

Providing clarity in a world of uncertainty

PIRA'S GLOBAL POLITICAL RISK SERVICE

A retainer service that identifies the impact of political risks on energy markets and analyzes strategic trends in the energy sector.

OVERVIEW

Global energy markets have become dangerously exposed to political and security risks. Understanding the possibility and likelihood of changes to supply and demand due to political unrest is now critical to determining the short-term direction of the oil, natural gas/LNG, and coal markets. At the same time, political developments around the world impact the strategic environment in which companies operate. Identifying emerging trends — such as Chinese overseas investment patterns, royalty regime changes, and U.S. Congressional policy direction — is essential to developing investment strategies.

PIRA has established its reputation through 30 years of tireless analysis and detailed knowledge of the fundamentals behind the market supply and demand data. An increasing portion of our time is devoted to political assessments and integrating those assessments into our analysis. In our Reference Case, we put forward our most likely assessment, but there are inherent political uncertainties that need continuous monitoring and analysis. A supplement to the core retainers — it is included at no extra charge with the Global Oil Retainer — the Global Political Risk Service (GPRS) identifies and tracks political risks in major energy-producing and -consuming countries in a way that helps clients modify and adjust their trading and business strategies in a timely manner. At the same time, GPRS provides in-depth analysis of emerging political, regulatory and investment trends that will alter the investment climate well before the rest of the industry reports on it.

GPRS answers the following questions:

- **What are the key political risks in major producing countries?**
- **What are key emerging trends that can alter the energy investment climate?**
- **What is the outlook for meaningful policy changes in consuming countries?**
- **Is the market over- (or under-) reacting to the risk of supply or demand changes?**

Unique Insight from the Experts

The GPRS Advisory Board

PIRA has staffed GPRS with highly qualified consultants (see page 5), but in order to provide even more substance to our retainer material, we rely on the GPRS Advisory Board. The Board provides expert perspective, infusing the service with real-world experience and proven credibility. The members currently include:

Dr. Larry Diamond, Hoover Institution, Stanford University

Dr. Gary Sick, Columbia University, former NSC expert on Iran

Dr. Martha Brill Olcott, Senior Associate, Carnegie Endowment for International Peace

Go to page 7 for more complete bios.

The **Global Political Risk Service** is consistent with PIRA's no-nonsense approach to market analysis. In addition, GPRS has:

- **Energy Market Focus**

We do *not* limit our analysis to the macro-political or -economic implications of particular events. GPRS takes the analysis a step further to focus on how world events specifically impact the energy market, quantifying, where possible, the amount of supply and demand at risk, along with an assessment of probabilities.

- **Ahead-of-the-Curve Analysis on Trends**

We are constantly identifying emerging trends that impact energy markets and investment strategies well before they are covered by other industry and mainstream sources.

- **Just-in-Time Analysis**

Some consultants only focus on the long-term impacts of political developments. While we outline longer-term trends and scenarios, GPRS emphasizes near-term developments and possibilities, offering just-in-time information that anticipates the headlines and instantaneously analyzes their market impact and investment implications.

- **Unique Analysis from Well Respected and Connected Experts**

Most companies depend on widely circulated press reports for their information; GPRS draws on the unique expertise and insight of experienced and well respected in-house consultants and outside advisors with unparalleled access to key information sources as well as in-depth knowledge of, and on-the-ground experience in, the Middle East, the former Soviet Union, Asia, Africa and Latin America.

- **Continuous News Monitoring**

We constantly search and monitor news resources for breaking news and important updates to keep you informed of developments and minimize the time you must spend sifting through news.

- **Reliable Fact-Checking**

Most companies have limited access to policymakers and on-the-ground sources. GPRS has an extensive contact base in Washington and around the world that allows us to quickly confirm or correct market rumors.

WHO CAN BENEFIT FROM THE GLOBAL POLITICAL RISK SERVICE?

