

Fellow Bakersfield Refinery Employee,

My best wishes to you and your loved ones this holiday season. May you experience the joy and promise this time of year represents.

As we have discussed before, we turned in excellent operational performance this year. We are the most reliable Shell U. S. refinery in 2003, and achieved world-class performance two years in row now. We have made quantum step improvements in our environmental compliance, finishing well under our target again for the second straight year. We have reduced the expenses we control 15+% year over year, and have been one of the few Shell U.S. refineries to turn a profit. And, while we struggled with our attention to safety in a difficult first quarter, we've stepped forward and created a new culture and attitude for protecting ourselves and our coworkers; reducing injuries over threefold in the last half of the year.

We've done all this with the lowest personnel index in Shell refining in the country, making us comparatively the most productive and effective workforce in the system. All in all, an outstanding year by an exceptional group of people. Great, great job and I thank you for your contributions to this success.

As you well know, 2004 will bring its fair share of challenge and life change for us. Yet despite the level of difficulty, I am convinced there is no better group of people to face it with. I look forward to positive outcomes for all of us as we navigate the new year.

Sincerely,

*Jeff Krause*