



# Downstream

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Executive Vice President  
Downstream



## What We Accomplished in 2007

### Improved Base Business

- ✓ Record Safety
- ✓ Major Asset Divestments
- Reliability Refinery

### Delivered 16% ROCE

### Increased Scale & Flexibility

- ✓ South Korea Upgrade
- ✓ El Segundo Upgrade
- ✓ U.K. Caspian Integration





## Added Scale and Flexibility in Asia

### Yeosu Refinery, South Korea – Heavy Oil Upgrade

Vacuum Unit



Hydrocracker



Lube Oil Plant



- One of the world's largest vacuum columns
- Lower crude costs ~\$1/bbl

- 33 MBD light product increase
- 15 MBD new lube base oils



## Added Scale and Flexibility in the U.S.

El Segundo Refinery, California – Heavy Crude Project

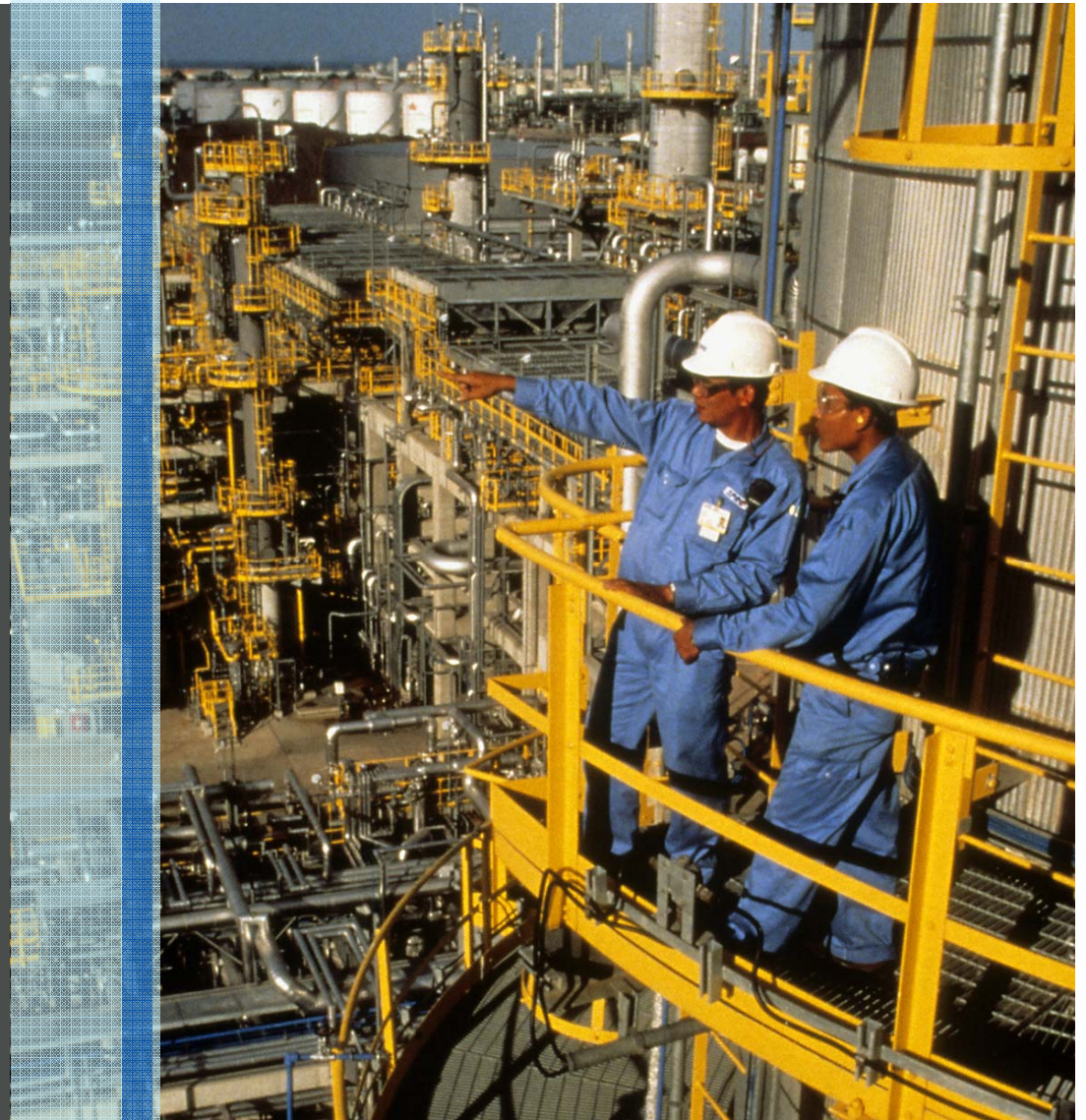
### New Coker Fractionator



- Lower crude costs ~\$1/bbl
- Improved coker reliability
- Increased coker throughput



