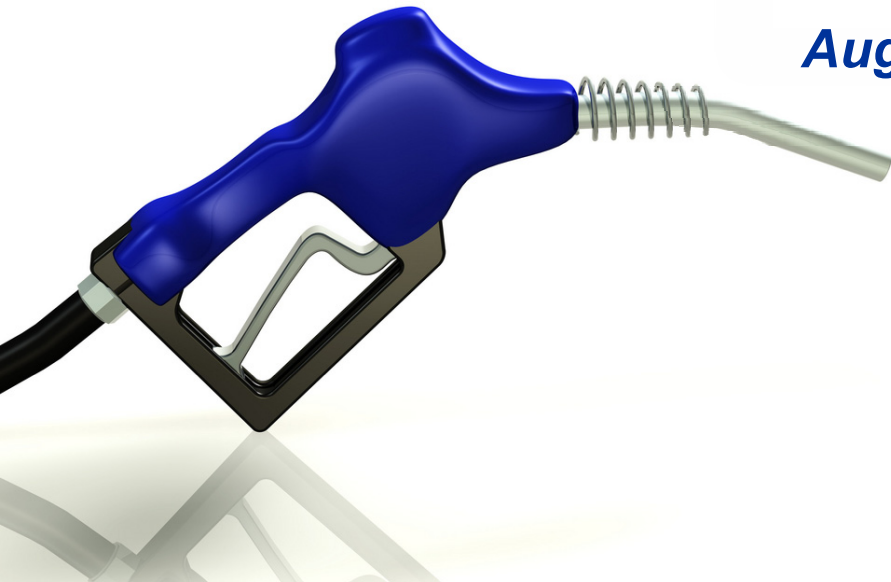


Energy Prices Reshaping the Supply Chain: Charting a New Course?

