

The Energy Business:
Wall Street vs. Main Street



Dan Pickering
May 7, 2009

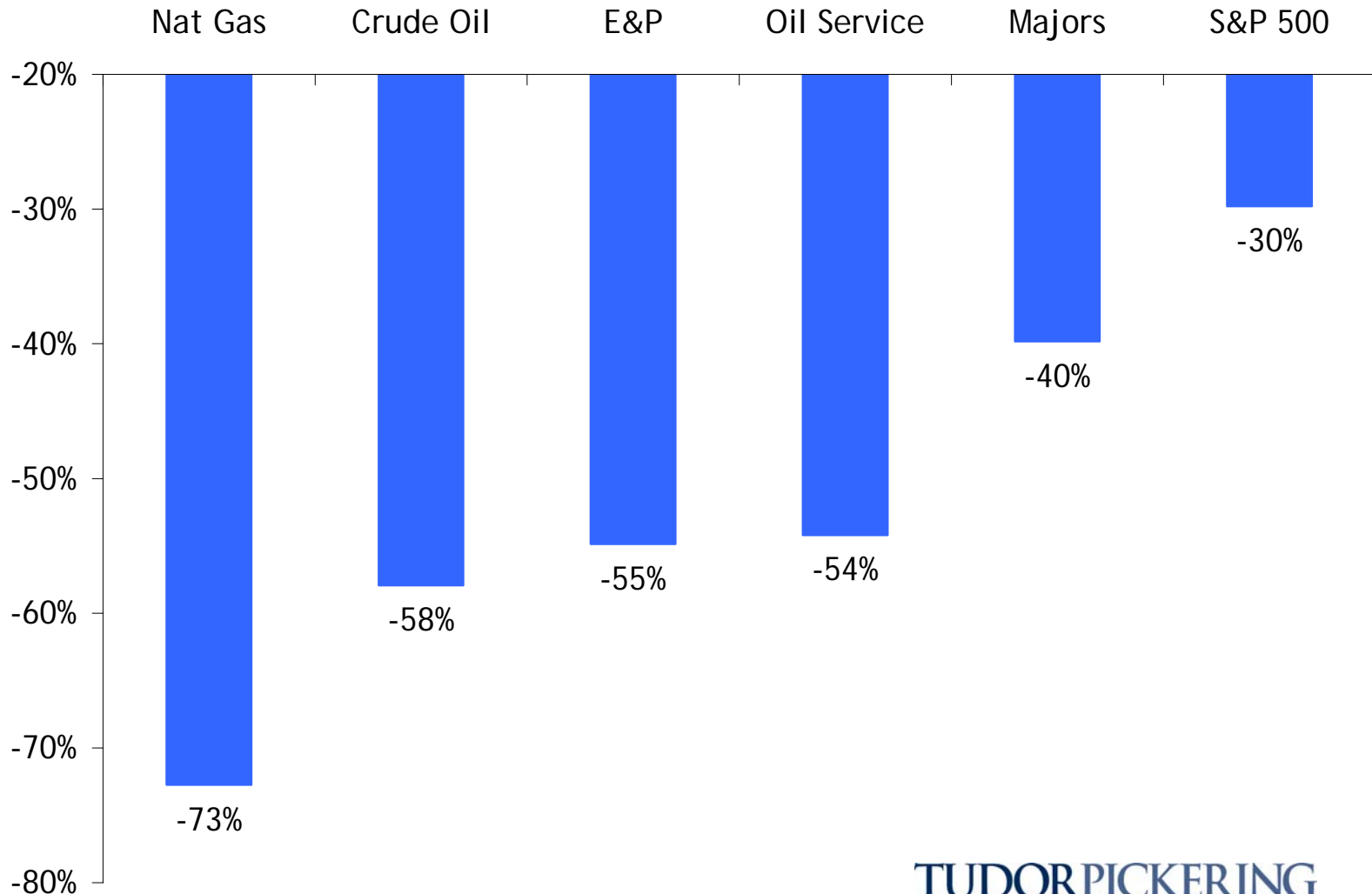
*Disclaimers on page 31 of this document.

