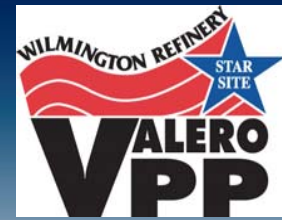




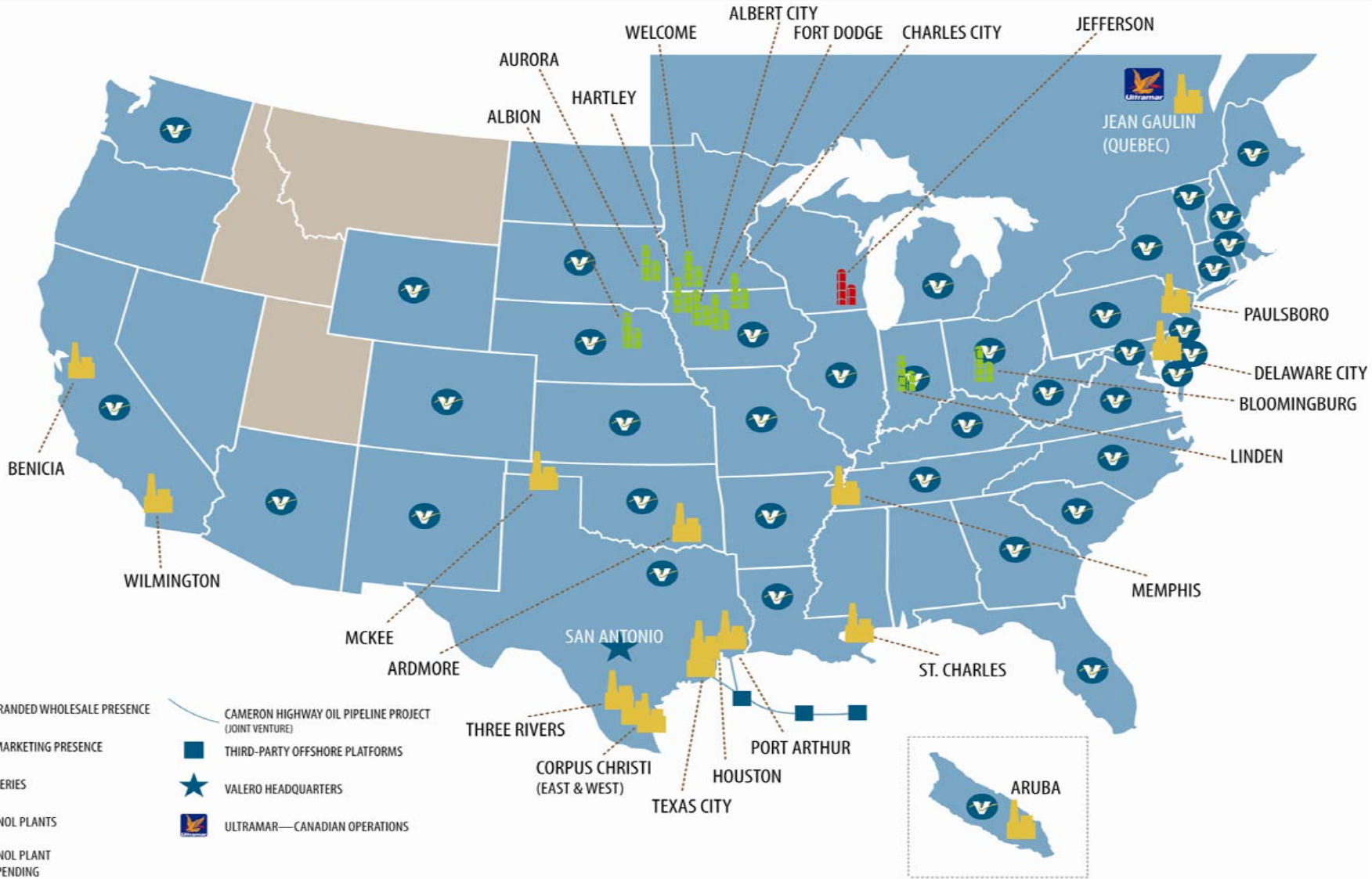
Management Commitment



Cal VPP Star Workshop
Mr. David G. Sanders
Vice President & General Manager
Valero Wilmington Refining
March 30, 2010

