

Citigroup Hires UBS Energy Bankers Led by Trauber

By Zachary R. Mider and David Wethe

Sept. 15, 2010 (Bloomberg) -- Citigroup Inc. hired a group of UBS AG energy investment bankers, including Stephen Trauber, the global head of the business and one of the Swiss bank's top dealmakers.

The hires include four more managing directors, Michael Jamieson, Jerry Schretter, Sam Pitts, and Joel Foote II, as well as some junior bankers, Trauber said today in a telephone interview.

The group resigned last night over concern about the certainty of future compensation at UBS, Switzerland's biggest bank, said Trauber, 48, adding that total pay for the newly hired group at Citigroup will rise less than 20 percent. Last year, Jefferies Group Inc. hired almost all the bankers then in UBS's health-care investment banking group after the 2008 bonus pool was cut by more than 80 percent.

"Steve Trauber put UBS on the map in oil- and gas- investment banking and Citigroup is now going to benefit," said George Stein, a managing director at New York-based recruiting firm Commodity Talent LLC. "It's one more sign that Citigroup is emerging from its defensive crouch of the past two years."

Earlier this year, Julian Mylchreest, Citigroup's co-head of energy, power, and chemicals, left to join Bank of America Corp., and Gregory Sommer, an energy mergers and acquisitions banker, went to Deutsche Bank AG.

Trauber will start with Citigroup in 60 to 90 days as head of energy investment banking and will also assume Mylchreest's former role as co-head of the energy, power, and chemicals group, alongside Peter Tague. Citigroup announced the hire in a memo today to its global banking team.

'Assurance of Money'

"At the end of the day, this was not about the quantity of money, it's about the assurance of money," said Trauber, who will remain based in Houston.

Trauber has helped assemble more than 300 oil and natural- gas deals

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during the past two decades. In 2006, he advised Anadarko Petroleum Corp. in its purchases of Kerr-McGee Corp. and Western Gas Resources Inc. for more than \$21 billion. He also advised Smith International Inc. on its \$11 billion takeover by Schlumberger Ltd. earlier this year.

Smith estimated in July that it would pay UBS a \$29.3 million fee for advice.

UBS ranks seventh among financial advisers to the energy industry with a deal volume so far this year of \$29.5 billion, while Citigroup is eighth, according to data compiled by Bloomberg. JPMorgan Chase & Co. is first, advising on deals worth \$67.7 billion, followed by Morgan Stanley and Goldman Sachs Group Inc.

\$167 Billion Deals

Under Trauber, UBS worked on 115 deals for oil and gas companies in the past five years, worth \$167 billion, according to data compiled by Bloomberg.

“UBS is firmly committed to serving its energy clients and to remaining very active in this sector,” said Doug Morris, a spokesman for the bank in New York. “We will move quickly to maintain our leadership in this practice area.”

UBS made it “attractive” to stay, Trauber said. “It wasn’t a money issue for me,” he said. “It was a certainty of the team to be able to get paid.”

Trauber said he has “no hard feelings” in leaving UBS.

“We understand that by leaving, that hurts the firm, but that was not the intent,” he said.

Trauber had been with UBS since 2003. Previously, he was a managing director at Morgan Stanley, where he headed up the firm’s Southwest division.

Mexico Vacation

After getting his master’s degree in business from Northwestern University in 1988, he joined Credit Suisse First Boston. Trauber double-majored in economics and management at Rice University, where he played basketball

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alongside Robert B. Tudor III, co-founder of the investment banking firm Tudor, Pickering, Holt & Co. LLC in Houston.

Trauber said he plans to take his team to his vacation home in Cabo San Lucas, Mexico, to relax and play golf for a few days.

“The most attractive part of this is a couple months off,” he said. “I haven’t had a couple months off since college.”

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