Overview

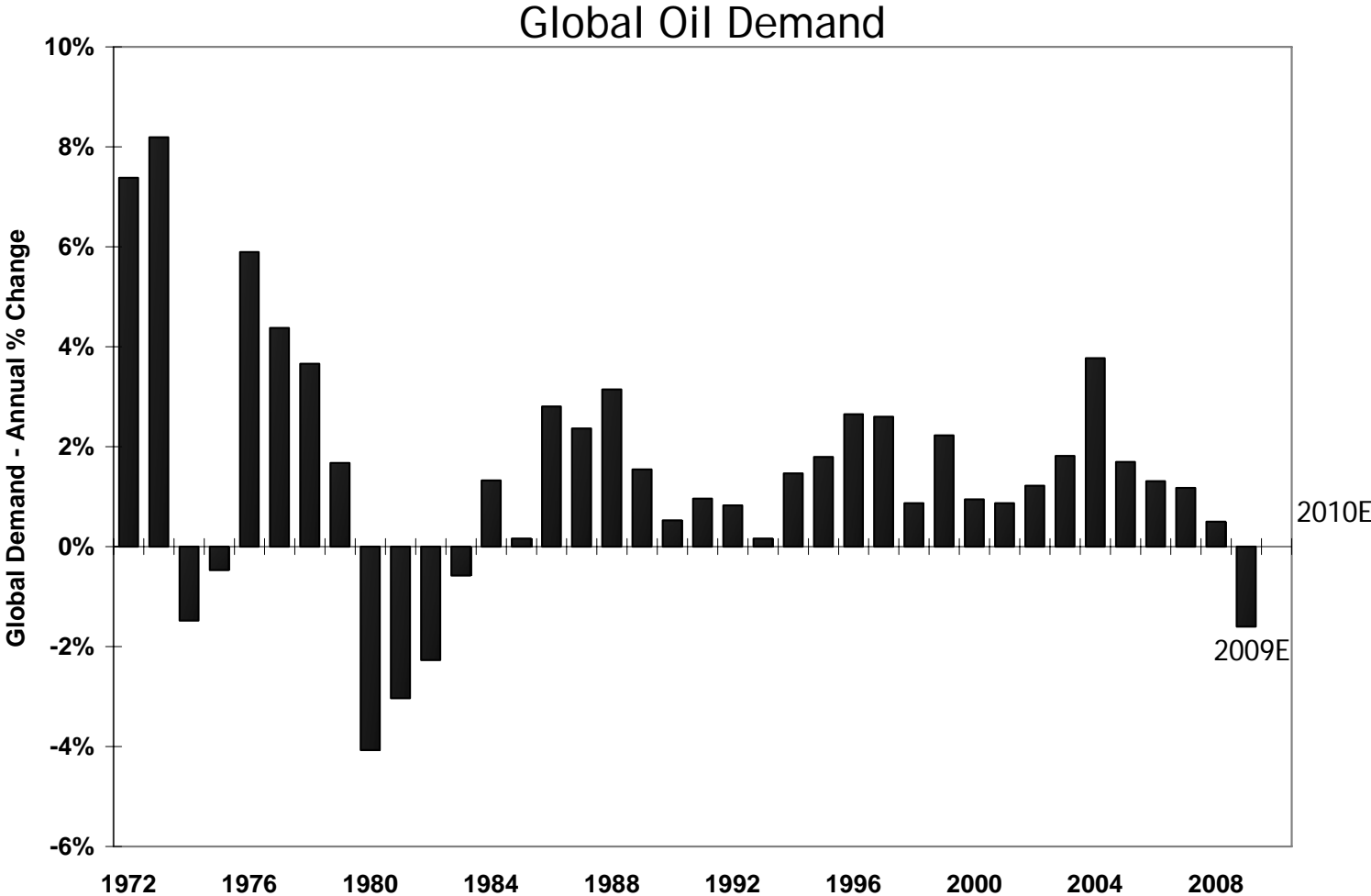
- Where Are We?
- Commodities
- Wall Street Influences
- Conclusions

This Is A Tough Market!

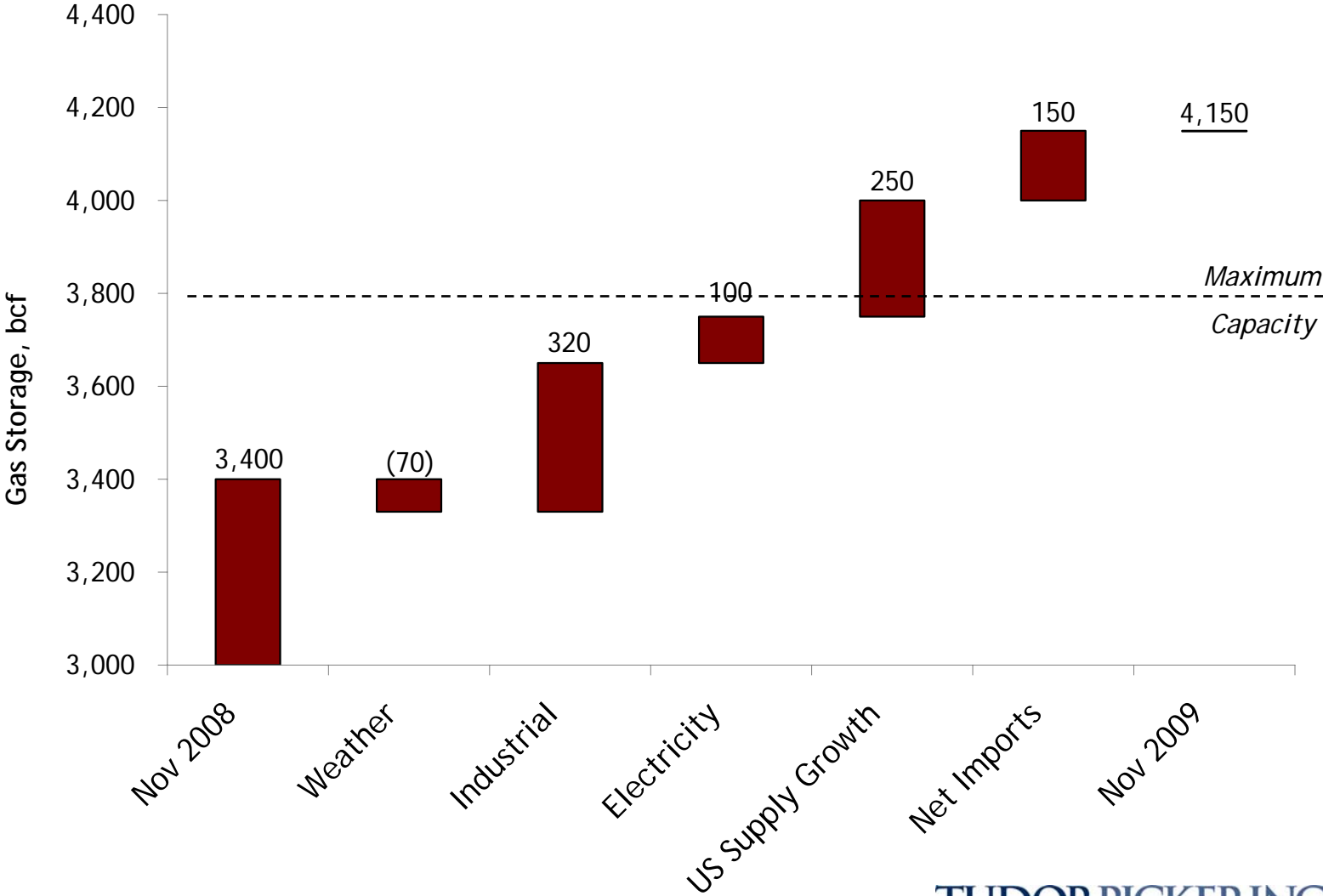
Correction From July '08 Peak To Current



