

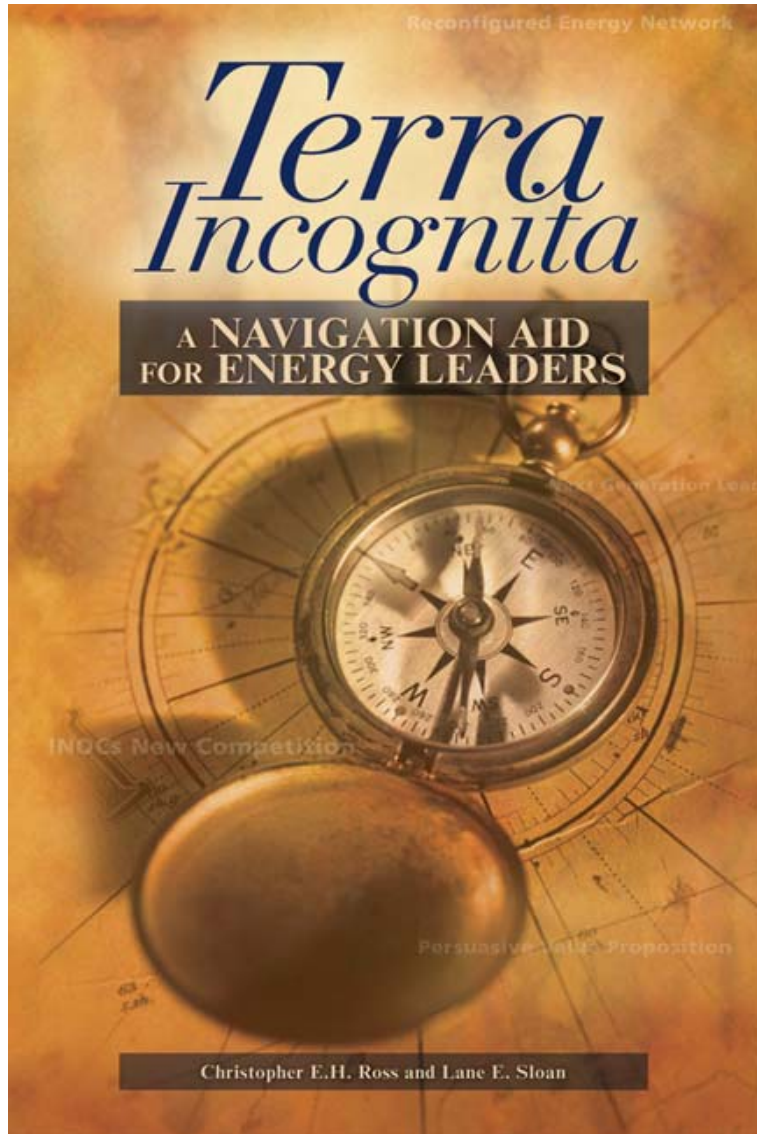
Human Capital Needs in Terra Incognita



INTERNATIONAL

**USAEE Conference Panel Discussion
September 19, 2007**

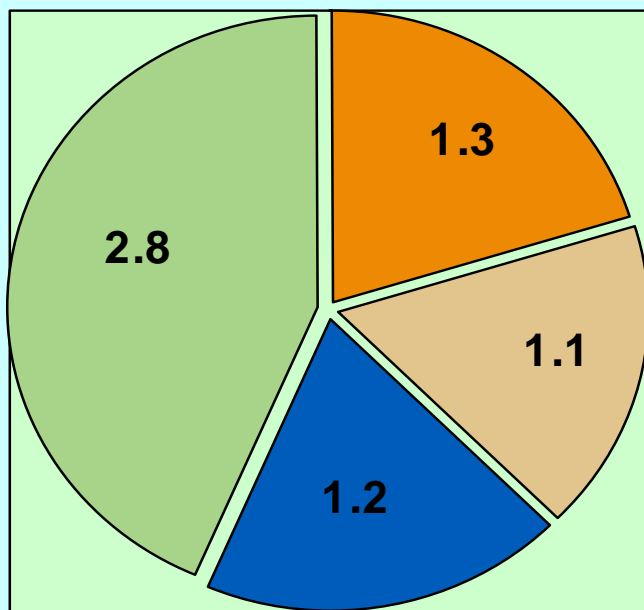
The energy world is changing – a leadership challenge



1. Global energy complex is entering its third phase change
2. IOCs are losing competitive position in conventional resources
3. Demand trends are not sustainable - China and India rise to materiality requires a “Phase Change” in the global energy complex
4. Society’s ascent of the Maslow hierarchy increases expectations of energy companies – security and climate must both be addressed
5. Previous shareholder value propositions are unpersuasive
6. Old strategies are threatened - the “phase change” demands a different approach to strategy development
7. The industry must revitalize its portfolio and refine its parenting advantage
8. Execution increasingly requires driving down the cost of high cost resources
9. Leadership has never been more important

