shifts and growth in the market by experts. Many analysts attribute the strengthening of commercial energy trading business within commercial banks' to the repayment of TARP funds. Institutions which received such funds have repaid $147 billion of the $331 billion invested.

2. TRENDS IN NORTH AMERICA HIRING

Several factor impact global and domestic energy trading organizations' decisions relative to within building and hiring existing teams as well as branching into new business/product platforms. Major factors include the global price volatility, counterparty credit concerns, potential new compliance/limits on position and the balance of hiring with the right budgets. Although there is much more optimism in the market, the above factors are still holding back a more reserved approach to hiring.

There is pressure on executives to build/maintain confidence of investors, board and regulatory committees while keeping momentum of profitable core business. From a talent acquisition perspective, executives/managers making hiring and retention decisions have a challenging dilemma: How to take advantage of the hiring environment which is a "buyers' market" with mitigated risk. Some managers are securing front office and mid office on a lighter scale while looking for the most promise of profitability in talent. The budgets which include balanced risk are getting the best results. This plays out in commercial trading offer and/or head of Business as follows: Best results are negotiating a healthy guarantee to offset the expected bonus and long term earning incentives/retention compensation left behind whilst ensuring there is "buy in" long term to the organizations' long term platform. As the global economic recovery eventually takes place, it is essential energy trading organizations are in a position to capitalize on market changes. The key to all this rests with the first correct decision: Having the right talent in key decision-making seats. This is why search and hiring is so very crucial to building a profitable platform in such a unique market.

3. RENEWABLE ENERGY TRENDS

The JRP Group launched a renewable energy practice Q3 2009 as a response to the growing need of power and energy organizations to build/expand their talent in this area.

The renewable energy market in North America has seen an increase in the investment and building of markets including: geothermal, bioenergy, wind power, solar and hydro power in 2009 at a steady increase. The renewable energy space involves many political, economic, environmental, and technological factors that influence market place trends.

Domestic wind energy has taken the lead in renewable energy production. As reported by Point Carbon, the US wind energy increased by 40% - "The industry installed 9,922 MW of wind energy in 2009, an 18 per cent jump on the amount installed in 2008". Texas continues to be the top state for wind generation. It has 9,410 MW of capacity, followed by Iowa with 3,670 MW and California with 2,794 MW.

The new capacity increases the fleet of US wind plants by 39 per cent and brings total wind power generating capacity to more than 35,000 MW, according to the American Wind Energy Association.

4. KEY MARKET MOVES – BUSINESS MOVES AND WHO IS HIRING

Although US banks accepted TARP funds in 2009, many banks including Goldman Sachs, Bank of America, Citigroup and Wells Fargo are among major investment banks to have made major payments to pay off the TARP funds. Among the recipients, Citigroup moved to sell Phibro after it fell under tremendous scrutiny over a 9 figure bonus paid out to a Phibro trader. Citi sold the Phibro unit off to Occidental, which helped avoid clashes between Wall Street and the Obama administration over executive pay/bonuses.

In 2009, some entities were able to see the economic climate as an opportunity to close large deals such as Macquarie Group.. The Australian based bank made Headlines in 2009, acquiring the Calgary/Baltimore/Houston based Constellation gas business followed by purchase of the Integrys electric wholesale book. JPMorgan purchased key parts of UBS commodities business as part of continued commodities expansions and began talks to bid on RBS' Sempra commodities business.

