

An identity for the future

By Svein Rennemo, chair of the board of StatoilHydro

The merger between Statoil and Hydro's oil and gas activities was approved at the two companies' annual general meetings during the summer of 2007. The new company was established on 1 October 2007 under the temporary name StatoilHydro.

The board of directors of StatoilHydro is working in accordance with the merger plan on developing a new name and a new logo for the company, which will symbolise the company's business strategy, value base and vision.

At the same time a board of directors is required to show sound business judgement, to ensure that inputs are given by our shareholders and to evaluate them in the exercising of our responsibility as board members.

StatoilHydro is experiencing a period of change. We are still involved in the completion of the integration between the two companies. We all know that it takes a long time to establish one common culture and build one common identity, but a considerable effort has been made so far. We are well under way.

At the same time we are working on further developing the company's strategy and determining our direction for the future. This means making decisions as to what will be the company's future activities and characterise the company for decades to come. In this connection there are undoubtedly more important issues for the board to decide than the name of the company.

Oil and gas production will still be the dominating activities of the company, and we will develop this part of the activities in compliance with increasingly stricter requirements and expectations with regard to the environment. We will furthermore develop a portfolio relating to production of renewable energy, which will gradually become an important part of the company's activities. The first investment decisions have been made concerning wind, wave power and biofuel. More decisions will be made.

The oil and gas industry is characterised by long planning horizons. This also applies to decisions on developing renewable energy. When the company is to develop an identity for the future, these perspectives should be included. We do not choose a name primarily based on what has characterised us in the past, but what will characterise us in the future. We have an exciting and powerful history, but first and foremost we have a responsibility to develop the company to enable it to deliver growth and value development in the future.

The board of StatoilHydro will, as part of this strategy development, discuss a change in the company's objects clause, which currently links our main activities primarily to the petroleum activities. Any new and wider objects clause must cover a wider energy picture.

A company's identity consists of many elements. The name and logo are of course of great importance, but even more important are the culture, work processes and values characterising the company's activities. These are the areas in which we must create something which is stronger than the two companies were separately. And also: When the value base and the business strategy are pursued in the company name, logo and visual identity, they will be mutually strengthened.

The board of StatoilHydro is responsible for presenting a name and logo proposal to the company's owners, who will then decide on the proposal at the annual general meeting in 2009. We believe it is important to carry out such a process in a good and professional manner. Much work remains to be done, but this is our current status:

- Efforts are being made to develop a proposal for a company name which will symbolise the company's business strategy, value base and vision. Both the name and the logo will be discussed by the board of directors. In this connection we will not exclude using the Statoil name, but the task assigned to us is to find a new name. The board will present its proposal to the annual general meeting.
- Irrespective of the name recommended by the board to the annual general meeting, the board finds it appropriate to keep Statoil as the name of the company's petrol station activity. Considerable values are tied to the company's name and position in this field, and based on the board's evaluation the company is best served by further developing this brand. The fact that 90% of the costs of any re-branding are related to this part of the company further supports the decision to keep the current well-known name also in the future.

Many people have stated their opinion on both the name and the process of developing a new identity. A number of assertions on costs have been made in particular. StatoilHydro has hired Det Norske Veritas (DNV) to look at all parts of the company and calculate the costs of the various alternatives.

The costs of re-branding the company's petrol station activity have been estimated by DNV at a gross amount of around NOK 1.9 billion. These costs can be excluded since this part of the company's activity keeps the Statoil name.

The costs of the remaining re-branding activities have been estimated to be in the size of NOK 150-200 million. Parts of these costs are unavoidable, since one common visual brand must be implemented on old Statoil and Hydro installations as well as parts currently carrying the StatoilHydro brand. Marketing costs are additional, but this activity must be carried out by the company in any case.

For the merged StatoilHydro it is important that the development of the company's identity is based on a renewed vision, an updated business strategy and a strong value base. This will form the basis of our future positioning. The name and the logo will underpin this basis. When the final decisions are to be made, the consideration regarding future development possibilities must be decisive. This will guide the work performed by the board of directors and the administration of the company.