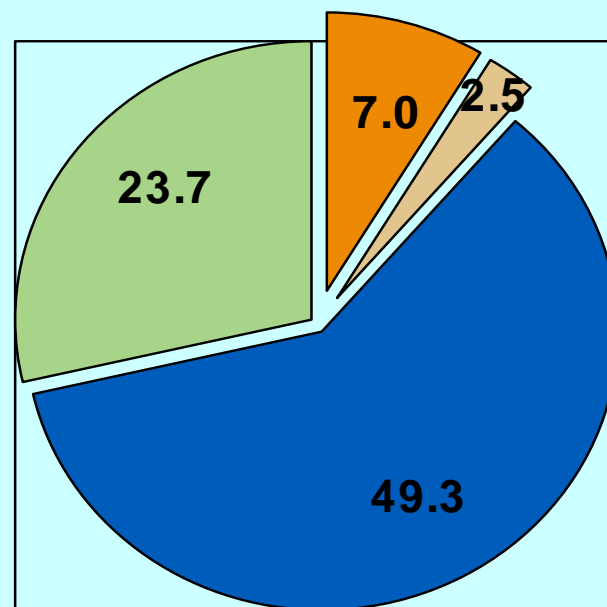
China and India rise to materiality changes everything

World Population (Billion in 2005)



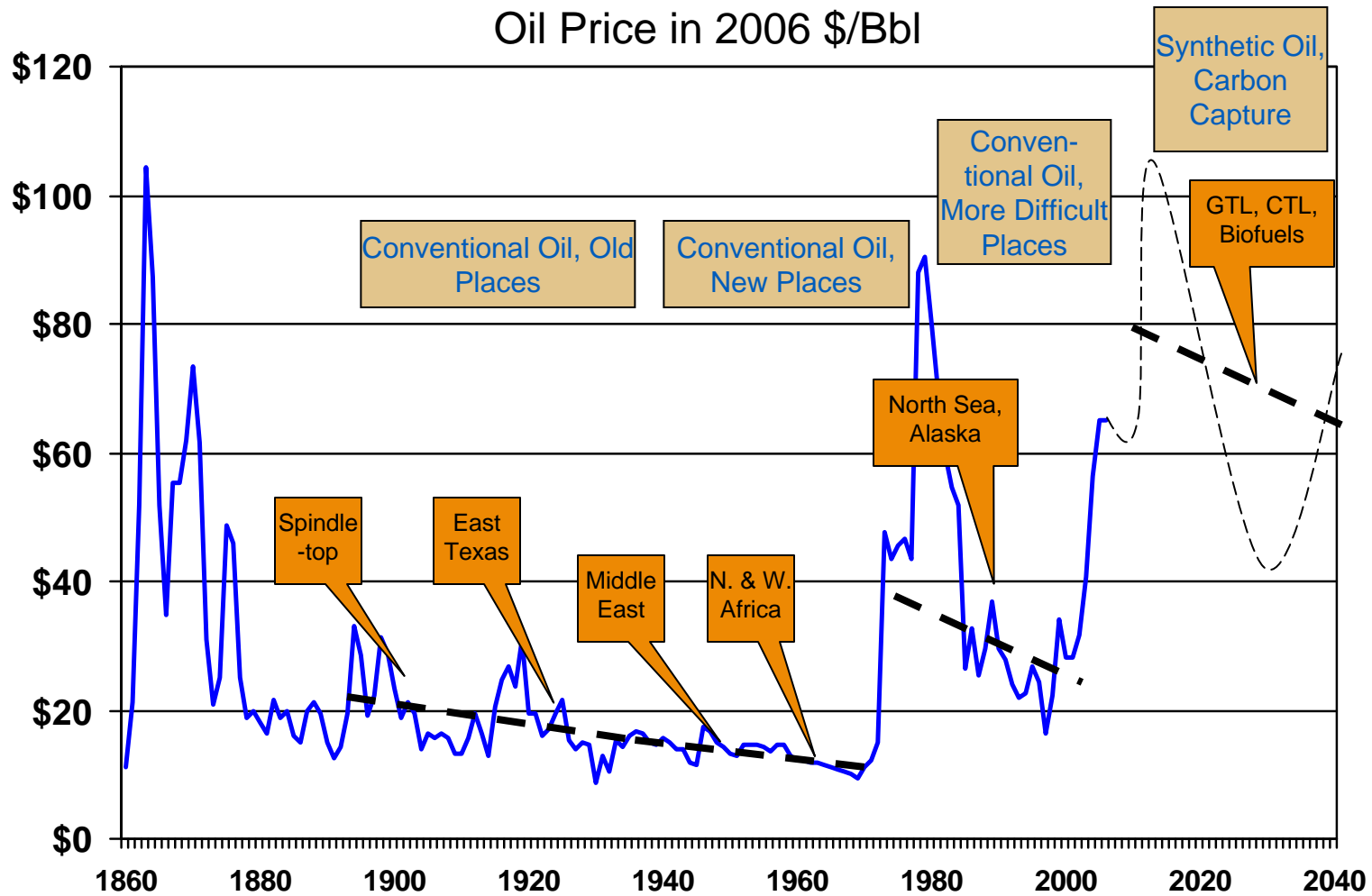
China India
More Developed Less Developed