- Largest independent refiner in North America
 - ✓ 15 refineries in the U.S., Canada and Caribbean
 - ✓ Throughput capacity of 2.8 million barrels per day
- One of the nation's largest retail operators with 5,800 marketing sites
- One of the nation's largest alternative energy companies
 - ✓ 10 ethanol plants with the capacity of 1.1 billion gallons per year
 - ✓ 33 wind turbines generating 50 MW of electricity
 - ✓ Variety of next generation bio-fuel projects

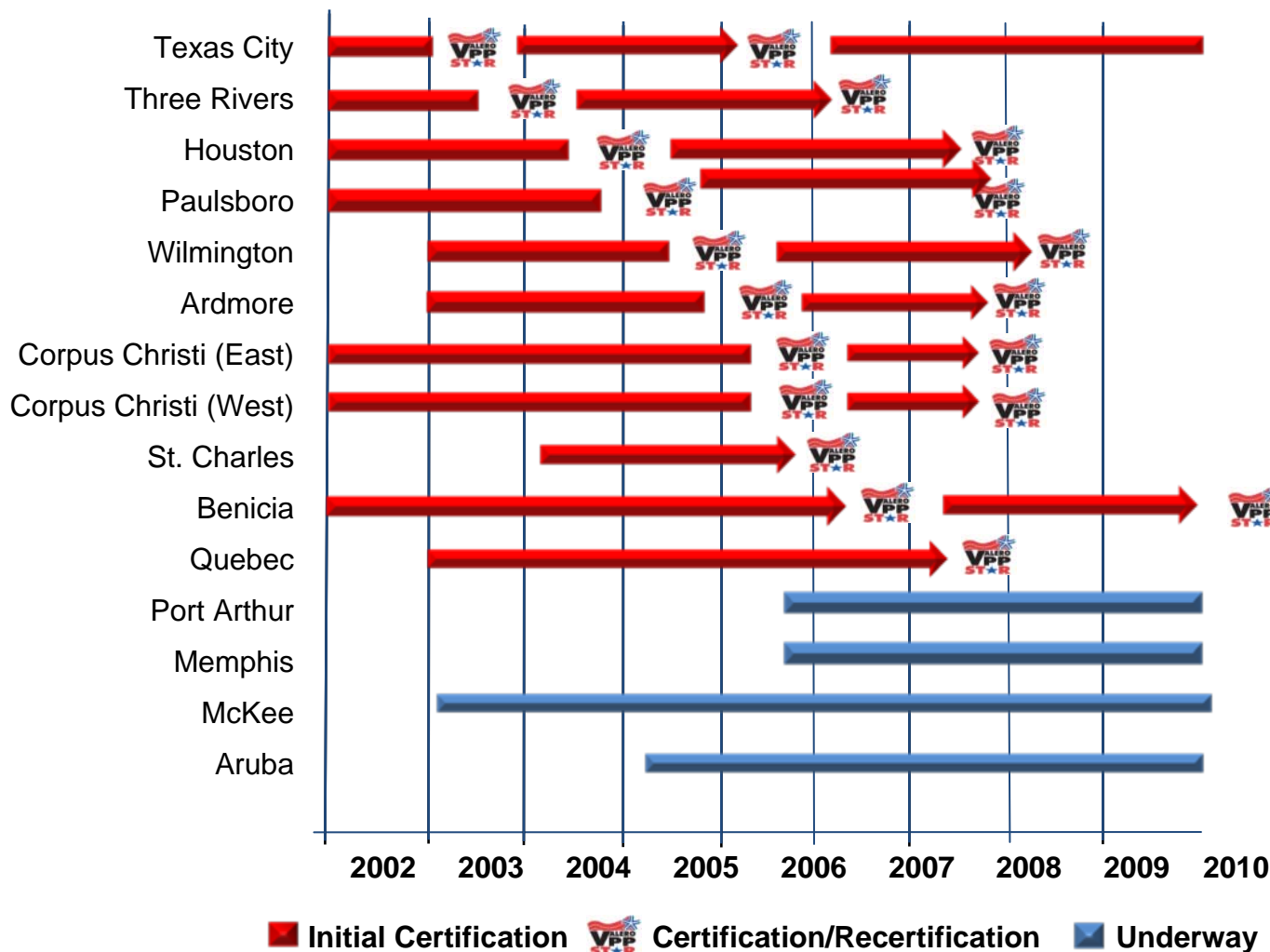




Valero continues to be an industry leader in safety

- 10 of our 14 US refineries have achieved Cal/OSHA or Federal OSHA Voluntary Protection Program “Star” Status
- Only 23 out of 149 U.S. refineries have VPP Star recognition
- All Valero refineries in the U.S. earned 2009 NPRA Safety Awards
- Valero achieved the overall TRIR of 0.8 in 2009

