


*Petroleum's Next Century:  
Performance, Progress & Prosperity  
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Thank you, John. (Lord Browne of Madingley)

I appreciate your kind words and am honored to accept this award.

It has been wisely said that when you are younger, you get blamed for things you never did – and when you get older, you get credit for virtues you never possessed.

Whatever the final verdict will be in my own case, let me say at the outset how pleased I am to participate in this conference.

It is especially fitting that we are meeting in London – a place T. S. Eliot aptly called The Timekept City.

Its storied past and modern face remind us that in today's world, change is the only constant.

Even now, we are experiencing what seems to be one of those watershed periods in history – a time when ideologies, systems of belief, and national governments are undergoing fundamental changes.

Time and again, our industry has revealed its resilience in responding to change. Since the earliest days, our performance has placed us on the cutting edge of technological development and progress.

Looking back, the 20<sup>th</sup> Century was truly one of the most remarkable periods in human history.

The global population rose fourfold – from 1.7 billion in 1900 to more than 6 billion today – while energy use increased at an even faster rate, rising more than tenfold.

The great pioneers – Edison, Ford, Bell, Fleming, Salk, and Hawking – produced wondrous inventions and scientific advances.

And we can say with pride that our industry also made great contributions to the world.

Among the most significant was bringing to billions of people – not just the privileged few – a standard of living that lifted them above the toils for life's barest necessities.

Permeating our history as an industry is a steady determination that manifests and proves itself in periods of great challenge.

We have been responsible for extraordinary technical advances that have increased energy supplies and made them more affordable.

Our industry has worked diligently and successfully to reduce the environmental impact of its operations and we have helped bring about significant environmental improvement throughout the world.

We know what a difference we can make – to the exporting economies of those with surplus resources that they produce and sell, and to the importing countries whose economies and way of life depend on the energy supplies and products we provide.

People the world over count on us to meet their vital needs.

Our strength and resilience have enabled us to produce goods and services offering tangible benefits to billions of our fellow human beings – a truly remarkable performance.

As we look at the impact of continuing economic growth on energy demand, several important dynamics come into sharper focus.

First, it is abundantly clear that sustained economic growth is vital if we are to ensure and build a better future for tomorrow's generations.

The experience of the last century showed beyond any doubt that economic growth depends on the availability of reliable and affordable energy.

Knowledgeable commentators recognize that oil and gas will remain the dominant energy source at least through the middle of the 21st Century.

Our industry will continue to be vital to economic growth – not only in the industrialized world, but also and especially in the developing countries, whose citizens yearn for a better and more prosperous future.

As established fields decline, a larger share of the world's energy will have to come from new sources in regions that may be far removed from the largest consuming markets.

And this will lead to greater energy interdependence.

We can also expect to see a substantial increase in the use of natural gas.

Fifty years ago, gas consumption represented only about 10 percent of the world's energy demand.

Today, it has risen to about 20 percent of total energy demand.

And if current projections hold, gas will supply about one-quarter of global energy needs in another two decades.

Fortunately, there are ample gas resources.

Various estimates put the remaining gas resources worldwide at nearly 200 years of supply at today's consumption levels.

Our challenge will be to find innovative and cost-effective ways to develop new supplies from fields far from major markets and unconnected to current distribution networks.

In meeting that challenge, we expect LNG usage to grow at least fourfold by 2020. Investment in new infrastructure, utilizing the latest advances in technology, will be key to achieving that growth.

Downstream from the LNG plants, we will acquire the necessary transportation capacity and develop regasification infrastructure in the United States.

Worldwide, trillions of dollars in new industry investment will be needed during the next few decades to build additional capacity and to replace production lost to field declines.

Governments will play an essential role in encouraging and facilitating the growth in such capacity.

Indeed, their policies and actions will be crucial to satisfying the world's growing demand for energy.

Those that take the lead in encouraging investment will reap the substantial benefits that accrue from it.

Forward-looking governments can foster an environment that encourages the very large, long-term investments needed by our industry to develop oil and gas resources.

Such an environment requires a predictable tax structure, sanctity of contracts, an impartial court system, respect for intellectual property, elimination of protective duties, and transparency.

Where governments do not adopt and enforce a stable legal framework or provide unhindered access to the resource base, investments will become very difficult.

Fortunately, more and more nations around the world are casting aside the failed models of the past and embracing free enterprise as the prescription for a prosperous future.

In the process, they are addressing their economic issues with market solutions, dismantling state-owned enterprises, and reducing harmful economic barriers such as import tariffs, confiscatory tax schemes, quotas, price controls, and competitor restrictions.

We should applaud these developments – particularly when changes to the status quo require political courage.

For its part, the petroleum industry has an ongoing duty to manage its relationships with governments and communities responsibly.

And central to this responsibility is conducting our activities as good corporate citizens in all the places where we operate worldwide.

This includes maintaining high ethical standards, complying with all applicable laws and regulations, and respecting local and national cultures. It also involves meeting our broader obligations to society.

Where such interactions stretch across borders, political systems, and national or local interests, the global petroleum industry must adhere to policies and practices that are responsive and responsible.

Our primary responsibility to society is to do our job well – providing the world with abundant, affordable energy in a safe, reliable, and environmentally responsible manner.

Our industry must continue to support further advances in science and technology.

Both have been and will continue to be essential to human progress and prosperity.

To date, our research efforts have resulted in breakthroughs such as 3-D and 4-D seismic, sequence stratigraphy, digital reservoir simulation, synthetic rubber, and catalytic cracking.

We are also developing new technologies that are continuing to lower the cost of LNG and gas-to-liquids technology and infrastructure, directly detect hydrocarbons in advance of drilling, dramatically increase recovery in heavy oil reservoirs, and recover gas in previously uneconomic tight-gas reservoirs – to cite but a few examples.

