

2009 Summer Transportation Fuels Outlook

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2009 Summer Energy Outlook Conference

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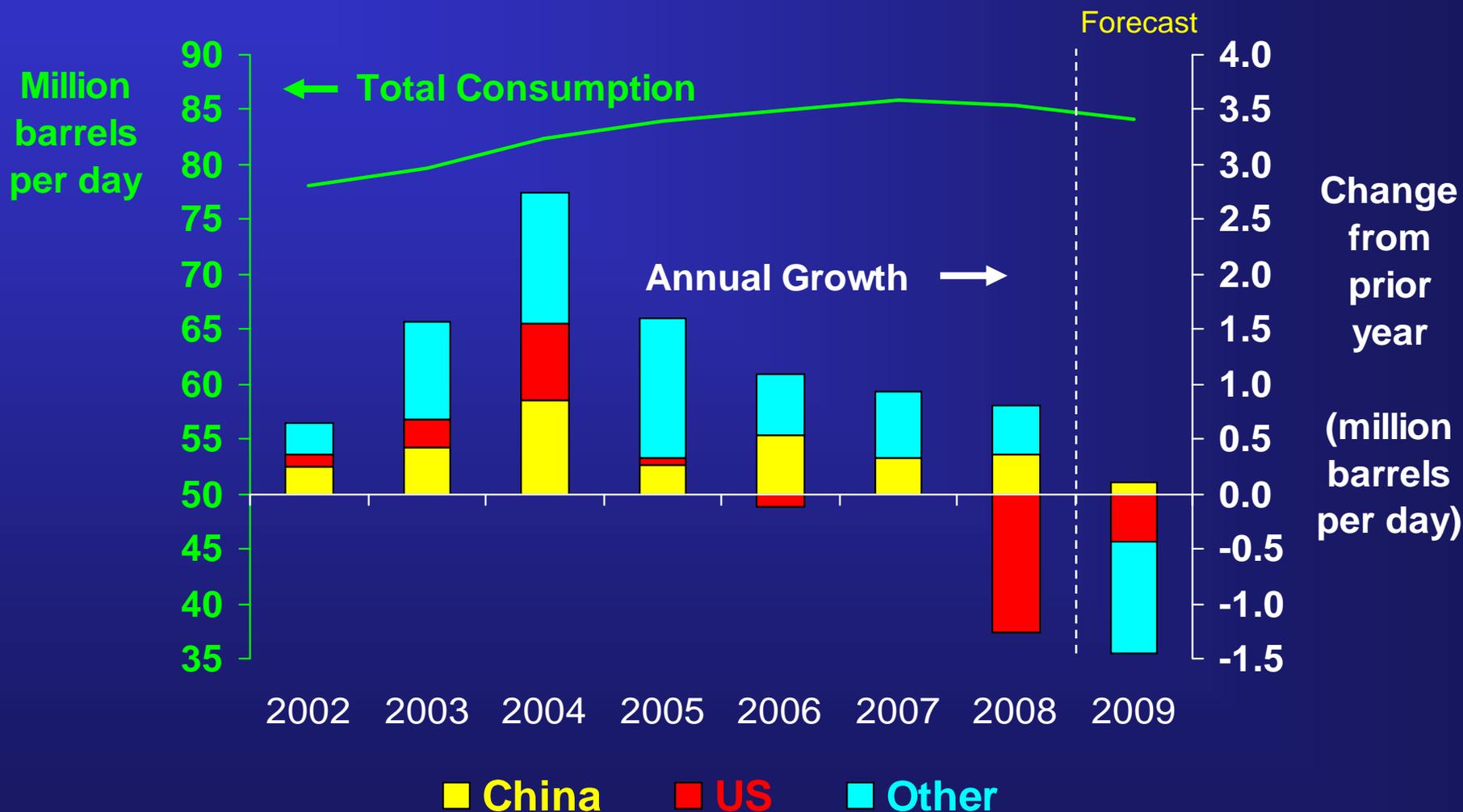
Key Factors Driving the Short-Term Outlook

- 1) Global economic slowdown and falling world oil consumption,
- 2) High inventories, and
- 3) Rising global surplus oil production capacity