Market participants may be on either side of million-dollar deals in the production, storage, trade, transport and end-use for oil and gas. Changes to supply and demand drastically affect their business decisions; therefore, identifying the potential for changes to supply and demand is critical to determining the near- and longer-term direction of the oil and natural gas markets. All companies — **oil and natural gas traders, producers, consumers, marketers, pipelines, shipping companies, as well as financial institutions and hedge funds** — can benefit from reliable tracking of the global political and security factors influencing near-term price movements as well as longer-term supply and demand estimates.

PIRA has always been recognized for providing a clear, quantitative best estimate of where energy markets are headed, near and longer term. That approach will not change. However, we understand that comprehensive analysis of the current oil and gas markets requires tracking and reporting on the risk factors that move the market beyond the range that strict supply and demand fundamentals would suggest.

WHAT ARE THE BENEFITS OF THE GLOBAL POLITICAL RISK SERVICE?

The GPRS “Deliverables”

The Global Political Risk Service provides a fully consistent supplement to PIRA’s Reference Case retainer services, with valuable deliverables that cover both the short-term trading horizon and the long-term strategic landscape. **Specifically, clients benefit from the following service components:**

Short-Term-Focus Deliverables

1. GPRS Alerts

- Sent “as events dictate,” Alerts are insightful assessments of specific events with the potential to alter short- and long-term trends. Past news reports include:
 - *Nigeria: Supply Risk Intensifies, Efforts to Restore Supply More Difficult*
 - *Washington: Big on Energy Goals, Small on Action*
 - *Algeria: Recent Bombings Are Wake-Up Call to North African Energy Interests*
 - *Iran and U.S.: Calming the Waters to Avert a Crisis*
 - *Venezuela: Japan Supply Deal Provides New Financing Vehicle for PDV*
 - *Russia: Speech Signals Strategic Shift Away from the U.S. (and Atlantic Basin)*
 - *SPR Fill and Expansion, No Physical Impact For Awhile*
 - *Angola and Sudan: Possible Impact of OPEC*
 - *Mexico: Oil Supply Pessimistic Regardless of Vote*

2. Weekly Country Risk Scorecard

- One-page update that tracks political developments in major producing and consuming countries and assesses the price impact (bullish, neutral, bearish).

3. Periodic Conference Calls with Country Experts

- Recent conference calls include:
 - Nigeria Election Preview
 - The Impact of U.S. Election on Iraq and Iran Policy
 - Crisis in the Middle East
 - Bolivia and the Energy Nationalization
 - Iran: Post-Election Outlook

How GPRS Supplements the Core PIRA Retainers

PIRA has always incorporated political events into its Reference Case forecasts for oil, gas and electricity. With GPRS staff, PIRA is now able to more fully — and, ideally, more accurately — factor risks into its forecasts.

So why get GPRS if your company is already a client to a core retainer (other than Global Oil)? Besides the benefits of the listed deliverables, there are other reasons:

1. The influence of risk can often be a personal one. Whereas PIRA consultants may put a small value on a risk factor, you may feel a larger one is necessary. GPRS gives you the full sweep of information and analysis to allow *you* to draw your own conclusions, and thus *your* own adjustments to the forecasts.
2. Access to the GPRS staff is limited to clients only. Having such a sounding board that is only a phone call or email away is invaluable.
3. With face-to-face access to GPRS analysts and Advisory Board members, the Roundtable alone could be worth half the retainer fee. You will be equipped with the best tools to interpret evolving political risks.
4. Now more than ever, the influence of world events has a bearing on where markets go. Can you afford to not fully equip your company with the intelligence needed to achieve optimal results in an uncertain world?

