

Taylor-DeJongh's News.....

LAURENT LAVIGNE DU CADET JOINS TDJ

Taylor-DeJongh is pleased to announce that Laurent Lavigne du Cadet has joined the firm's Washington office as Deputy CEO.

Mr. Lavigne du Cadet is an experienced senior manager with over 20 years in international finance and banking, as a company founder, investment banker and financial advisor. He has been the CEO of several global investment companies and a fund manager, and he has raised more than \$3 billion in private placements during his career.

He is a specialist in mergers and acquisitions, project finance and direct investment, with a focus on oil and gas, power and infrastructure. He has extensive experience in high level negotiations with western industrial/financial groups and governments and/or public authorities. Mr. Lavigne du Cadet has developed an expertise in business take-overs and corporate restructurings.

Mr. Lavigne du Cadet was most recently the Chief Executive Officer of Amwal, the largest Qatari Investment Bank. Prior to joining Amwal, he was head of the oil, gas, and energy investment banking group at Millennium Finance Corporation, a subsidiary of Dubai Islamic Bank, for both equity and debt offerings.

**TDJ continues to be top ranked in 2009 league tables**

Closed Deals (by PFI)	#4 in Americas
Mandates Won (Regions, by PFI)	#6 Globally
	Americas #3
	EMEA #7
	Asia Pacific #8
Mandates Won (Sectors, by IJ)	Renewables #2*
	Power – all #9*
	Metals & Mining #2*
	Water & Wastewater #1*
	Transport #9*

*Tied, number of mandates.

Source: *Infrastructure Journal* 2009 League Tables, as of January 2010, *Project Finance International* 2009 League Tables.

Taylor-DeJongh's News (continued).....

Representative current transactions in project finance, M&A and corporate finance



RENEWABLES—U.S. DEPARTMENT OF ENERGY LOAN GUARANTEE PROGRAM

TDJ has been appointed a financial advisor to the U.S. Department of Energy (USDOE) for its Loan Guarantee Program (LGP), and has recently been awarded three mandates to advise USDOE on the evaluation of applications. TDJ assesses project feasibility and credit quality by reviewing project business plans and contracts, conducting financial analysis and evaluating overall capital plans for each project.



MERGERS & ACQUISITIONS—MIDDLE EAST

Taylor-DeJongh is advising an international engineering firm on the implementation of its GCC business plan and M&A strategy and execution. TDJ is assisting the client in the negotiations with engineering services companies to be acquired by the client or otherwise integrated into a joint development program.



POWER—WORLD BANK

On behalf of the World Bank, Taylor-DeJongh conducted a study to measure the impact of the global credit crunch on the power sector in Bangladesh. Through interviews with industry participants—including banks, project sponsors and EPC contractors—TDJ was able to distill the key issues facing Bangladesh in attracting private sector investment in the energy sector. The results were presented by Afonso Reis e Sousa (Director, London) at a high-level gathering in Dhaka, that included the Chairman of the Bangladesh Power Development Board (BPDB), as well as senior participants from the World Bank.

TAYLOR-DEJONGH WELCOMES...

TDJ is pleased to announce the addition of several new employees in our Washington, DC and London offices.

Shamshek Asad joins TDJ as its head of research. He is responsible for managing the collection and analysis of key country, sector and business specific data to be used in making credit and investment decisions in the power, oil & gas, renewable energy, transportation and infrastructure sectors. In addition, he will support the negotiation of complex project finance transactions and merger and acquisition deals.



Prior to joining Taylor-DeJongh, Mr. Asad spent over five years in management consulting. He has served a diverse portfolio of clients in the public and private sectors, advising governments and international agencies in the United States, South Asia

and the Middle East. He comes with significant experience in data analysis and reporting, strategy development, execution and evaluation and business development. Mr. Asad speaks Urdu and Spanish and will be based in Washington, DC.

Inje Oueslati is a marketing and administrative assistant and provides daily assistance to the CEO, Deputy CEO and Directors. Ms. Oueslati also assists the communications, marketing and business administration departments. Prior to joining Taylor-DeJongh's Washington office, Ms. Oueslati held positions at Siemens Morocco, where she was responsible for the marketing activities of the mobile communications department, and at a Moroccan construction



(Continues on next page)

Taylor-DeJongh's News (continued).....

company, where she was responsible for marketing and communications. She is fluent in French, Spanish and Arabic.