Webcast
August 2007



Who We Are

Industry
Research

Cost and Price
Analysis

Supply Chain
Consulting



Mercedes-Benz



Georgia-Pacific



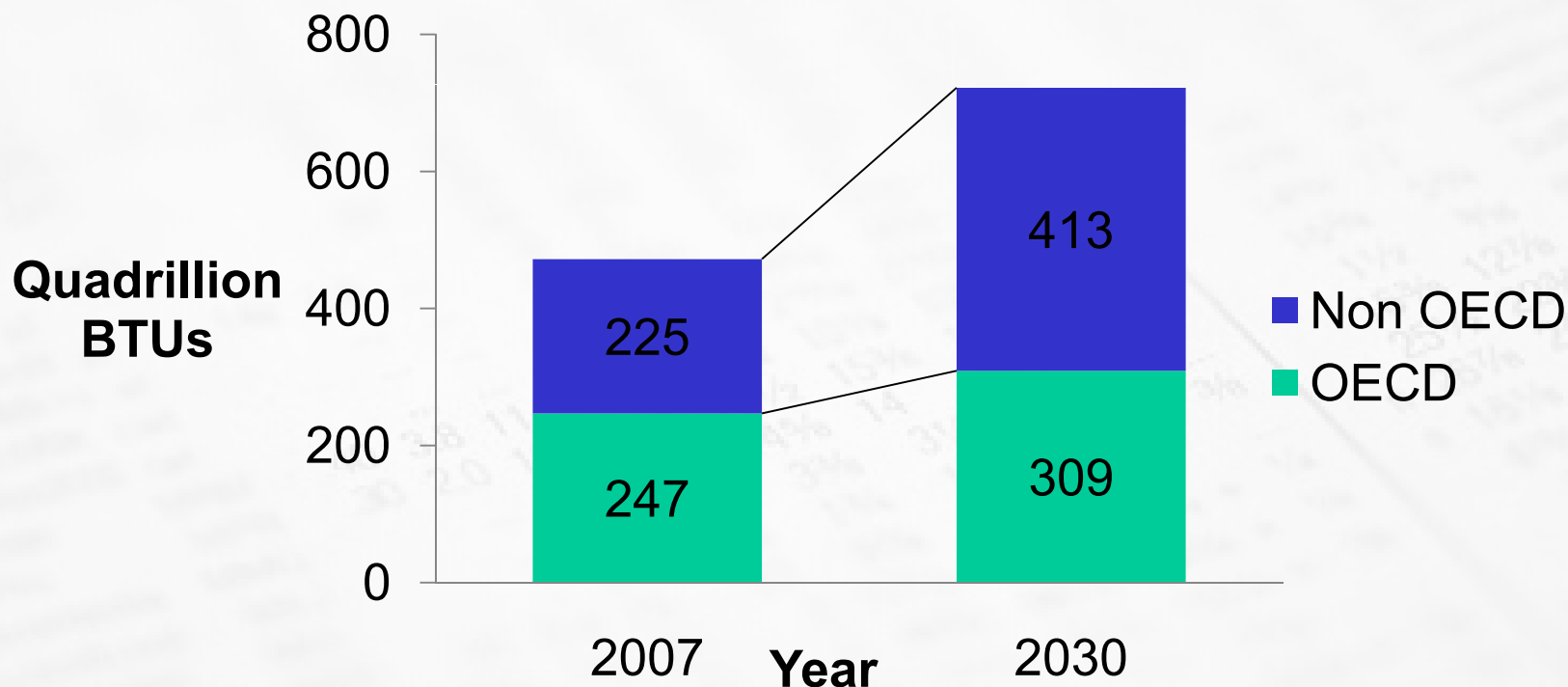
CROSS



World energy requirements increasing

- Energy consumption forecast to increase 52% by 2030

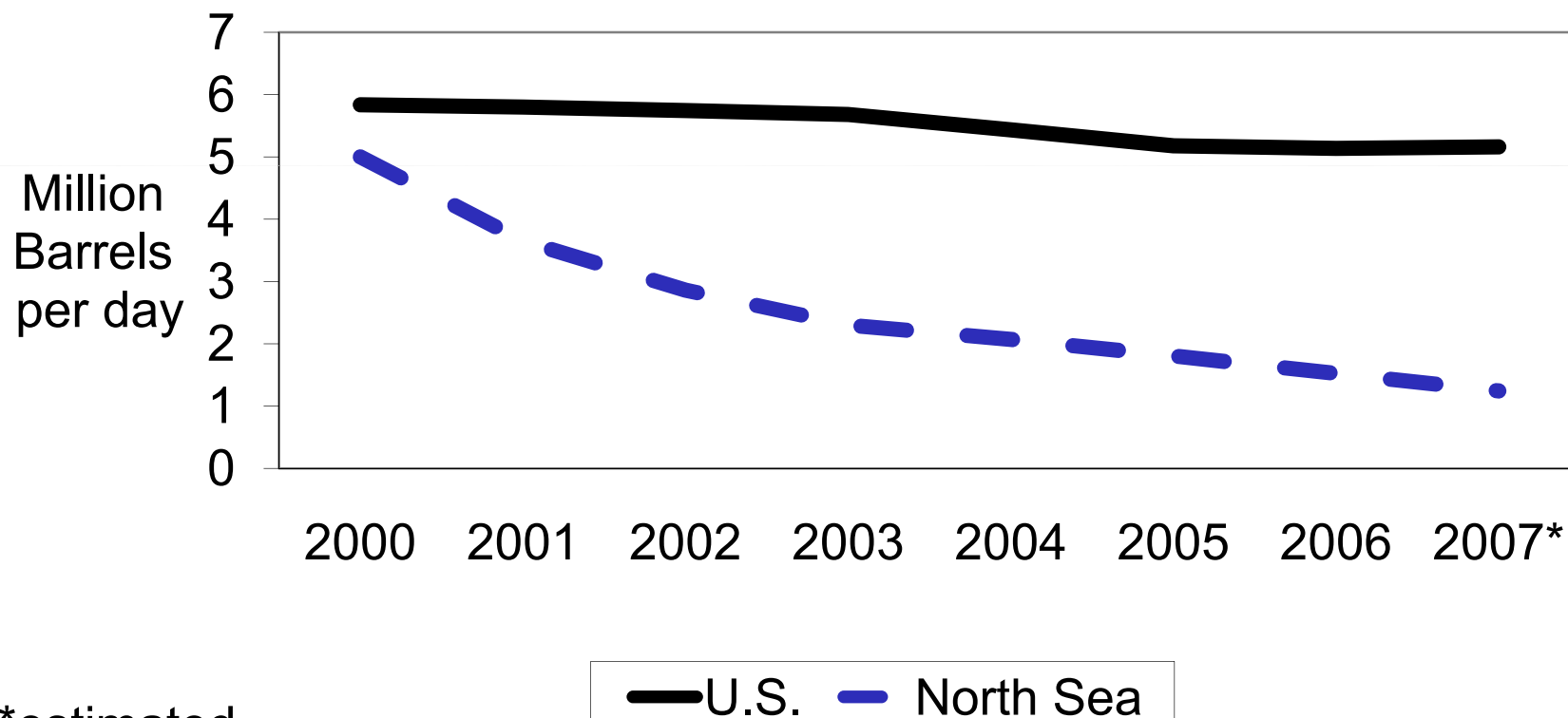
Growth in Global Energy Consumption, 2007 vs. 2030