Strategic-Focus Deliverables

4. GPRS Strategy Papers

- In-depth analysis of emerging political, regulatory and investment trends that will alter the investment climate as well as the future outlook for supply and demand. GPRS Strategy Papers have been notably ahead of the curve in identifying such emerging trends as Chinese overseas investment patterns, royalty regime changes, and U.S. Congressional policy direction. Past strategy papers include:
 - ***Momentum Builds for Tighter Contract Terms: An Outlook and Analysis.*** Analyzes the historic relationship between oil price changes and contract terms and chronicles upstream contract changes since 2004.
 - ***China and India: The Market and Policy Implications of Their Overseas Energy Strategy.*** Analyzes recent acquisition trends by Chinese and Indian oil companies, quantifies equity volumes, outlines their future strategies and draw conclusions about the investment and geopolitical implications.
 - ***Fuel Price Subsidies: A Key Variable to Future Energy Demand Growth.*** Reviews the pricing policies of the largest energy consumers, analyzes the impact of recent reform on future demand and assesses the outlook for reform in countries that heavily subsidize prices.
 - ***Biofuels: A Review of Government Policies by Country.*** Reviews specific biofuels actions undertaken by 37 countries including large oil consumers and/or importers and provides a rough estimate of future biofuels demand based on existing mandates.
 - ***Avian Flu: Status of the Virus and Oil Risks.*** Evaluates the status of the epidemic, highlights producing countries at risk and assesses the risks for E&P operations.

5. Annual Stability Index

- The GPRS Annual Stability Index measures economic, political and social risks in 35 key countries. **Country coverage includes:**
 - **Opec Suppliers:** Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, UAE, and Venezuela
 - **Non-Opec Suppliers:** Azerbaijan, Canada, Kazakhstan, Mexico, Norway, and Russia
 - **Oil Importers:** Brazil, China, EU, India, Japan, South Korea, and the U.S.
 - **Current LNG Exporters:** Algeria, Australia, Brunei, Egypt, Equatorial Guinea, Indonesia, Libya, Malaysia, Nigeria, Oman, Qatar, Trinidad, UAE, and the U.S.
 - **Future LNG Exporters:** Angola, Bolivia, Iran, Norway, Peru, Russia, Venezuela, and Yemen

6. Annual Roundtable

- Clients receive two invitations to attend a roundtable at PIRA's Retainer Client Seminar in October in New York. There, they can:
 - Discuss global and country risks directly with PIRA Political Risk team and Advisory Board
 - Dialogue over specific countries or new areas of interest

The Global Political Risk Service subscription also includes:**Access to PIRA Staff**

- As with all PIRA services, phone and email access to the GPRS group allows clients to obtain timely analytical support, facilitating a more productive use of their time and maximizing the value of the written content.

PIRA Online

- All reports, data tables, and presentations are available to clients on PIRA Online. As such, recent and archived materials are easily searchable.

FEES

The annual fee for the Global Political Risk Service is US\$18,000. Existing PIRA North American Natural Gas, North American Electricity, International Coal, European Energy, or Scenario Planning clients pay US\$12,000. Clients of any two of those services pay US\$10,000. Existing PIRA Global Oil Retainer clients receive the GPRS deliverables at no additional charge. **See page 8 for ordering options.**

ABOUT PIRA ENERGY GROUP

PIRA Energy Group, founded in 1976, is an international energy consulting firm offering Retainer Client Services as well as customized consulting on the international oil, natural gas, LNG, electricity, coal, and emissions markets. PIRA provides evaluation of key by-country energy fundamentals and issues that impact the behavior and performance of the industry and its various markets and sectors. Currently, more than 500 entities spread across 60 countries receive PIRA's services, including integrated oil and gas companies; independent producers, refiners, and marketers; pipelines; electric and gas utilities; industrial and other large energy consumers; trading companies; financial institutions; and government agencies.