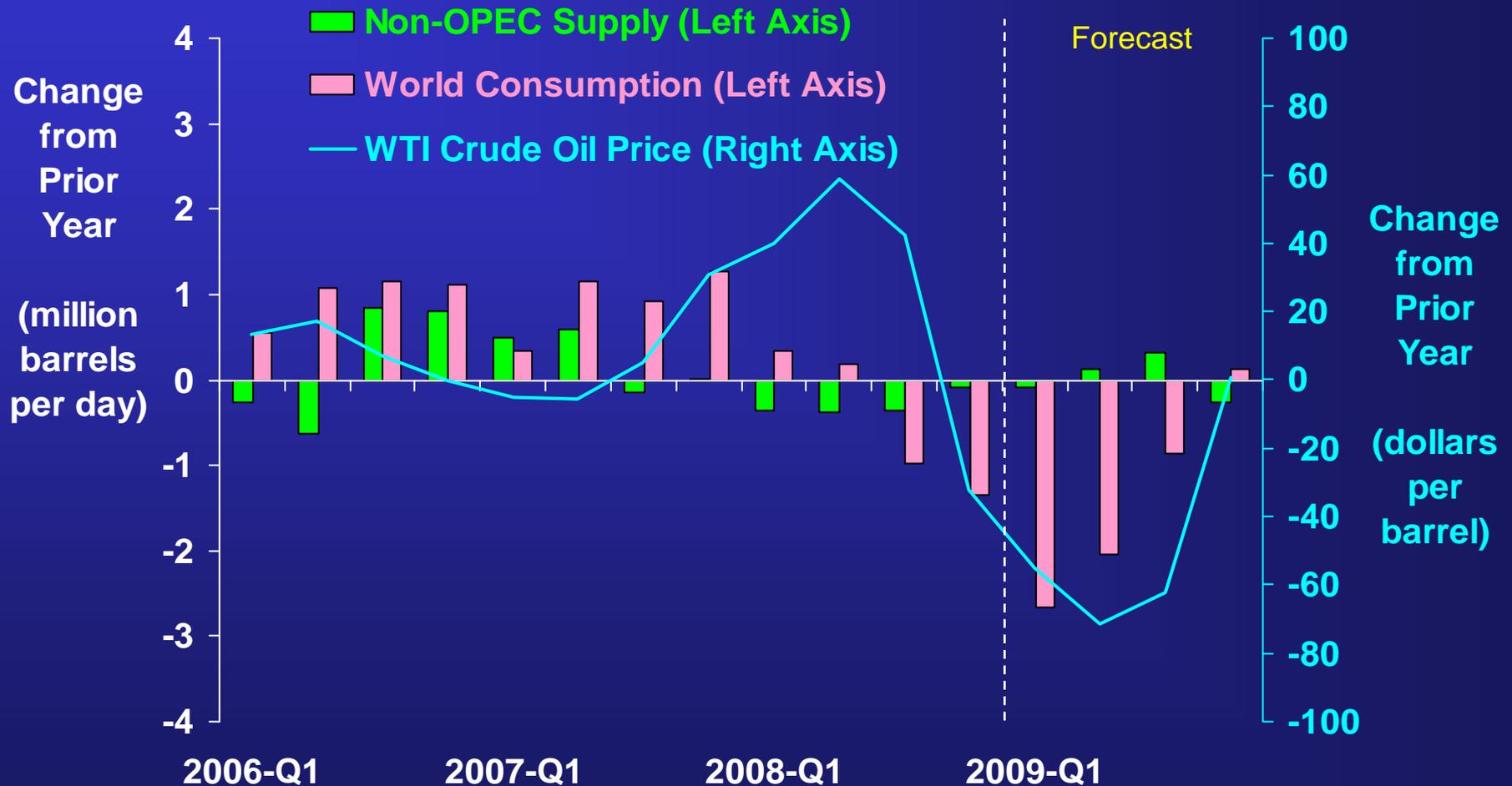
Together these factors contribute to lower prices for crude oil and petroleum products. Recent OPEC production cuts stemmed the price decline and are leading to a moderate price rebound.