These are magnificent achievements.

However, there is still much to be done. Some 85 percent of the world's population lives in developing countries, where GDP per capita is only six percent of that in the developed world.

Nearly 2 billion people have no access to electricity, 18 percent of the world lacks access to safe drinking water, and 2.5 billion are without proper sanitation.

It is true that many other forces – cultural, political, and environmental – have an impact on society that is greater than ours.

However, our efforts to provide energy for a growing world economy exert a positive influence on improving the lives of people everywhere.

Our industry understands the public's interest in the communities and societies where we have operations.

We believe that our activities and those of others in private industry deliver economic benefits and help advance worthwhile societal goals.

Now, you may say that those are certainly lofty principles.

But are they attainable? Are they realistic? In a word: Yes.

But make no mistake about it – we sometimes do business in what many consider tough neighborhoods.

But even there, the best policy for our industry is consistent with the highest standards of corporate citizenship.

There is, however – as Edmund Burke put it – a limit at which forbearance ceases to be a virtue.

We must condemn the violation of human rights in any form.

Our stand on human rights sets a positive example and contributes to social progress in countries where we operate.

As you well know, progress in this area is sometimes frustratingly slow, but we are resolved to maintain this standard without exception.

In our experience, responsible corporate citizenship produces far more success stories than disappointments.

Last month, for example, together with our co-sponsors (Petronas and ChevronTexaco), we announced the inauguration of the Chad-Cameroon Oil Development and Pipeline Project – a successful partnership with the governments of Chad and Cameroon, and the World Bank.

The partnership was forged through years of collaboration and consultation with tens of thousands of people in both countries.

The effort included the design and implementation of one of the most rigorous environmental management plans ever developed in Africa.

The project benefits the economies of the two host countries. For example, 35,000 people held jobs during the construction phase – with fully 80 percent citizens of either Chad or Cameroon.

In addition, investments topping \$650 million in local economies have created significant economic growth and provided new infrastructure.

My company has been doing business in Africa for more than a century, and we now have operations across the continent.

Though saddled with many challenges, it is a region rich in human and natural resources and presents a wealth of economic and social opportunities for business.

But Africa is also afflicted with many serious problems.

There is a health crisis in sub-Saharan Africa.

Compounding the HIV/AIDS epidemic, malaria has rebounded steadily since the 1970s.

Of the one million people who die of this dreadful illness every year worldwide, seven in ten are African children.

Roll Back Malaria – a partnership combining the resources of the World Health Organization, private companies, charitable organizations, and local governments – has been very active in helping to turn the tide against malaria.

Since it began, Roll Back Malaria has distributed more than 80,000 insecticide-treated bed nets and provided critical training for health workers in diagnosis and treatment.

We believe that the Roll Back Malaria partnership is a sound and socially responsible investment in the health and well-being of Africa's 600 million people and a solid model for corporate social engagement.

Another critical issue for our industry in any discussion about corporate citizenship is the environment.

Here, too, our industry's performance is strong and positive.

The overwhelming weight of evidence shows that economic growth and environmental improvement are compatible.

Data in the U.S. and Europe confirm that air quality has improved significantly despite substantial increases in energy consumption during the past 30 years.

In the U.S., for example, lead has dropped by 98 percent, particulates by 75 percent and sulfur dioxide by 39 percent since 1970.

Other parts of the world have also experienced dramatic improvements.

In recent years, however, particular attention has been placed on the contribution of hydrocarbon use to global climate change.

Scientific research must continue so that we have a better understanding of global climate change and can reach the best policy decisions.

As Winston Churchill said, "The truth is incontrovertible. Malice may attack it. Ignorance may deride it. But in the end, there it is."

This does not mean, however, that we should stand still. In my view, we should continue to take actions now, and work with others to develop effective, long-term solutions that minimize the risk without causing undesirable social and economic consequences.

To help meet this challenge, we worked to launch a groundbreaking research effort – the Global Climate and Energy Project.

Stanford University will lead the effort in which scientists and engineers from universities and companies, including ExxonMobil, General Electric, Schlumberger and Toyota, will work on a wide range of issues associated with energy needs.

Both the research itself and dissemination of the project's findings will explicitly consider developing countries, where the significant majority of the new growth in emissions will occur.

Transfer of the most advanced technologies to growing parts of the world can be an effective means to reduce emissions growth.

I believe this project holds great promise for yielding new technology that can help us continue to produce reliable and affordable energy while reducing greenhouse gas emissions in a cost-effective way.



We all have a tremendous opportunity and – I believe – a responsibility to improve the quality of life the world over.

Moreover, we have seen that the energy we provide has contributed significantly to human welfare in every part of the world.

Indeed, I believe that ours is one of the greatest – if not the greatest industry – in the history of mankind.

We have brought immeasurable benefits to humanity – through the breakthroughs we have achieved in science and engineering, through our contributions in raising living standards for the world's people, and through the countless products we make that have improved their lives.

These are extraordinary accomplishments and should be a source of pride for all of us.

The petroleum industry is populated with people who have the determination to succeed and the skills to realize this objective.

Our best years lie ahead – surpassing even the greatest achievements of the century gone by – an era that was rightly dubbed The Century of Oil.

As we continue petroleum's journey in the 21st Century, let us do so with confidence and resolve.

Let our performance be worthy of our great heritage.

And let our labors bring progress and prosperity for all.

May I again say how deeply honored I am by the recognition you have bestowed on me this evening.

At this special milestone in a long and rewarding career, I am proud to be an oilman and feel privileged to have served its great purpose.

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