Global senior appointments in commercial oil business in the US took the lead in expansion and opportunistic roles as compared to backfill. The key senior appointments included Paymon Aliabadi to Gunvor as Head of Global Energy Division covering coal, freight emissions gas, LNG and renewable. Bank of America made a number of notable hires in 2009: Paul Wright joined the Singapore office as Head of Commodities (gas and oil origination) John Bao Vu, Head of Complex Options, Celina Zhang joined as Head of Commodity Solutions in China. Spectron launched Iron Ore Desk and hired Paul Tmple a former trader at Macquarie. Mercuria opened a number of offices globally in 2009 including Nigeria, an office to focus in coal in Indoneia led by Emanuele Novi, Andrei Marcu joined Mercuria from the International Trading Association to help expand European carbon business, Franck Bernard joined also as part of this expansion. Mercuria made a number of additional hires to cover expanded focus in carbon and emissions global markets. Domestic key hires included a new Houston office for Mercuria with a new coal and emissions build led by the Head of the desk Mark Schicke. Bank of America hired Narsima Misra to head up US West Power and Eric Race, NYMEX Gas Options. XCEL appointed Benjamin Fowke as President and CEO. Deutsche Bank added four directors in its Calgary office to increase its commodity trading presence, keeping up the pace on a steady expansion in Canada. The firm hired Raymond Houghton, Mike Kardash and David Lake. They joined the natural gas trading team. The three new hires are coming from Northern Lights Capital, a division of energy-focused hedge fund Centaurus Energy. PetroChina has started an oil trading desk in Houston and made several western hires. PetrChina is continuing to invest in the commercial oil business globally.

EDF appointed Hank Jones as Head of US Trading, Morgan Stanley hired Murray Margolis to start and set up a new trading desk in Vancouver WA. Joe Kirkpatrick, formerly Head of NE Power Trading with Constellation joined Citigroup in a similar role. Macquarie hired James Wells, a project financier to gain greater exposure and depth into biofuel deals, such as biodiesel and ethanol. Additional appointments by EDF / Eagle in Houston included Dave Koons, Head of Natural Gas Origination and Nathan Crowell, who joined the power origination desk among others.

5. MARKET NOTEABLES AND FINAL OBSERVATIONS

From our business standpoint, we have seen compensation structures resemble a pre-2007 package. In 2006 and 2007, the I-Banks and hedge funds went on major expansions in the domestic commercial trading business simultaneously cross commodities which created a hiring frenzy and now more reserved. The balance is that senior talent/executive managers considering a move are extremely cautious and often will require strong incentives to leave.

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Swiss-headquartered global commodity giant Glencore has dominated physical trade for over a decade but coal is now attracting other heavyweight oil traders such as Vitol, Trafigura and Mercuria as reported by FACTBOX.

Credit Suisse is reportedly planning to add 100 in headcount within commodities in the next 18 months. Mitsubishi UFJ is looking to at least double revenues from commodities and energy derivatives. Standard Chartered expects to start trading commodities on a spot basis next year. Bank of America/Merrill Lynch's commodities arm announced in August 2009 that it intends to expand its commodities team by 25 % over the next two to three years - "in anticipation of strong demand for commodities". In Q3, BoA/ML made a number of key hires in Asia and the U.S. Deutsche Bank plans to increase its headcount and continue hiring in 2010.

As reported by FACTBOX, a bank spokesman said that the bank had experienced 'spectacular' growth in Asia this year. Deutsche Bank also received "Energy Risk Manager of the Year" awarded by Energy Risk Asia Awards 2009.

JP Morgan received "Derivatives House of The Year" awarded by Energy Risk 2009. JP Morgan RBS Sempra is exploring the sale of their joint commodities-trading business and hired Lazard to handle the process. RBS is now 70%-owned by the U.K. government after a bailout earlier in 2009. JP Morgan is reportedly in talks to bid on RBS Sempra commodities business.

Compensation trends include more modest incentives and guarantees than in recent years. The highest paid compensation structures are paying out by small hedge funds, new business builds /expansions, and high demand specialized positions. The compensation payouts offer reasonable guarantees necessary to offset the risk associated with leaving a secure seat/ position to join a new organization where either the organization or the platform has little or no proven longevity in the market.

Finally, commodities business has strong movement and volatility with a focus on moderate and conservative growth in key areas. We expect our search and consultancy business to continue seeing moderate growth over 2010. With all the uncertainty, the one thing we can be certain of over the next decade is that the industry is and will continue to change – significantly. This means global and domestic organizations alike will need the most progressive, innovative and talented corporate athletes on their team.