World Liquid Fuels Consumption is Projected to Decline by 1.4 million bbl/d in 2009

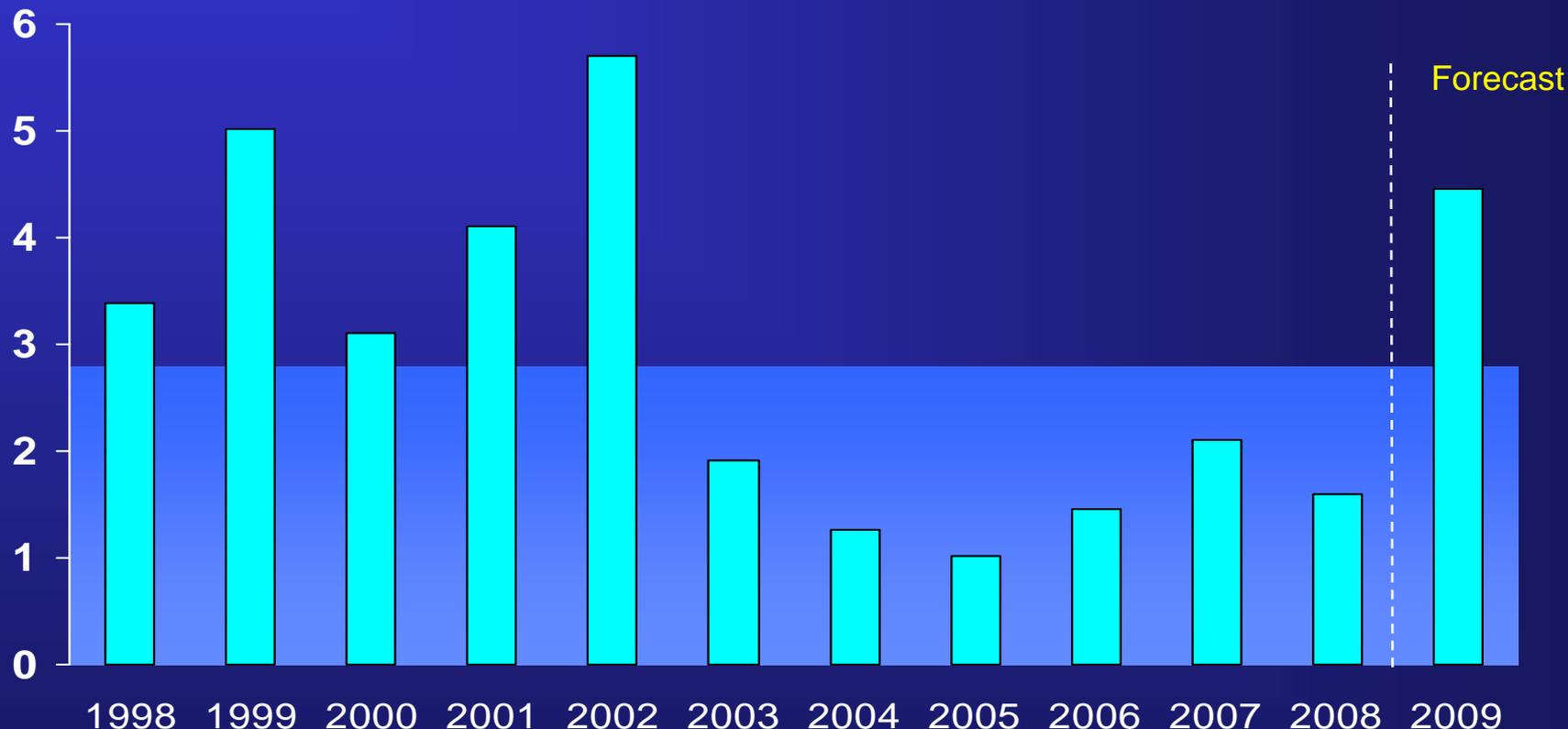


The Balance Between Global Consumption and non-OPEC Supply Growth Drives Oil Prices



World Oil Spare Production Capacity Is Projected to Increase Significantly this Year