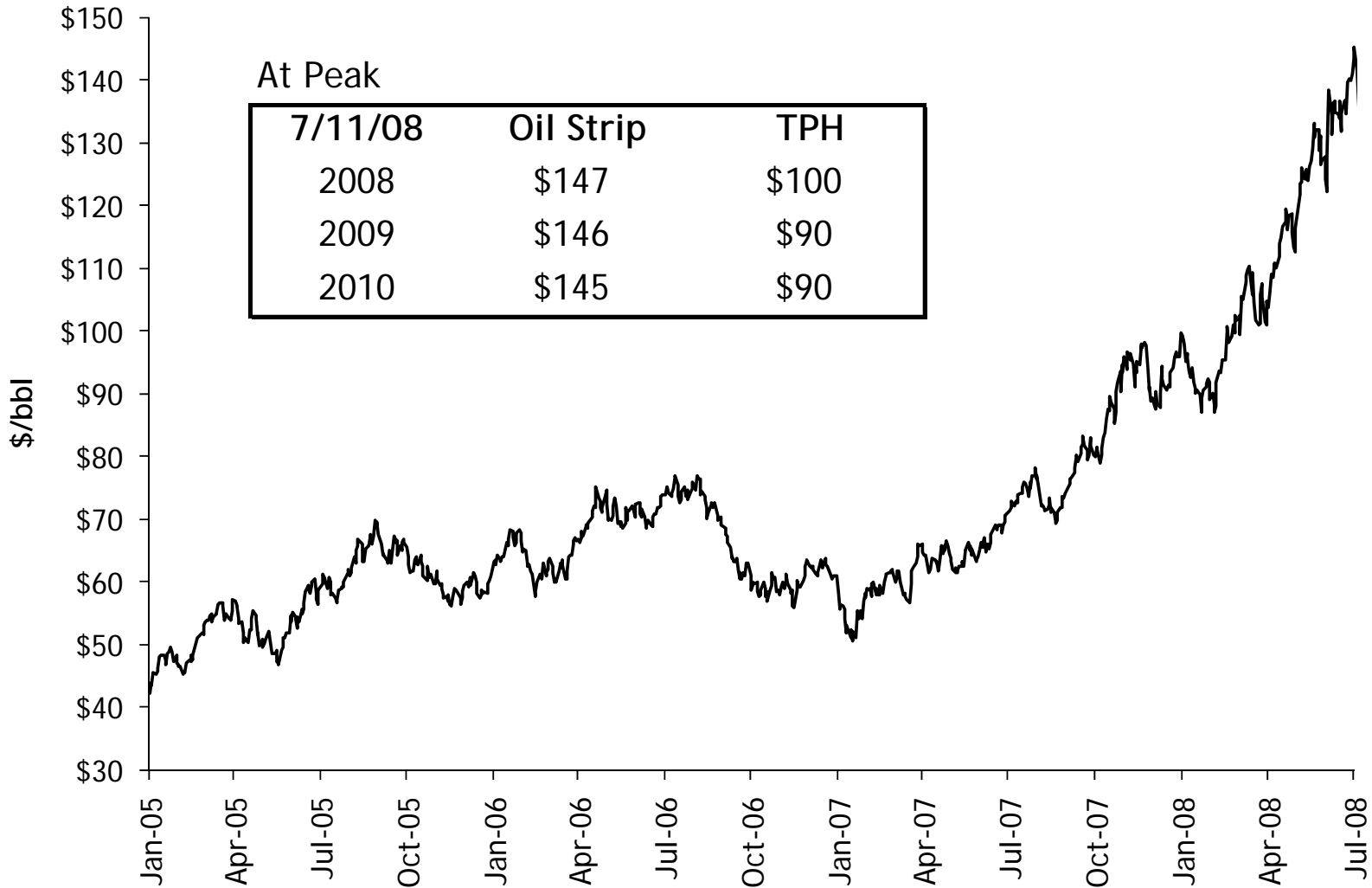
Crude Oil - All About Demand



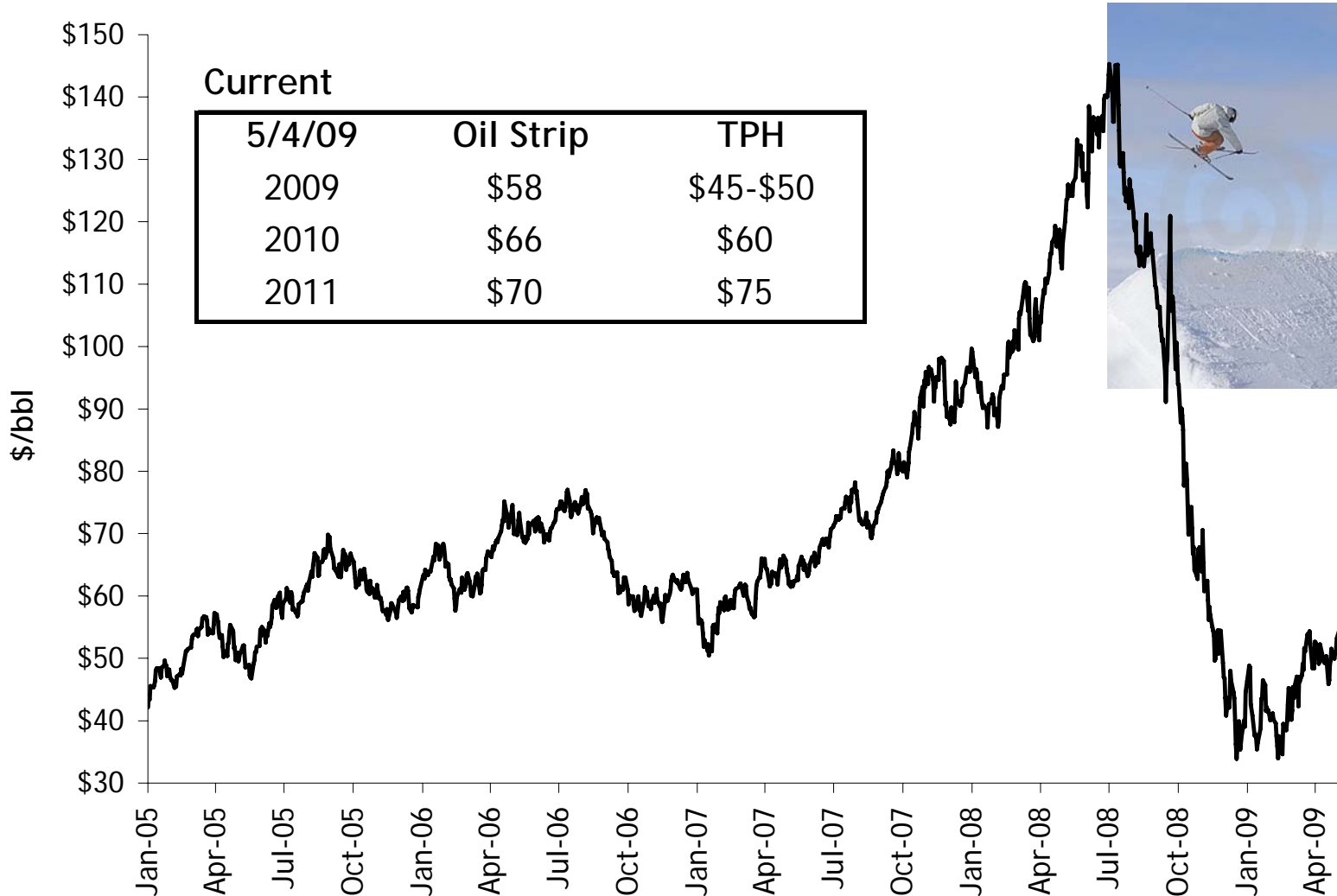