Tom Spillane is an associate specializing in the power, renewable energy and oil & gas sectors. He has over six years of corporate finance experience, as well as significant business development experience in a number of industries. Mr. Spillane has expertise in analyzing potential investments, conducting due diligence, financial modeling and analysis,

structuring transactions and strategic planning. Mr. Spillane's work has included investment analyses of wind, solar and other renewable energy projects around the world, as well as oil and gas plays in Africa and the Middle East. He speaks Portuguese and Spanish, and is based in London.



...And Our Views

ANALYST COMMENTARY

DOE Loan Guarantee Program Accelerates

Support for innovative and alternative energy as envisioned under the American Recovery and Reinvestment Act (ARRA) continues to gain momentum as the U.S. Department of Energy (USDOE) moves forward with the review of applications for loan guarantees using funding allocated by the stimulus bill. The Department of Energy will provide up to \$30 billion in loan guarantees for renewable energy projects and another \$750 million to support loan guarantees for projects that increase the reliability, efficiency and security of the nation's transmission system.

On July 29, 2009, USDOE released two solicitations requesting applications from developers of transmission projects, as well as innovative renewable energy and advanced biofuels projects. On October 7, 2009, USDOE released a solicitation beginning Federal Loan Guarantees for Commercial Technology Renewable Energy Generation projects and introduced the Financial Institution Partnership Program (FIPP). On December 4, 2009, another revision to the Loan Guarantee Program (LGP) was introduced, enabling USDOE to finance innovative energy projects in concert with other lenders and guarantors, such as Export Credit Agencies and state and local development bodies.

USDOE's rating criteria focus on projects' financial feasibility and ability to repay project loans, as determined by an evaluation of the sponsor's financial model, as well as a review of the financial statements and the project's business plan, including commercial contracts and project risks. Projects that receive guarantees via the FIPP shall be evaluated by qualified financial institutions, who will apply directly to the DOE to access a loan guarantee.

Taylor-DeJongh has experience advising applicants as well as government lenders on direct loans, loan guarantees, and other forms of government and private sector support to projects. The firm helps its clients anticipate the issues likely to be raised by potential lenders, such as the LGP and qualified financial institutions, assists in preparing a strong application that addresses potential concerns in advance and strengthens the applicants' prospects in a competitive bidding situation. For more information about how Taylor-DeJongh can support your projects, or to learn more about the USDOE Loan Guarantee Program and application process, please contact doe.lgp@taylor-dejongh.com or call 1-202-775-0899.

To receive copies of our Analyst Commentaries by email as they are released, please write to reports@taylor-dejongh.com.

...And Our Views (continued)

OIL & GAS M&A

BASED ON A PRESENTATION MADE BY TDJ CEO TERRY NEWENDORP TO AIPN (ASSOCIATION OF INTERNATIONAL PETROLEUM NEGOTIATORS), SEPTEMBER 16, 2009, IN HOUSTON

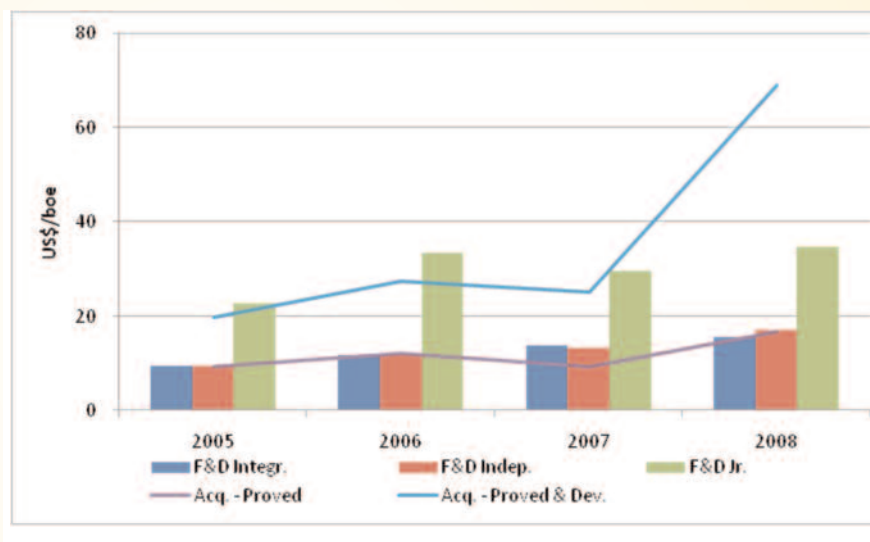
In contrast to the recently popularized mantra that “buying someone’s reserves is cheaper than developing one’s own,” analysis performed by TDJ on a sample of approximately fifty oil companies—ranging from super-majors to junior O&G companies—suggests that this axiom may not hold up in this market.