Million barrels per day

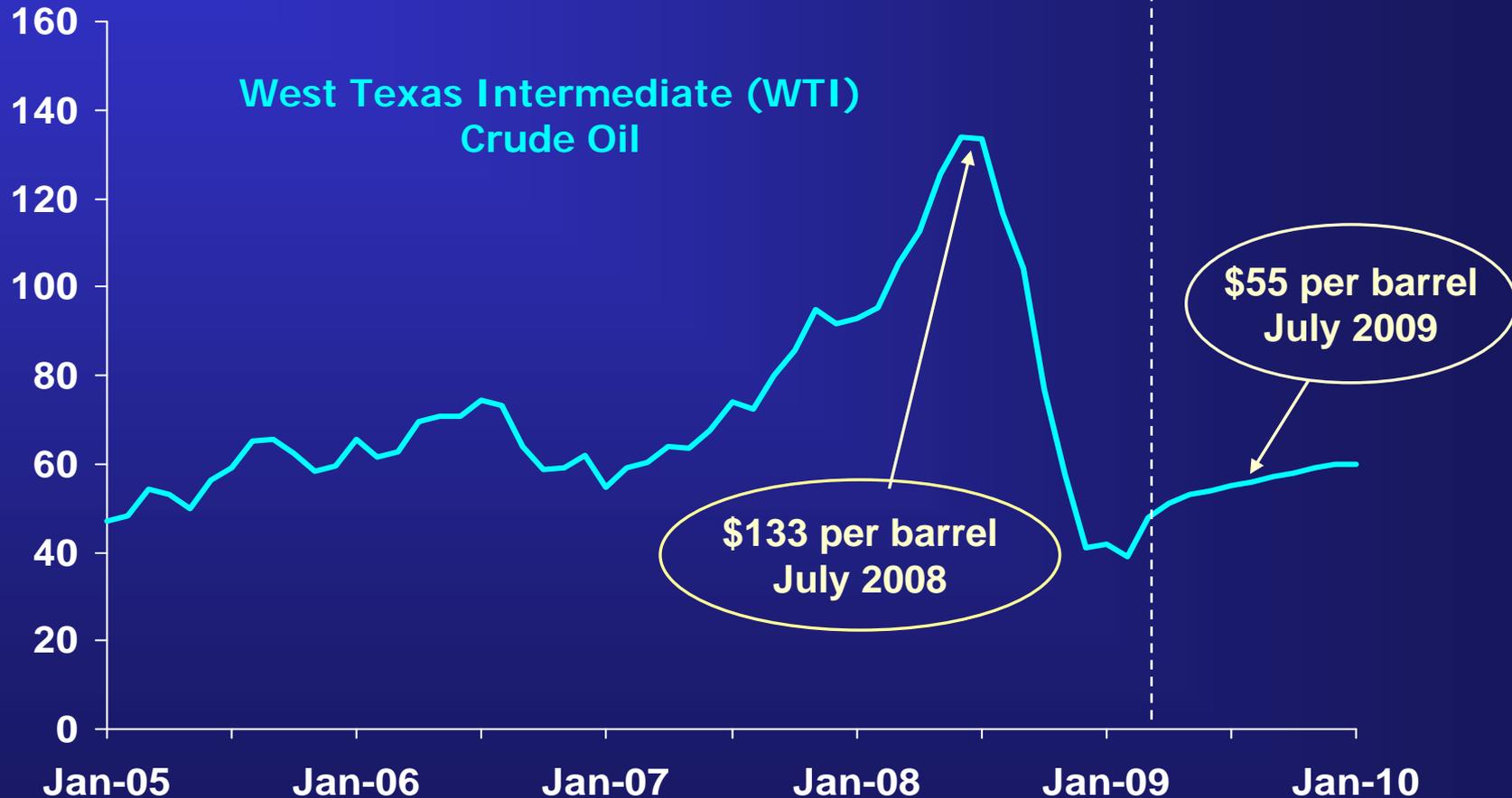


Note: Shaded area represents 1998-2008 average (2.8 million barrels per day)



WTI Crude Oil Prices Are Projected to Average \$54 per barrel this Summer (April – September)