Natural Gas - Too Much Supply



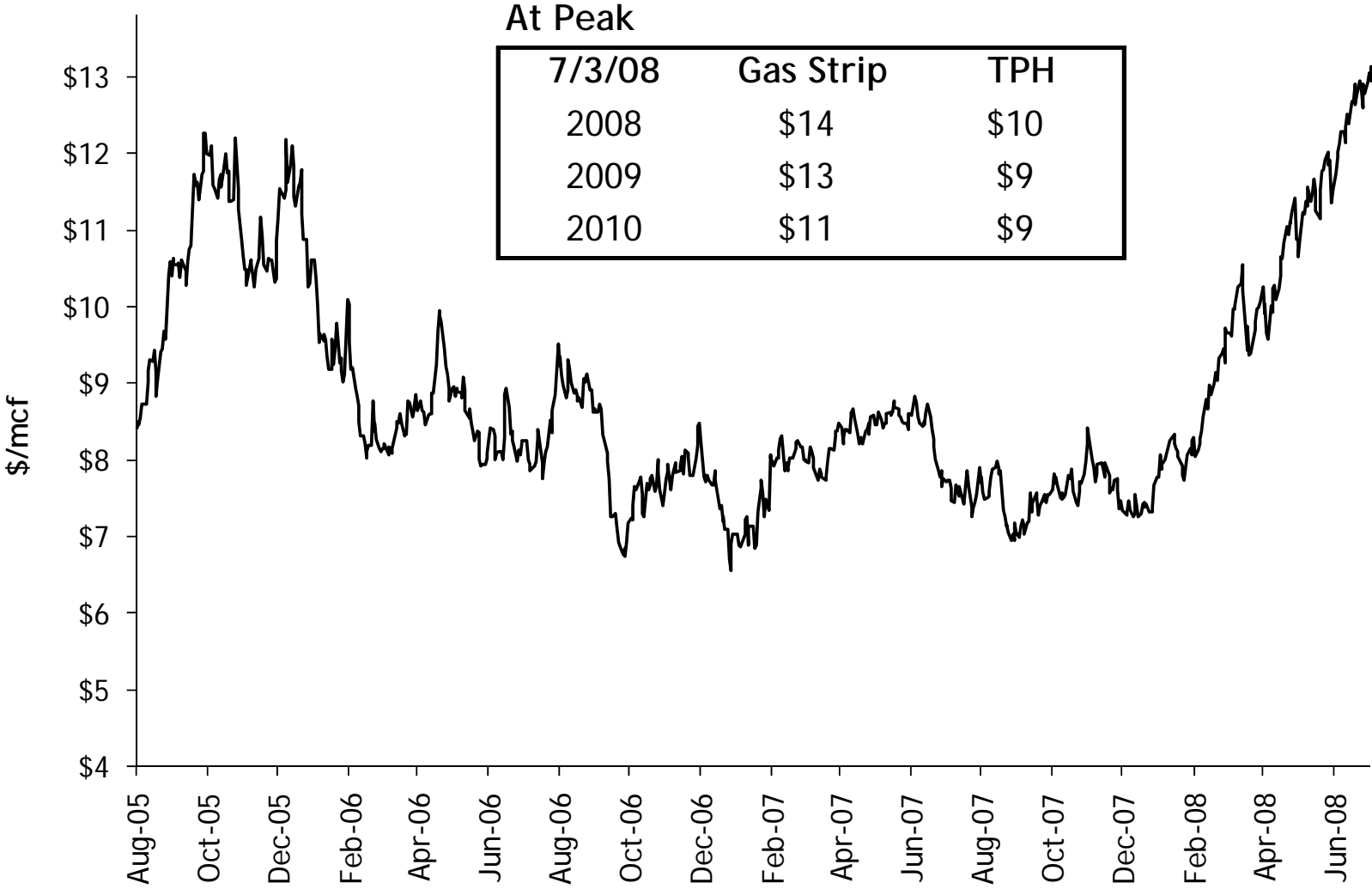
How Good Is The NYMEX?