In analyzing finding and development costs of the sample of companies, TDJ concludes that the cost structure of integrated companies and independent oil/gas producers has been such that over the last four years the average company should have been indifferent whether it produces its own resources or acquires someone else’s. In fact, over the observation window, costs seem to move in synch, and one of the possible scenarios for the future relationship between the two curves is a continuation of historical trends, e.g. large oil companies should remain indifferent as to which resources to exploit.

Nevertheless, what TDJ sees in the near future is an increase in M&A activity among integrated and independent oil & gas companies.

The underlying problem of integrated oil companies is that their replacement ratios have been dwindling, and regardless of how low-cost these companies are, the fact that their values are often quoted on a per-barrel-in-the-ground basis only heightens the pressure on their management teams to “find” reserves. We believe that some of these companies decide to apply a quick fix to

their reserve balance in the form of acquisitions, likely targeting undeveloped assets, which would allow these companies to capitalize on their skills, both technical and managerial.



In the case of independent producers, some of the larger ones are facing similar issues as integrated companies: they will also have to increase their reserve replacement ratios to appease their shareholders. The smaller independents, facing the current banking environment, with debt difficult to find to support drilling programs, will likely have to curb their exploration and development programs unless they sell off portions of their reserves or partner with someone willing to fund a development program in exchange for a share of the profits flowing from these reserves.

And what about junior oil? Prospects for companies constituting this group are the most difficult to assess. They are simply too heterogeneous: some companies can successfully and consistently find and develop reserves under US\$10/boe, while others can barely break even with today’s prices. Obviously, these companies have different paths in the near future, but the end for them is the same—they are the prey that larger players are going to hunt in the next few years. These companies will be on the sell side of the M&A equation—the difference between them will be in the price they are able to command.

...And Our Views (continued)

SHARING OUR EXPERTISE

In October, TDJ **CEO Terry Newendorp** spoke at Pillsbury's 5th Annual Energy Conference. While at the event, he and other industry experts were interviewed for **New Faces of Energy: Insights on the Energy Revolution**, a short video that discusses today's energy and clean tech sectors. Pillsbury, a leading energy law firm, has made the video available, and a copy is available on TDJ's website.

In November, **Director John Sachs** presented a paper on **The Role of Project Finance in PPP** at the Public Private Partnership conference in Damascus, Syria. The event was the first of its kind in Syria and was held under the title 'Financing Syria's Infrastructure'. The conference was attended by the key Ministers involved in financing Syria's infrastructure program, and international experts in oil & gas, electricity, social housing and transport. The Syrian government has estimated it needs to spend approximately US\$ 50bn on infrastructure investment

over the next five years, and PPPs are seen as a crucial part of the government's strategy to achieve this.

Taylor-DeJongh will be exhibiting at **RETECH 2010: Renewable Energy Technology Conference &**



Exhibition, in Washington, DC, February 3-5. Look for us in the Exhibit Hall at booth 220.

RETECH 2010 is expected to attract more than 5,000 attendees interested in the renewable energy industry.

Taylor-DeJongh will be participating in the 16th Annual **Projects International** conference

taking place from the 15th-18th of March 2010, in Brussels. **Terry Newendorp** will



lead a discussion group on the future of global oil & gas development in the Middle East, during the Oil and Gas Summit Day.

PUBLICATIONS

"2010: The Return of the IOCs?" *Drillers and Dealers*, January 2010.

"Executive Q&A with Terry Newendorp," Interview for The Oil Council, January 2010.

"Upstream Without a Paddle: The Status of Global Oil & Gas," *Financier Worldwide M&A* e-book, October 2009.

"Commentary on Recent Oil Market Activity," for distribution by *Oilbarrel*, September 2009.