Oil Consumption (MMBD in 2005)



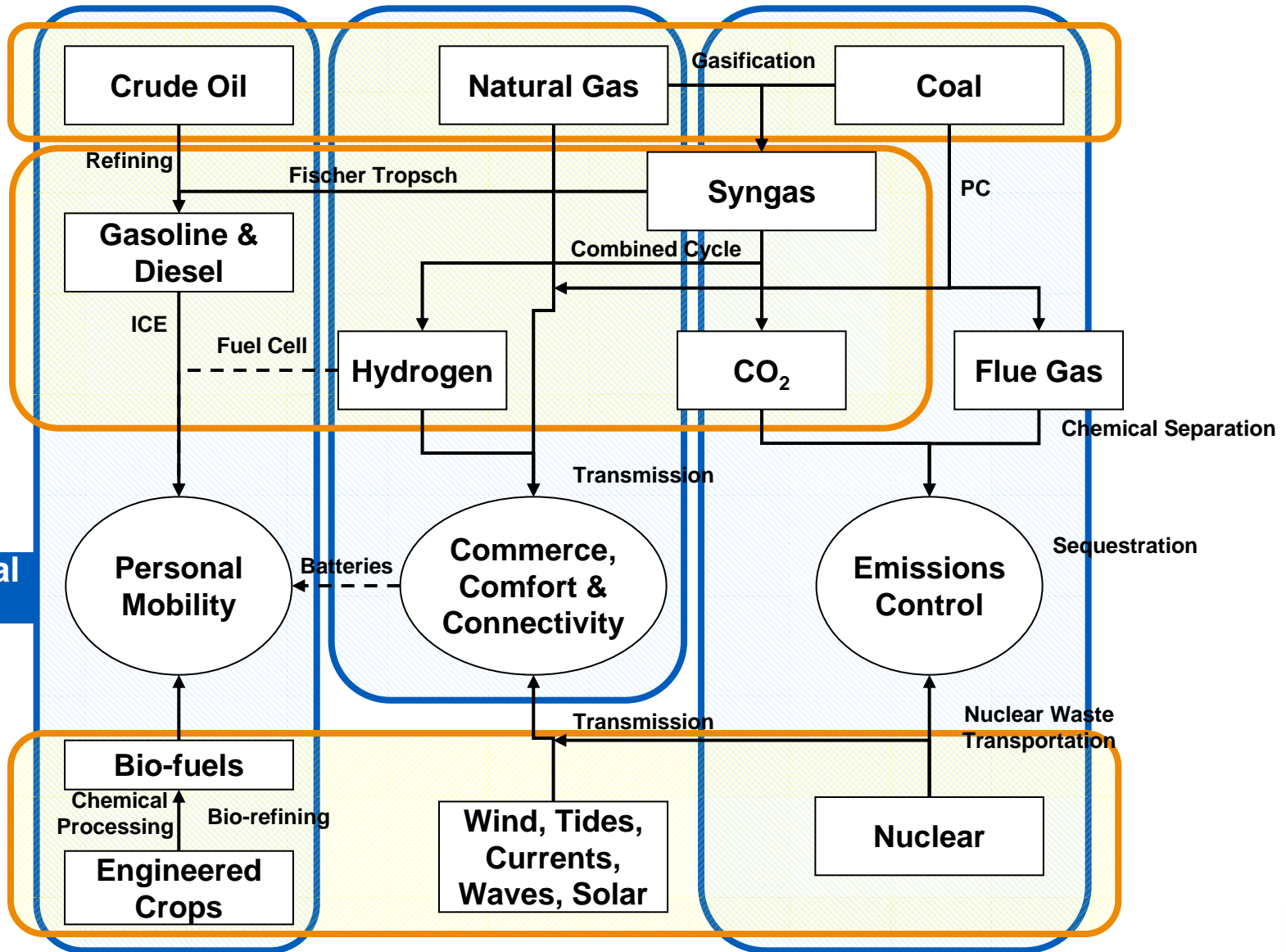
China India
More Developed Less Developed

It is unlikely that we will revert to the 1990s price trend



Tougher resources + more transformation = more people

Societal Needs



The industry needs to recapture the high ground; strengthen its leadership model internally and externally