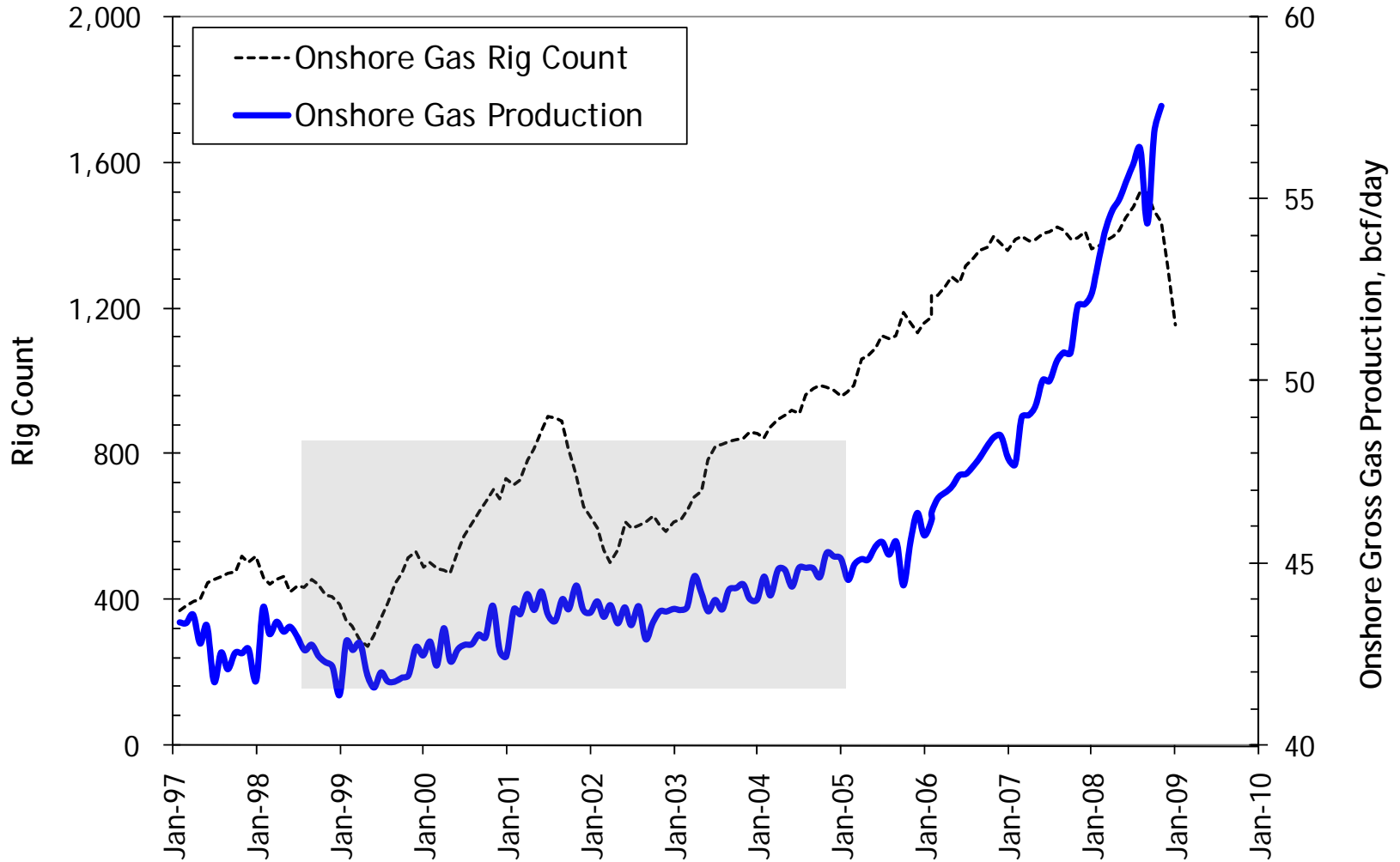
How Good Is The NYMEX? Part 2



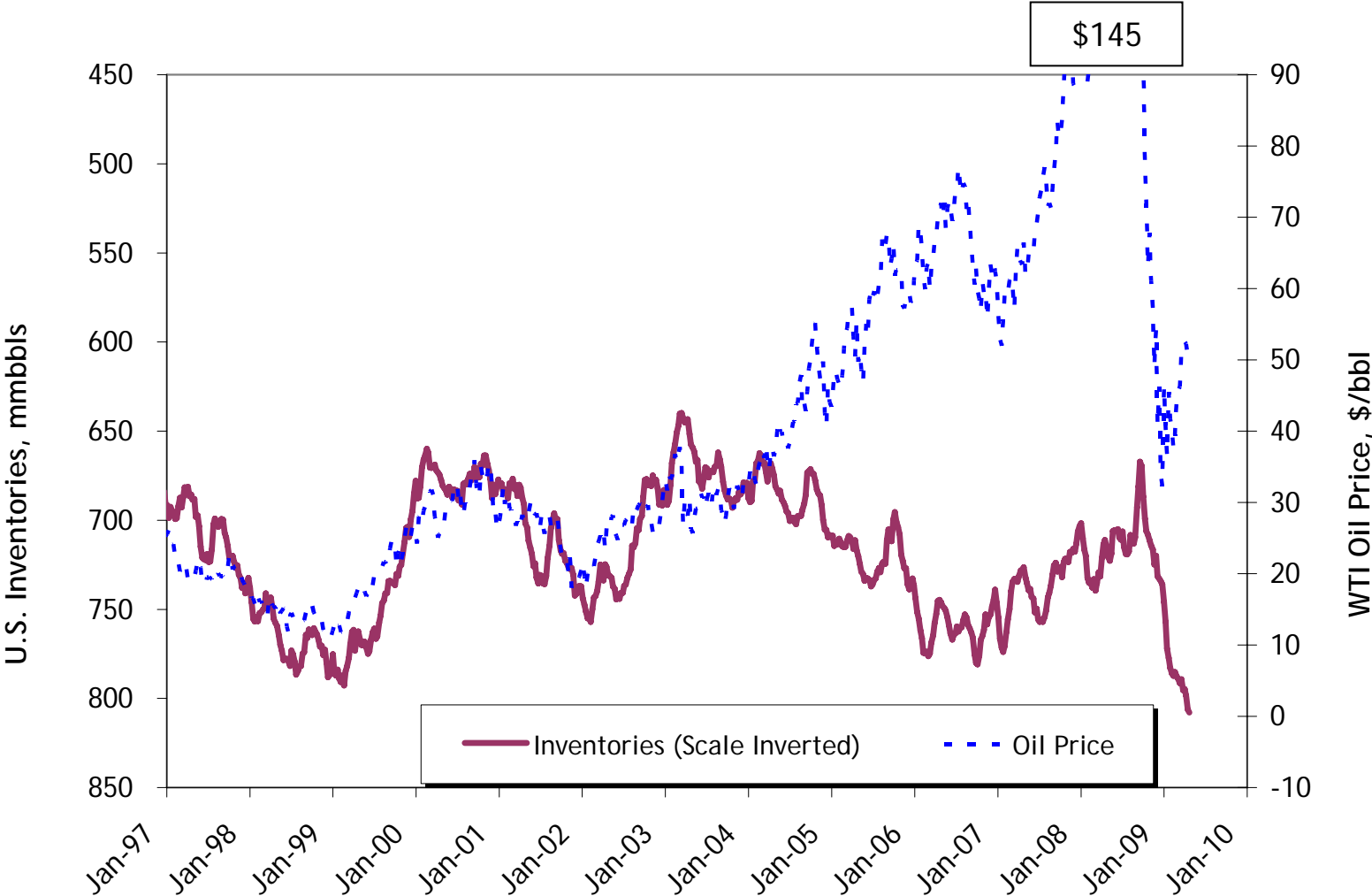
Gas Markets Behave Similarly



Supply Issues Changed Price Game

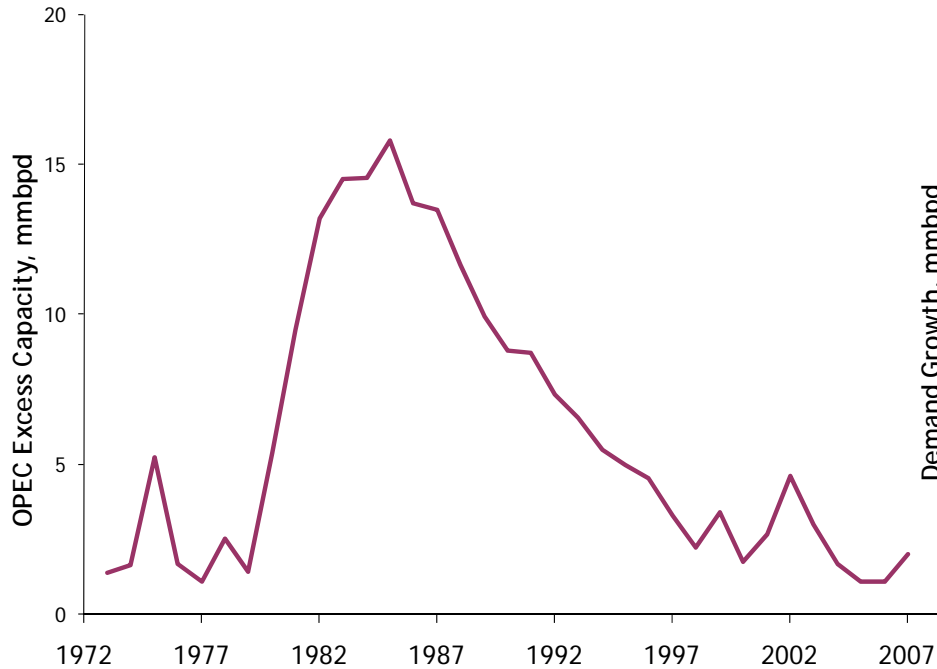


Oil Price Relationship

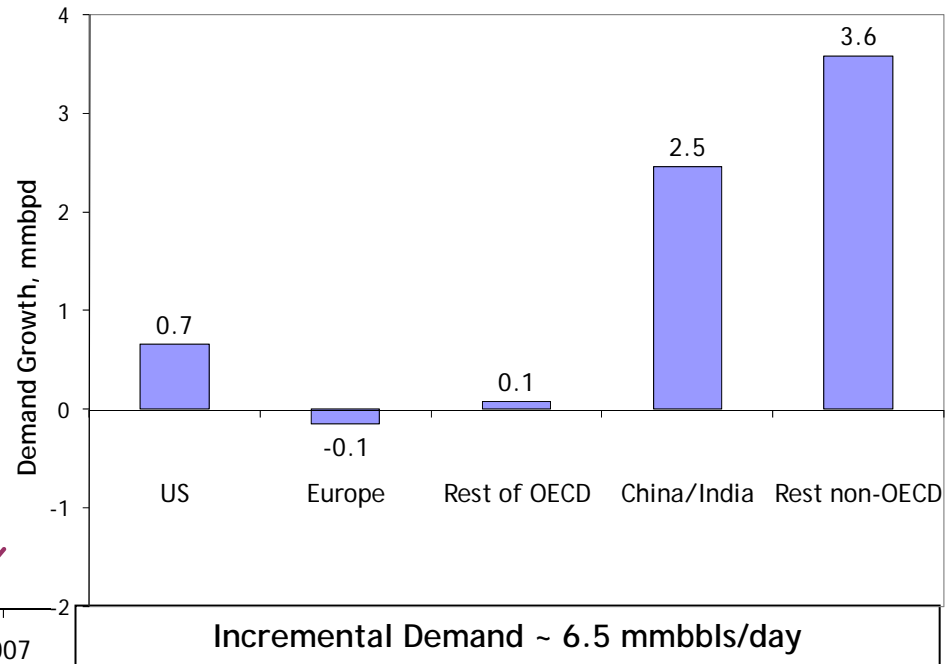


Tight Capacity/Demand Changed Oil Game

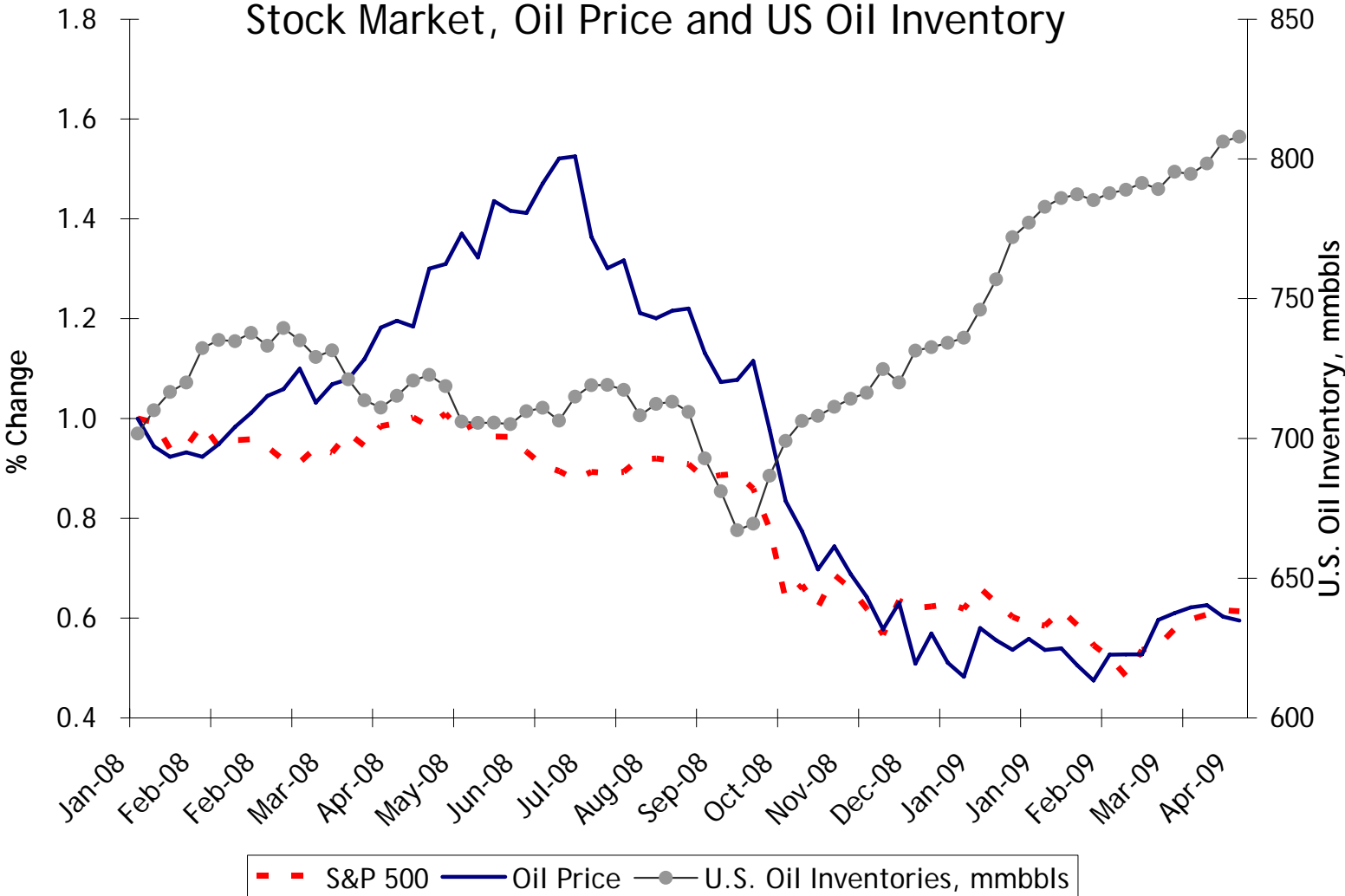
OPEC Excess Capacity



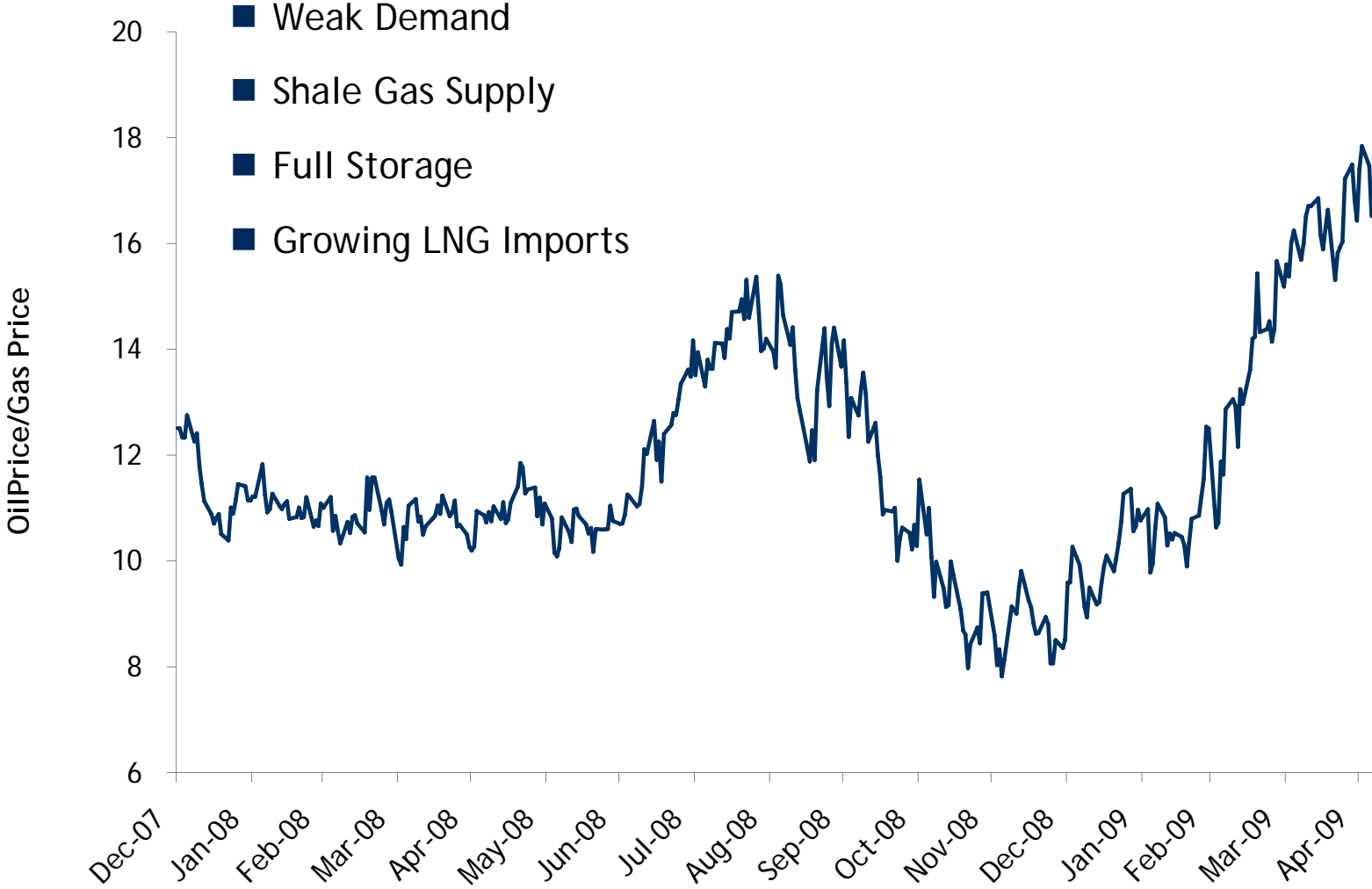
Cumulative Growth In Oil Consumption
2003 - 2007



Oil - What Matters Today?



Gas - What Matters Today?



Commodity Takeaways

- No Specific “Driver” Works Forever
- Futures Can/Do Lie
- Volatility Provides Opportunity
- Economic Sentiment In Charge Of Oil
- Supply/Demand In Charge Of Gas