Valero VPP Star Sites



- Commissioned in 1969 to refine local crudes
- Significant modifications and upgrades makes it one of the most complex and efficient refineries in the United States
- One of the first refineries in California to produce the cleaner gasoline
- Valero acquired the refinery in 2001 and has made additional improvements



- Recognized as a Cal/OSHA VPP Star Site in November 2004 and Recertified in October 28, 2008 – first refinery in California
- Total throughput of 135,000 bpd
- Primary products include gasoline, diesel, jet fuel, LPG, fuel oil and asphalt
- Located on 120 acres near the Port of Long Beach
- Staffed by 400 full-time employees and 130 continuing service contractors
- Recently achieved 1MM work hours and 1 year without recordable incident

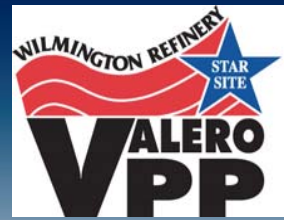


- Record contributions to our community
 - ✓ 2009 Valero Texas Open Benefit for Children – \$260,000
 - ✓ 2009 Wilmington Refinery United Way Campaign – \$547,000
 - ✓ 2009 Wilmington Refinery Charitable Contributions – \$200,000+
 - ✓ 2009 Community service – 5,600 hours
 - ✓ Named 12th Philanthropic Company in LA County by LA Chamber of Commerce





Our Vision



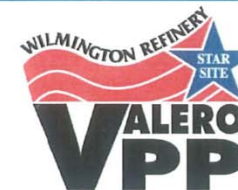
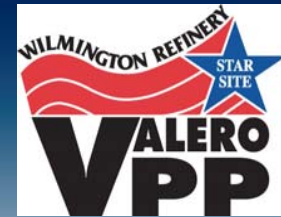
To be recognized as the safest, most reliable provider of petroleum products, while maintaining an environmentally sound operation and delivering industry-leading returns for Valero.

- Define goals and objectives
- Clearly identify and communicate high expectations
- Nurture a Culture that views Safety as a “value”
- Visible demonstration and active involvement
- Hold themselves and others accountable
- Promote and support employee-driven processes by providing coordination, encouragement, and recognition





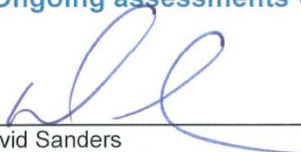
Our Commitment to Safety



Safety Commitment

All employees, contractors, and visitors are committed to excellence in conducting operations in a manner that protects our health & safety and that of our community. We believe that:

- Safety is a value versus a priority, and is more important than all other business expectations. Work will not be started or continued if it cannot be done safely.
- Our goal is a safe and injury-free environment.
- Each of us is responsible and accountable for our own safety and the safety of others.
- All accidents & injuries are preventable with individual commitment to safety and an effective safety process.
- Participation in the safety process by everyone is critical to the success of our safety performance, both on and off the job.
- Ongoing assessments will ensure continuous improvement of the safety process and our safety programs.




David Sanders
Vice President & General Manager



Mark Phair
Operations Director



Rick St. Laurent
Central Maintenance Director



Mark Havens
Refinery Technical Director



Jason Lee
Health, Safety & Environmental
Director



Suzy Elliott
Human Resources Director



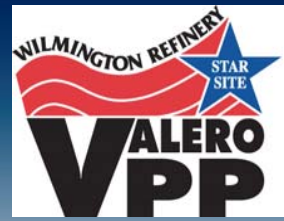
Mike Miller
Asphalt Plant Director



Steve Faichney
PR & Government Affairs Director



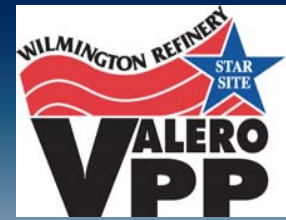
Management Commitment



- More than a signature on a poster
- Demonstrated constantly through words and actions
- Assign adequate resources to operate effective safety and health programs
- Ensure gap closure plans are developed and implemented
- Seek to continuously improve programs and processes



Active Leadership



- Leadership Involvement
 - ✓ Pro-actively respond to all safety concerns in a timely manner
 - ✓ Sponsoring, participating and supporting safety initiatives – BBS, CTEMS, Stop & Think, and Safe, Stable, Reliable Operations
 - ✓ Encouraging employees to take charge of the process and make it succeed by assuming responsibility for Health and Safety
 - ✓ Participation in weekly hazard recognition and housekeeping walk-arounds
 - ✓ Participation in monthly safety program compliance audits
 - ✓ Continuous participation in weekly scheduled safety meetings
 - ✓ Active participation in various employee driven safety committees
 - ✓ Daily review of incidents