# Right Strategies





# Leveraging Our Portfolio and Capabilities

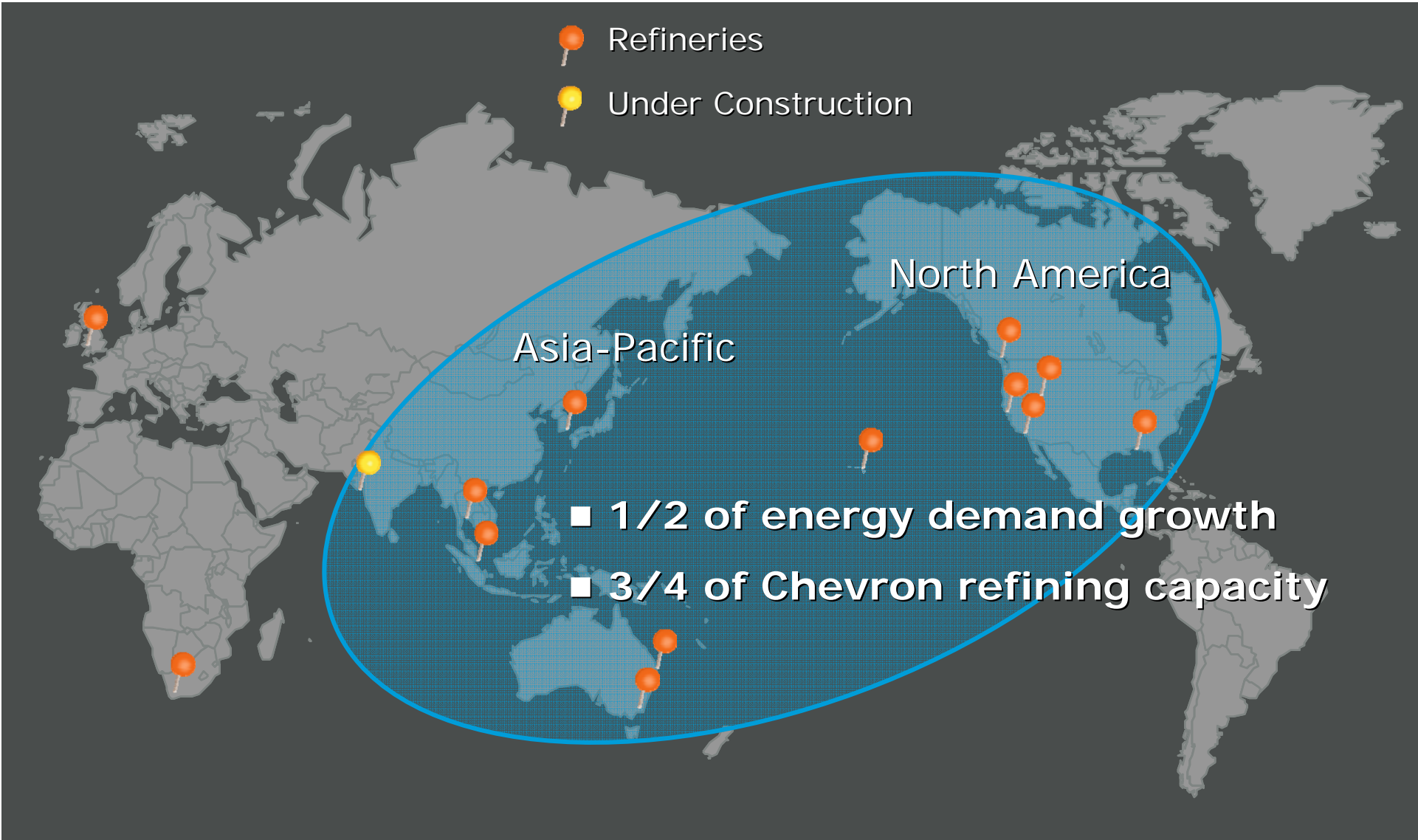


Improve returns and selectively grow, with a focus on integrated value creation

- Operational excellence in base business
- Focused portfolio high-grading
- Disciplined growth in refinery scale and flexibility