Understanding Roles

Wall Street

Equity Provider

Debt Provider

Influencer

Sentiment Barometer

Purse
Strings

Energy Company

Capital Allocation

Balance Sheet Management

Operating Decisions

M&A Decisions

Run A
Business

Things To Remember About Wall Street

- Usually Directionally Correct
- Operates On Imperfect Information
- Liquidity Is High
- A Year Is Forever
- Many Own Stocks, Not Companies

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

Don't go changing, to try and please me,
You never let me down before



TRUE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

Don't imagine, you're too familiar,
And I don't see you anymore

TRUE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I would not leave you, in times of trouble,
We never could have come this far,

FALSE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I took the good times,
I'll take the bad times,
I'll take you just the way you are.

FALSE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

Don't go trying, some new fashion,
Don't change the colour of your hair,

MAYBE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

You always have my, unspoken passion,
Although I might not seem to care.

TRUE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I need to know that you will always be
The same old someone that I knew,

TRUE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

What will it take till you believe in me,
The way that I believe in you?

DELIVER

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I said I love you, and that's forever,
And this I promise from the heart,

FALSE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I couldn't love you, any better,
I love you just the way you are.

FALSE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I don't want clever conversation,
I never want to work that hard,

FALSE

Billy Joel Explains Wall Street

The Verses of "*Just The Way You Are*"

I just want someone, that I can talk to,
I want you just the way you are.

TRUE

Wall Street Takeaways

- Can't Be Ignored
- Can Be Helpful/Instrumental
- Should Never Be "The Boss"
- Full Of Surprises
- Self-Help Is The Best Help Of All

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