PIRA's Global Political Risk Group

Michelle Billig, Director, Political Risk, oversees the Global Political Risk Service. She has over a decade of experience analyzing international energy issues. Prior to joining PIRA in 2004, Ms. Billig was a Fellow at the Council on Foreign Relations and conducted energy research at Deutsche Bank. She spent five years as an international policy advisor at the U.S. DOE under the Clinton and Bush administrations. During that time, she advised the U.S. Energy Secretary and other senior U.S. officials on relations with major energy-producing and -consuming countries. In 2001, Ms. Billig served as Energy Attaché at the U.S. Embassy in Beijing. Prior to the DOE, she worked at the International Energy Agency, the White House, UNICEF and the Center for International Environmental Law. Ms. Billig holds a BA from Columbia University and an MA from Johns Hopkins School of Advanced International Studies. She is a commentator to CNBC, BBC, NPR, the New York Times and the Economist and has written for Foreign Affairs, The Financial Times and The Los Angeles Times.

Dr. Gary N. Ross, CEO, has led PIRA Energy Group since its inception in 1976 and is globally known and respected by industry and government entities as a leading authority on worldwide energy markets and energy policy issues. As also the Managing Director of the Global Oil Group, he is directly responsible for PIRA's short- and long-term oil market forecasts. Dr. Ross is a member of the Council on Foreign Relations and is on the Board of Trustees of the Petroleum Industry Research Foundation. He was Chairman of Primo Systems, an energy risk-management software company (acquired by Sungard Data Systems). Dr. Ross has a Ph.D. in economics from the City University of New York.

Dr. Mark A. Schwartz, President and Managing Director Scenario Planning Group, oversees GPRS's companion retainer, Scenario Planning Service. Dr. Schwartz was formerly Chief Economist of ExxonMobil Corp., where he was responsible for developing the company's long-range economic and energy outlook. Dr. Schwartz designed and managed the implementation of the energy modeling system and database that allowed ExxonMobil to develop its base-case global energy outlook as well as alternative cases to capture the impact of changes in price, economic growth, environmental policy and other critical assumptions. He holds a PhD in economics from the University of Pennsylvania.

Frederick W.A. (Bill) Fuller, Senior Director, has over 35 years of energy forecasting experience. During his 30-year tenure with Exxon International, he was the advisor to Exxon's Industry Group, providing briefings to supply management and analyzing and forecasting oil market trends. In sales and marketing, Bill negotiated oil prices on sales to Exxon affiliates, established posted prices in the Caribbean and Asia, and oversaw tanker operations. He holds a BS in chemical engineering from Cornell University.

Ira Joseph, Executive Director, International Gas, manages PIRA's European Energy Service, which includes distinct services on European Natural Gas (ENG) and European Electricity (EES). He joined PIRA in 1999 after working at Energy Intelligence Group (EIG) for over a decade, where he was Senior Editor of *Petroleum Intelligence Weekly* and Editor-in-Chief of *World Gas Intelligence*. He has authored several books on crude oil marketing and natural gas, including versions of EIG's *International Crude Oil Market Handbook* and *World Gas Handbook*, as well as several articles on natural gas swaps and gas marketing strategy. Ira holds an MA in International Economics from Johns Hopkins School of Advanced International Studies.

Lila Noury, Senior Analyst, is responsible for analyzing political and economic issues in key energy-producing and -consuming countries. Prior to joining PIRA, Ms. Noury analyzed Iran's oil and gas sector for a leading consulting firm in Iran. She also worked with Grameen Bank, a micro-finance institution in Bangladesh, to evaluate and research alternative energy programs. Ms. Noury has an MA from Columbia University in international energy management and policy.

The Global Political Risk Advisory Board

Dr. Larry Diamond is a senior fellow at the Hoover Institution, co-editor of the *Journal of Democracy*, and co-director of the International Forum for Democratic Studies and of the National Endowment for Democracy. He is also professor of political science and sociology (by courtesy) at Stanford University and coordinator of the Democracy Program of the new Center for Democracy, Development, and the Rule of Law at Stanford's Institute for International Studies. He served as a senior adviser to the Coalition Provisional Authority in Baghdad, advising on issues related to the political transition in Iraq, from January to March 2004. Diamond is the author of *Squandered Victory: The American Occupation and the Bungled Effort to Bring Democracy to Iraq* (Times Books, 2005). Dr. Diamond has written extensively on the factors that facilitate and obstruct democratic development, as well as on the interactions between democracy, corruption, economic development, and political stability. He has published more than 20 other books. He has lectured in over 20 countries on problems of democratic development and was a visiting scholar at the Academia Sinica (Taiwan, 1997-98) and a Fulbright Visiting Lecturer at Bayero University, Kano (Nigeria, 1982-83). Dr. Diamond received all of his degrees from Stanford University, including a BA in 1974, an MA in 1978, and a Ph.D. in Sociology in 1980. He taught Sociology at Vanderbilt University from 1980-85 before joining the Hoover Institution.