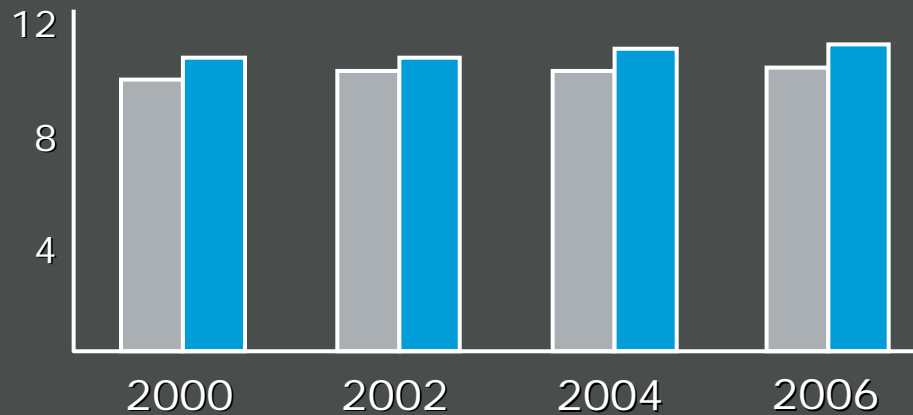
# Well-Positioned In Growth Regions





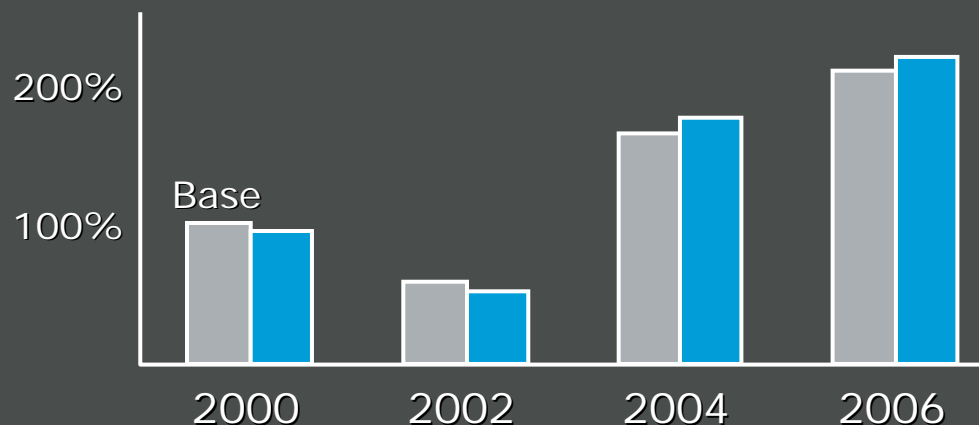
# Superior Refining Assets

## Solomon Refinery Complexity



- Sustained complexity and margin advantage
- Investing to further enhance flexibility
- Improving through reliability and flexibility

## Solomon Net Cash Margin (Indexed)



- Chevron
- International Majors\*

\* The eight majors tracked by Solomon





# Effective Execution





# “Reliability Refinery” Is Top Priority

## Superior Capabilities



- Hiring experts
- Reliability specialists
- Reliability University

## World-Class Processes



- Regular asset reliability briefs
- Focus on risk elimination

## Advanced Equipment



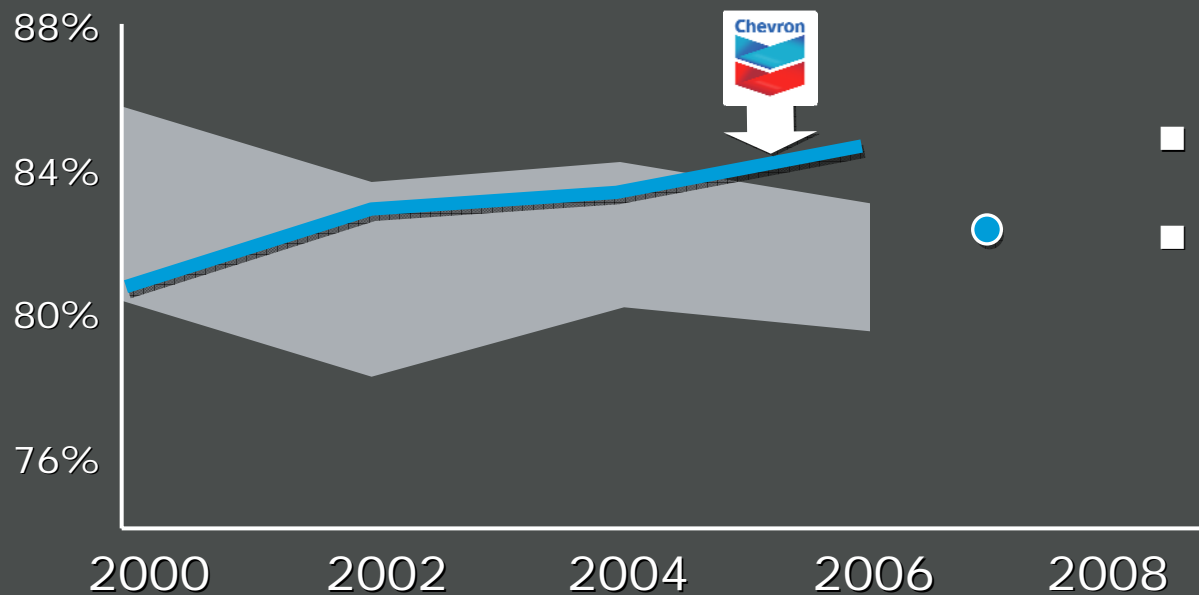
- Risk detection
- Remote monitoring
- Design for Reliability