- Facilitate Employee Involvement In Safety Management Systems
 - ✓ Procedure Review Teams
 - Involvement in updating and revising procedures
 - Active participation in the development of Job Safety Analysis (JSA)
 - Participation in Pre-Task Analysis
 - ✓ Preparation and Authorization of all Work Permits
 - Preparing , authorizing and issuing work permits for all work activities
 - Job site visits with all involved personnel
 - Contractor involvement and job site discussions and visits
 - ✓ Active Participation in PSM Program
 - Management Of Change (MOC)
 - Process Hazard Analysis (PHA)
 - Pre-Startup Safety Review (PSSR)
 - Address Recommended Action Items in the timely manner
 - ✓ Team Approach to Incident Analysis
 - Hourly Valero & Contractor Team Members

- Promoting Employee Driven Processes

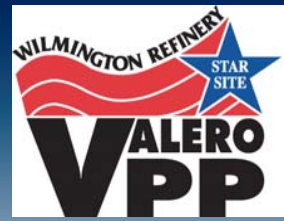
- ✓ Performing Behavior Based Safety Observations
 - 6,182 Observations in 2009
- ✓ Submitting valid improvement suggestions
- ✓ Performing hazard recognition audits
- ✓ Participating in weekly housekeeping and Gold Medal Award Programs
- ✓ VPP Safe Points Award Program for participation
 - Programs are not designed to reward employees for “what does not happen” (e.g. not reporting incidents, near misses or injuries)
 - Rewards are based on the employees contribution to the safety process

- Positive Safety Culture

- ✓ Safety is held as a value by all employees and contractors
 - Linked to every work task
- ✓ Promote programs where each individual feels responsible for the safety of their co-workers as well as themselves
 - Educate them to recognize that they have the most to gain from improvement in safety performance
- ✓ Encourage willing and able employees and contractors to “go beyond the call of duty” on behalf of the safety of others
 - They know where the workplace hazards are and are the ones in the best position to observe and correct those hazards
- ✓ Promote employees to routinely perform safety behaviors for the benefit of others
 - Participation fosters ownership of the process



Active Leadership



- Continuous Support for Cal/OSHA VPP Program
 - ✓ Annual expense budget for VPP
 - ✓ Designated full time hourly VPP coordinator
 - ✓ Active sponsors and participants in VPP Conferences
 - ✓ Active involvement in the VPP process
 - 5 Valero employees qualified as Cal/OSHA Special Team Members
 - 1 Valero employee qualified as Federal OSHA Special Government Employee
 - Mentoring other sites in their quest to achieve VPP including 5 on-site contractors

Refined and Mature PSM Program

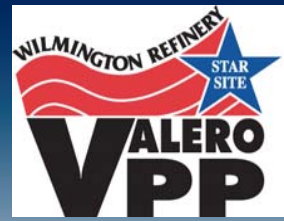
- All changes to process equipment, technology, chemicals, and procedures are documented, reviewed and authorized before implementation.
- Rigorous Process Hazard Analysis (PHA), Pre-Start Safety Reviews (PSSR) and Management Of Change (MOC) processes
 - ✓ Involving experienced employees from Operations, Process Engineering, and other SMEs
- Extensive Preventive Maintenance Program
 - ✓ **Mechanical** – tracks equipment condition monitoring, oil analysis, reciprocating compressors, vibration, etc.
 - ✓ **Inspection** – ensures design integrity built into refinery equipment and protection systems is maintained
 - ✓ **Process** – instruments monitoring and controlling operating conditions within prescribed safety limits
 - ✓ **Emergency Response** – monthly inspection of emergency equipment