Dr. Martha Olcott is a senior associate with the Russian & Eurasian Program at the Carnegie Endowment for International Peace. Dr. Olcott specializes in the problems of transitions in Central Asia and the Caucasus as well as the security challenges in the Caspian region more generally. She has followed interethnic relations in Russia and the states of the former Soviet Union for more than 25 years and has traveled extensively in these countries and in South Asia. Her book, *Central Asia's Second Chance*, examines the economic and political development of this ethnically diverse and strategically vital region in the context of the changing security threats post 9/11. She is professor emerita at Colgate University, having taught political science there from 1974 to 2002. Olcott served for five years as a director of the Central Asian American Enterprise Fund. Prior to her work at the Carnegie Endowment, Olcott served as a special consultant to former Secretary of State Lawrence Eagleburger. Dr. Olcott received a BA from SUNY-Buffalo and an M.A. and Ph.D., from the University of Chicago.

Dr. Gary Sick is a Senior Research Scholar and an Adjunct Professor of International Affairs at Columbia University's School of International and Public Affairs (SIPA) and the former director of SIPA's Middle East Institute. He is the author of *All Fall Down: America's Tragic Encounter with Iran* (Random House, 1985) and *October Surprise: America's Hostages in Iran and the Election of Ronald Reagan* (Random House/Times Books, 1992). Professor Sick served on the National Security Council under presidents Ford, Carter and Reagan and was the principal White House aide for Iran during the Iranian Revolution and the hostage crisis. Dr. Sick is a captain (ret.) in the U.S. Navy, with service in the Persian Gulf, North Africa and the Mediterranean. He was the Deputy Director for International Affairs at the Ford Foundation from 1982 to 1987, where he was responsible for programs relating to U.S. foreign policy. He is also a member (emeritus) of the board of Human Rights Watch in New York and chairman of its Middle East and North Africa advisory committee. He is the executive director of Gulf/2000, an international research project on political, economic and security developments in the Persian Gulf, being conducted at Columbia University. Dr. Sick received his BA from Kansas University in 1957 and a Master of Science from George Washington University in 1970. In 1973 he earned a Ph.D. from Columbia.

ACCEPTANCE FORM

We wish to become a client to PIRA Energy Group's Global Political Risk Service, and we understand and agree that the fee for the subscription is (circle as appropriate):

Status	Annual Fee
Non-Retainer Client	\$18,000
Single Retainer Client*	\$12,000
Double Retainer Client*	\$10,000

(*North American Natural Gas, North American Electricity, International Coal, European Energy, or Scenario Planning Service retainers.)

- GPRS is provided for the exclusive use of the subscribing company, which may distribute GPRS material internally to a total of 10 people at one company site. Additional distribution rights may be obtained through a PIRA Site License. For licensing options, contact your PIRA sales representative.
- A subscription to GPRS entitles client companies to reports, updates, and access to PIRA's GPRS, as detailed in the "Deliverables" section of this prospectus (page 3).
- GPRS contains no confidential technical information to the best knowledge of PIRA. However, except for information that is or becomes available to the public in printed publication, or is already in the possession of, or developed independently by, the subscriber, or is received by subscriber in good faith from a third party, any information in the service is for the sole and confidential use of the subscriber. Subscriber agrees to use reasonable efforts to protect the confidential nature of the information supplied to it as part of this service.

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Address: _____

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Signature: _____

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