Strong Risk Management Culture



# Improving Competitive Performance

## Solomon Utilization Chevron vs. International Majors \*



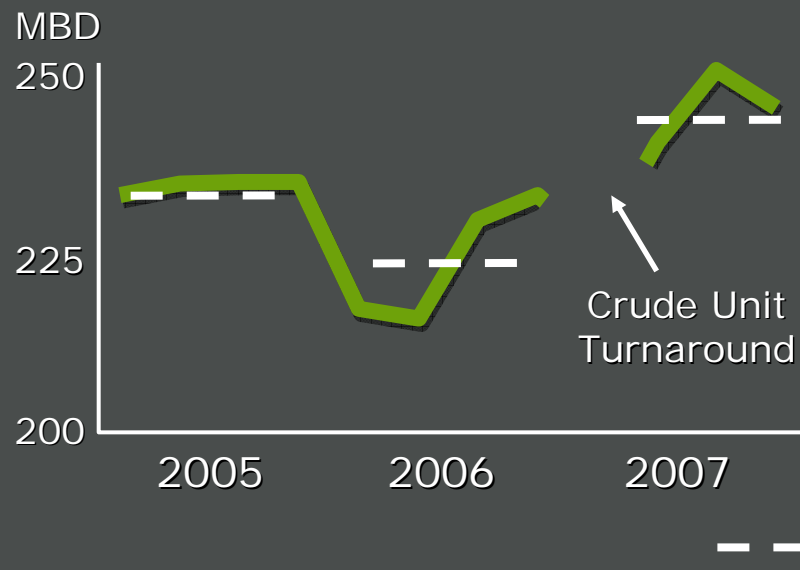
- Top-ranked in 2006
- Focus on sustained reliability performance