Culture Survey identified employee's dissatisfaction with the process

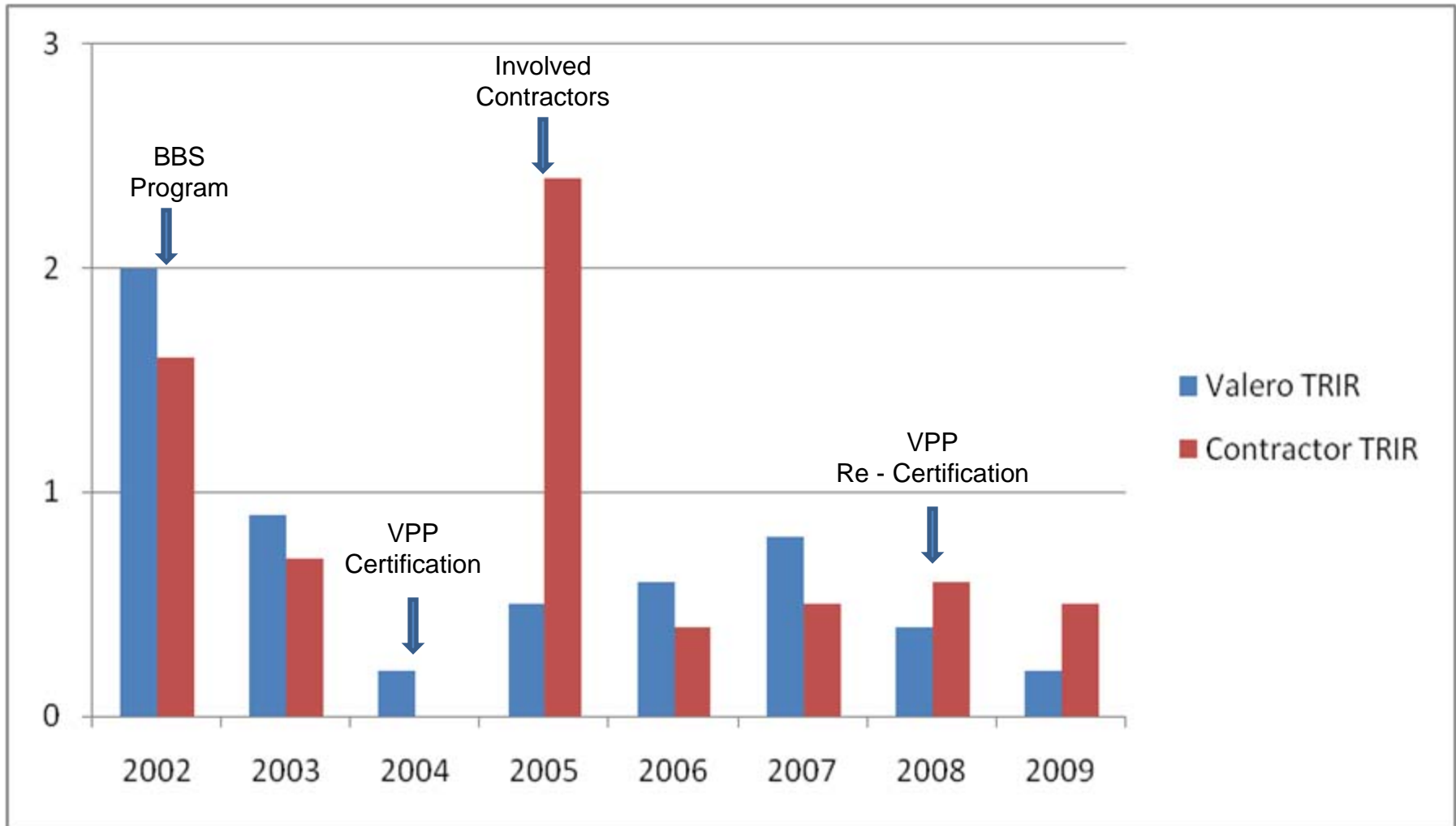
- Selected **TapRoot** to identify effective improvement strategies
 - ✓ Allows personnel to objectively look at the facts (what happened)
 - ✓ Identifies causal factors that remove repeat *system failures*
 - Mistakes cannot be eliminated by making people try harder or punishing them
 - ✓ Change from an atmosphere of **blame and fear** to a cooperative problem solving approach to incident analysis
 - Employees now involved in the process
 - Looks at system failures – rather than criticizing the individual doing the work when the incident happened
 - Willingly and knowingly employee violations not accepted



2009 Safety Projects



- ***New Maintenance Building*** – last project addressing facility siting planning
- ***IntelaTrac Self-Inspections*** – Data collection/tracking system requiring a Unit Operator to scan a RFID tag to identify a piece of equipment. The program then asks the operator appropriate process, safety and preventive maintenance questions relevant to that particular piece of equipment.
- ***Gas Detection*** – Monitoring and detection systems to provide backup to existing systems used to prevent/detect significant gas leakage
- ***Swing Gates*** – Installed on equipment fixed ladders to address fall hazards
- ***Stop and Think*** – Safety initiative designed for motivating employees to analyze routine tasks, identify exposures and develop solutions to prevent injuries





Questions?