Production falling behind

- Many locations declining in production

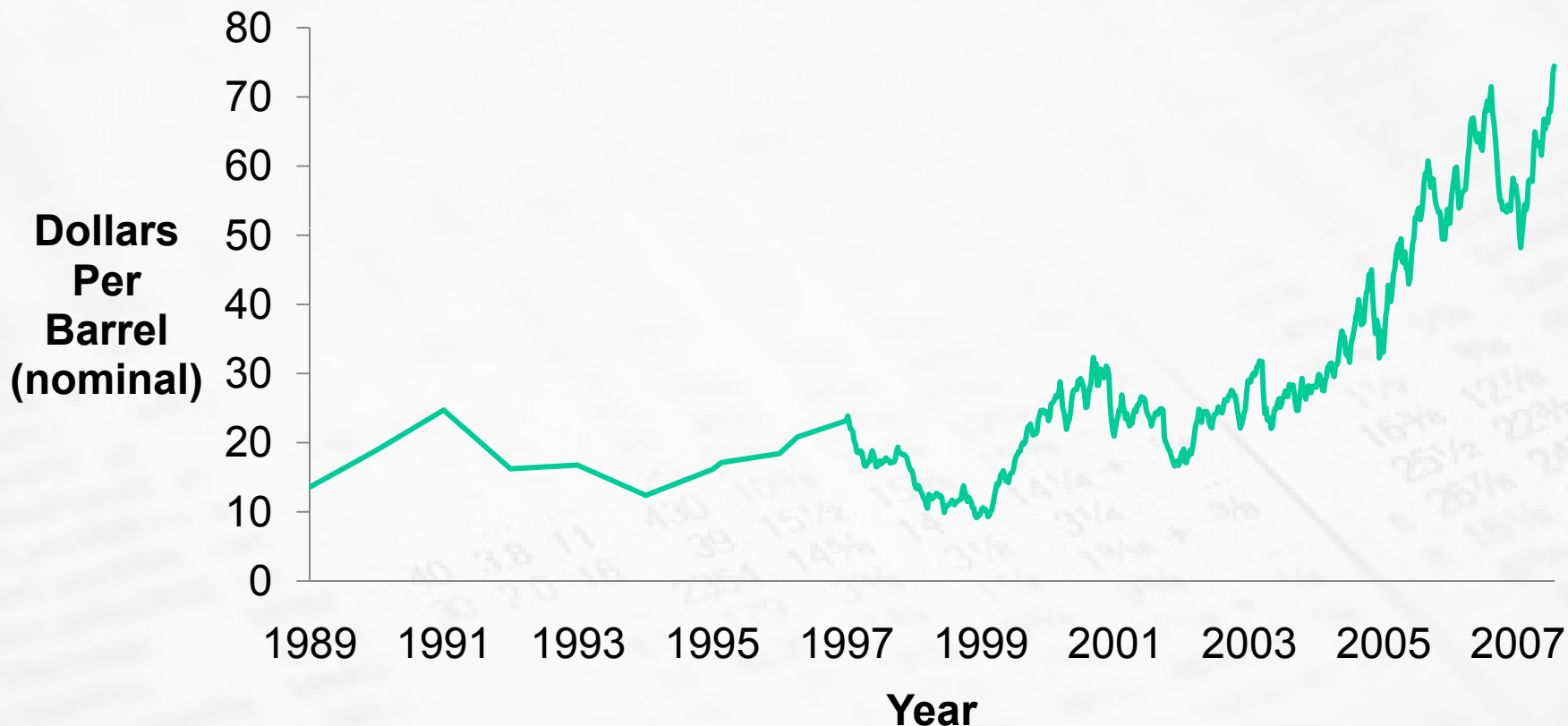
US and North Sea Oil Production



*estimated

Higher oil prices here to stay?

Weighted Average World Oil Spot Prices 1989-2007



Risk & uncertainty: the new enemy

Percent Change in Natural Gas Price, November 2005 – April 2007



Sources: Energy Information Administration, Boston Logistics Group

Energy economics reversing lean?

- Decentralizing operations?
- Holding more buffer stock?
- Affecting off-shoring decisions?
- Indirect economic drag?



Potential strategies

Supply Chain Strategies

1. Centralize purchasing
2. Join a buying consortium
3. Sign contracts at forecast rates
4. Reduce consumption (value engineering)

Financial Strategies

5. Buy in advance at the current price
6. Buy options

Pricing Strategies

7. Pass costs on via a floating surcharge
8. Pass costs on and embed in the product price



Global Supply Chain Economics

Boston Strategies International helps supply chain executives make critical supply chain decisions that involve investment and risk by forecasting the evolution of supply markets and technologies. Our mission is to help our clients develop globally competitive supply networks that maximize Supply Chain Value.™ Our products and services include:

- **Industry Research** that helps investors and policy makers identify emerging issues that affect their supply chains, and quantify the impact that they will have
- **Cost and Price Analysis** that helps financial and operational managers plan and budget by providing benchmark, best practice, and forecast data tailored to their companies' supply chains
- **Supply Chain Consulting** services that help supply chain leaders make high-stakes decisions related to mergers & acquisitions, market entry, capital investments, outsourcing, off-shoring, and make-or-buy



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