\* The eight majors tracked by Solomon

# Richmond Refinery Reliability Improvement

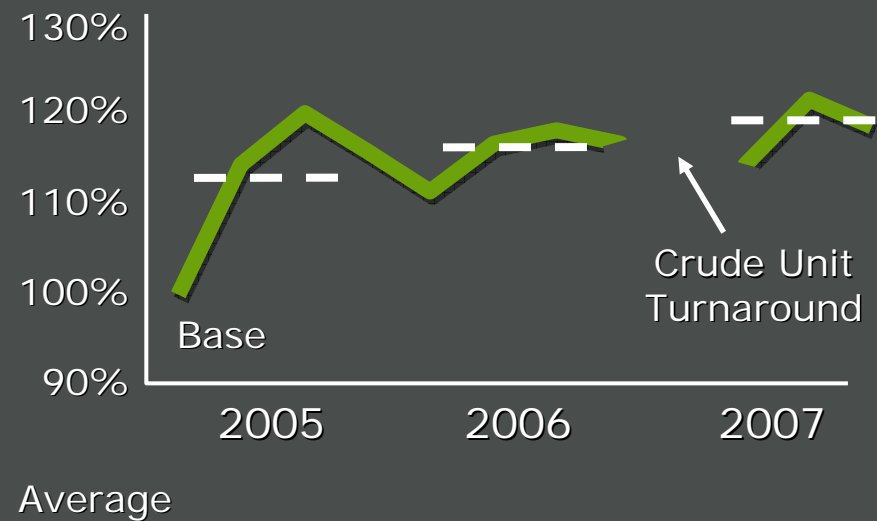


## Crude Inputs



## Solomon Utilization (Indexed)

Excludes planned turnarounds



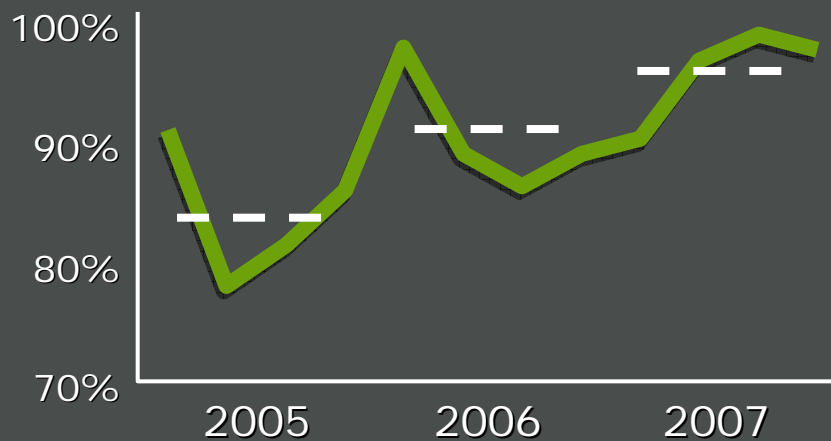
- Design for Reliability process has enhanced performance
- 100+% crude unit utilization since post-fire recovery

- 100+ risks eliminated in 2007
- 40% fewer incidents

# Pembroke Refinery Reliability Improvement

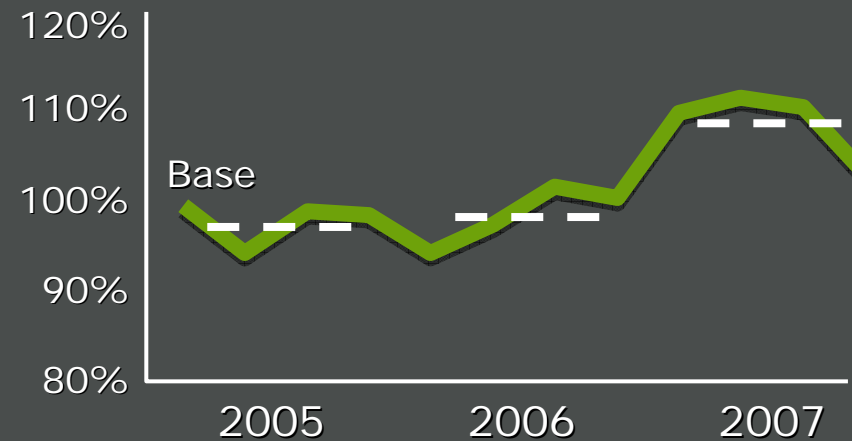


## Steam Plant Availability



## Solomon Utilization (Indexed)

Excludes planned turnarounds

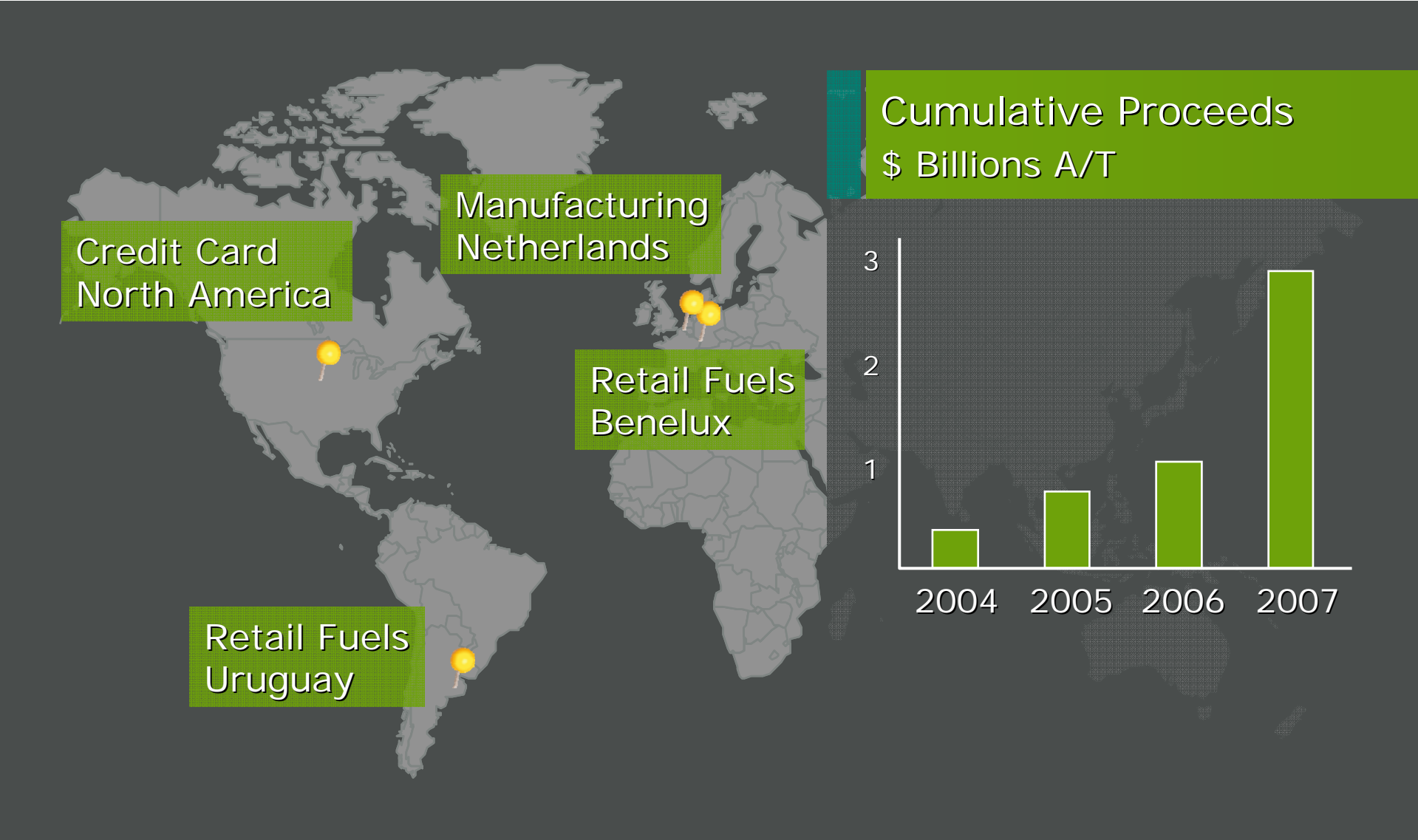


— — — Average

- 11 boiler failures in 2005
- Zero failures in 2007
- Significant utilization impact
- 40% fewer down days
- 50% fewer incidents
- Uptime interval grew 140%



# Significant Portfolio High-Grading in 2007





# Profitable Growth





# More Focused and Efficient Marketing

## Rationalizing Footprint



- Fewer markets
- Simpler model
- Generate cash

## Higher Return Channels



- Less ownership
- Grow non-retail
- Focused C-Stores

## Premium Brands



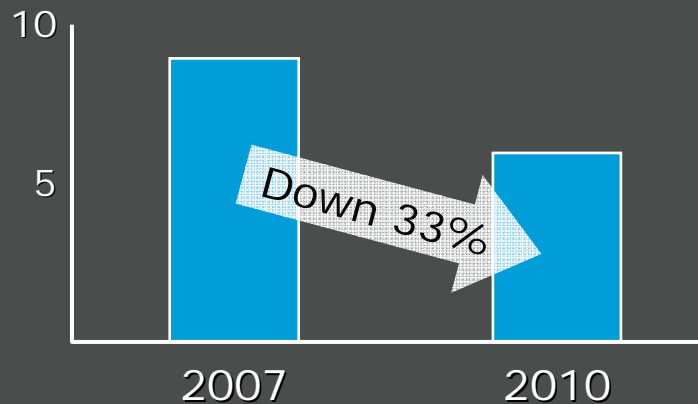
- Reliable supply
- Unsurpassed fuels
- Strong brands



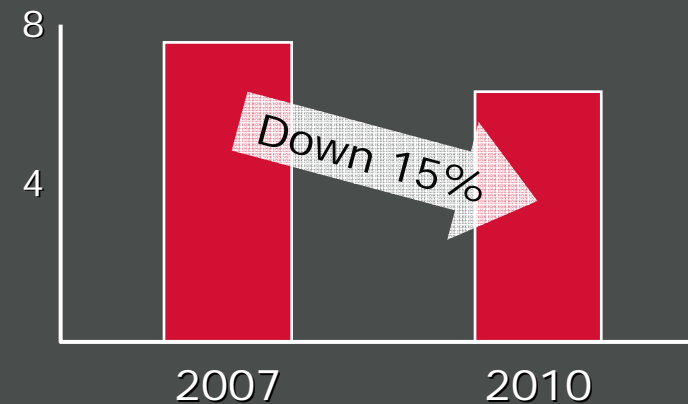


# Improving Marketing Returns

Lubricants  
Product Line Complexity  
Thousand Inventory Units



Marketing  
Capital Employed  
\$ Billions



## Targeted Benefits by 2010

- Simplified product line
  - 70 possible country exits
  - More retail sites divested
  - Restructuring
- 
- Less capital employed (\$1 B)
  - 80% of retail fuel sold through higher return channels
  - Lower operating costs (\$0.7 B)



# Increasing Integration to Capture Value

PNZ Heavy



El Segundo



Asia High-Mercury



Asia-Pacific



Caspian Blend

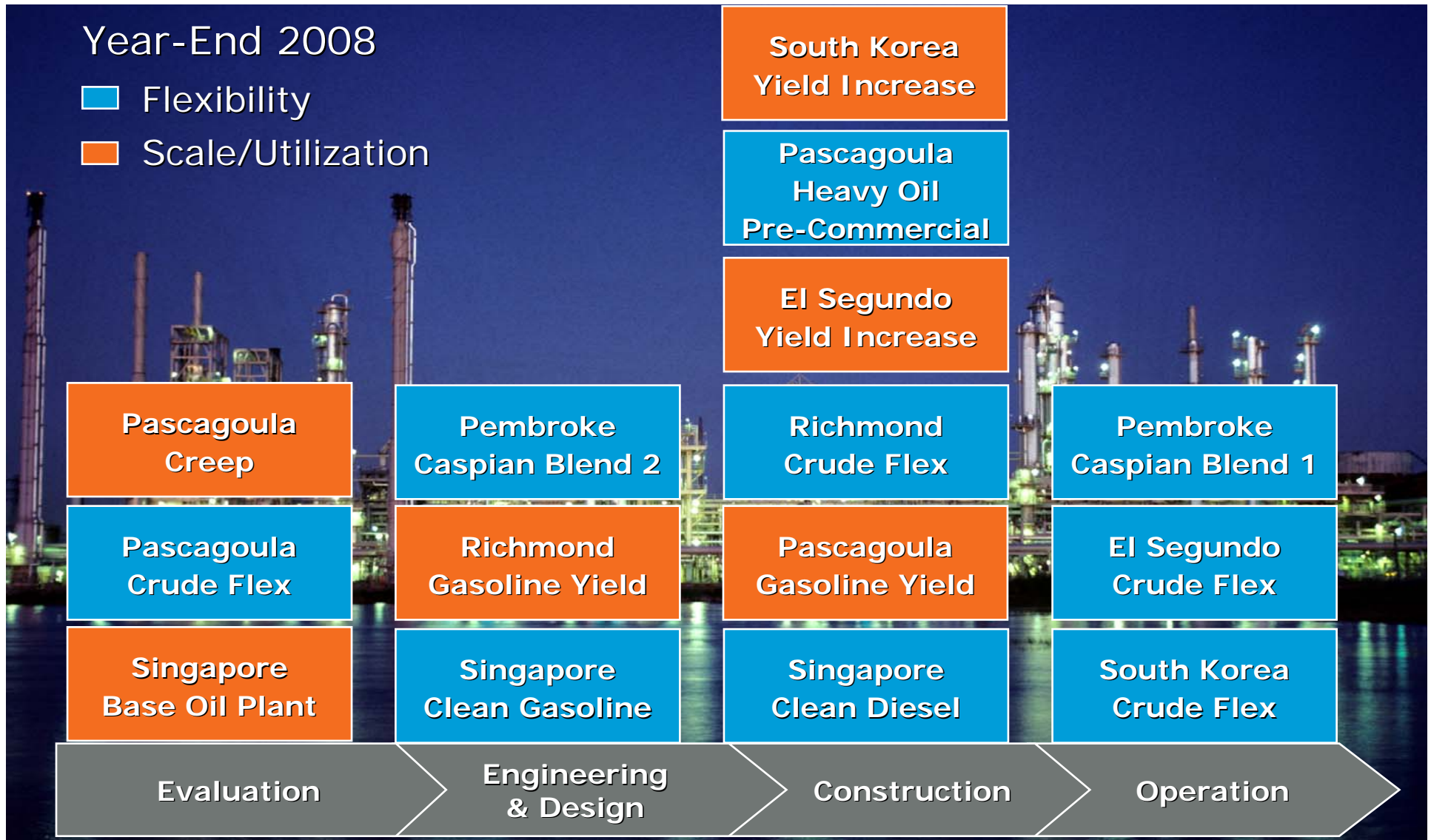


Pembroke





# Adding Scale and Flexibility

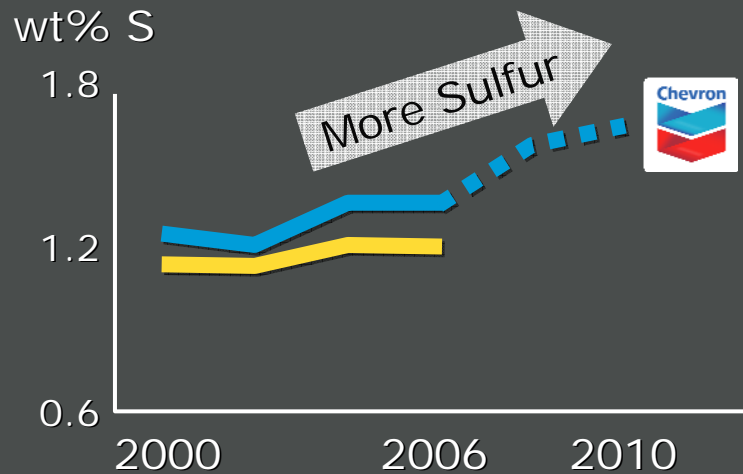


# Investing to Increase Margins and High-Value Production



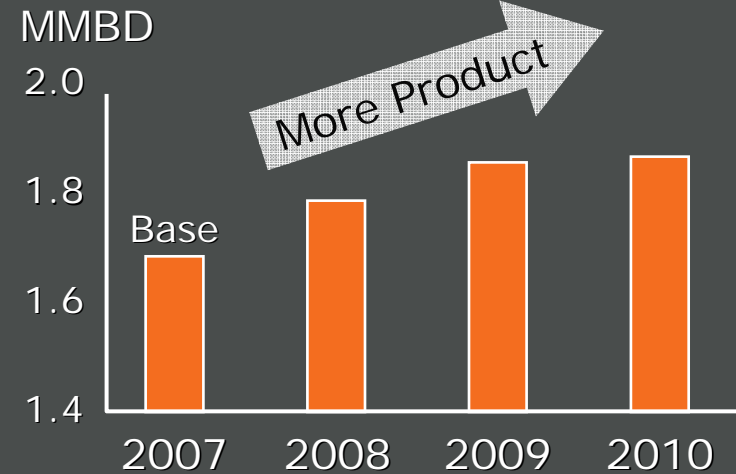
Heavier/Higher Sulfur Slate  
Capacity Creep

Crude Sulfur  
Chevron vs. International Majors\*



\$0.50/bbl lower crude costs

High-Value Product



10% increase in HVP

\* The eight majors tracked by Solomon

# Developing Proprietary Technologies

## Vacuum Resid Slurry Hydrocracking (VRSH) Pascagoula Pre-Commercial Plant

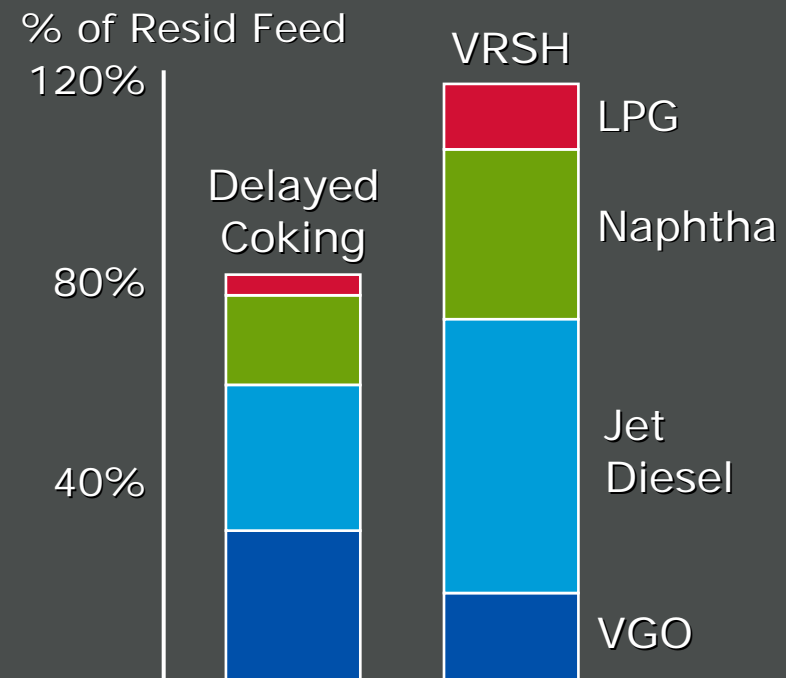


Ultra-Heavy Resid



Ultra-Clean Products

### Liquid Product Yield





## Focus and Execution Are Key



- Sustained reliability
- Portfolio high-grading
- Marketing efficiency
- Greater flexibility/margins
- Cost-effective capacity creep
- Increasing integration value

# Our Continued Commitment to Earnings and Returns



|                           |      |
|---------------------------|------|
| Improve Utilization by 6% | 2008 |
| Additional Divestments    | 2008 |
| Marketing Restructuring   | 2009 |
| Reliance Decision         | 2009 |
| South Korea Upgrade       | 2010 |
| Richmond Upgrade          | 2010 |
| El Segundo Upgrade        | 2010 |
| Pascagoula VRSB           | 2010 |



# Questions and Answers







# Break