Dollars per barrel



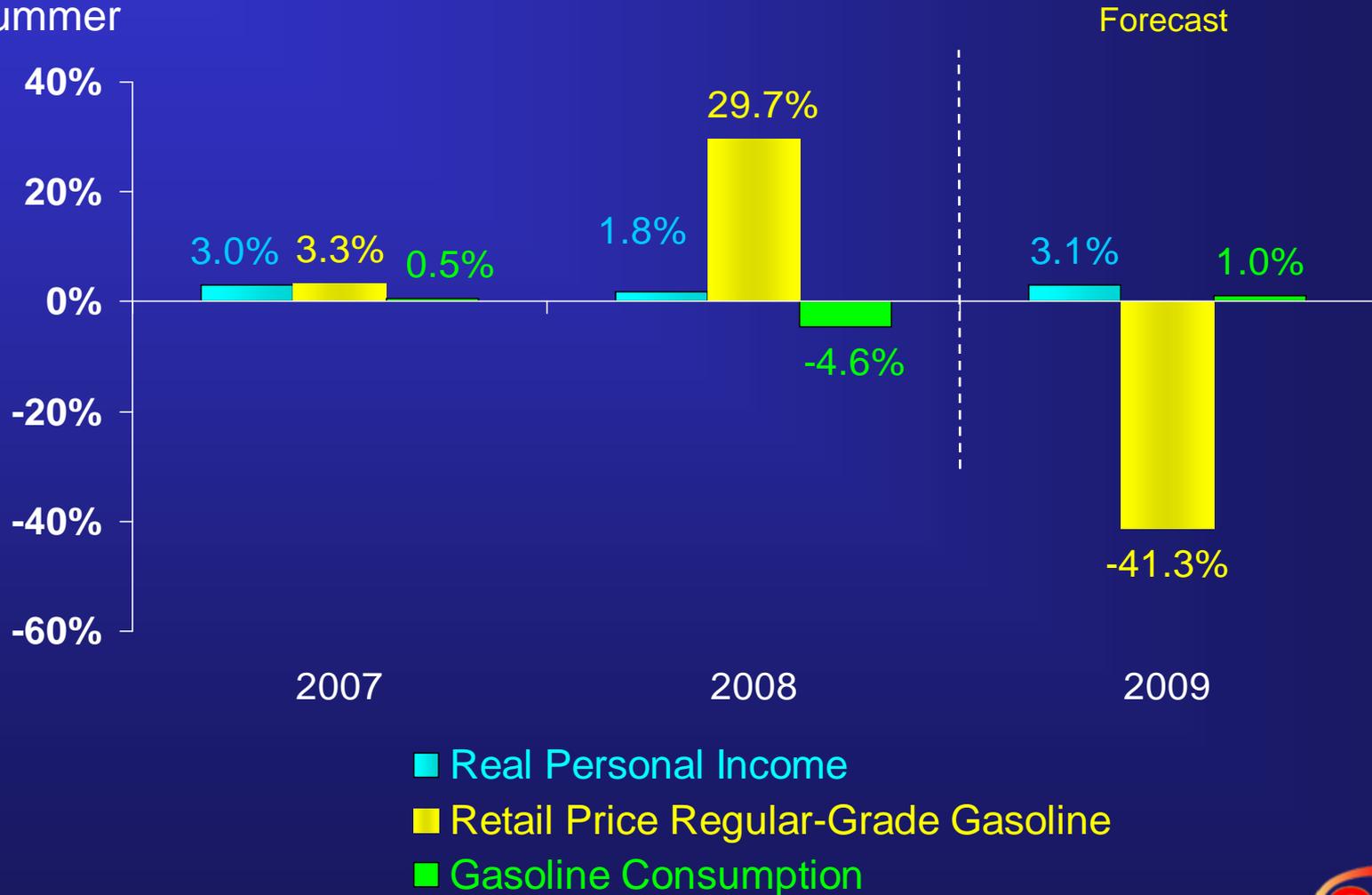
Major Characteristics of 2009 U.S. Summer Outlook for Gasoline

- Much lower crude oil prices
- The first consistent signs of a reversal in the decline of gasoline consumption
- Slowdown in growth of fuel ethanol production
- High gasoline inventory levels
- Higher production from crude oil and lower imports
- Continuing weak refining margins for gasoline



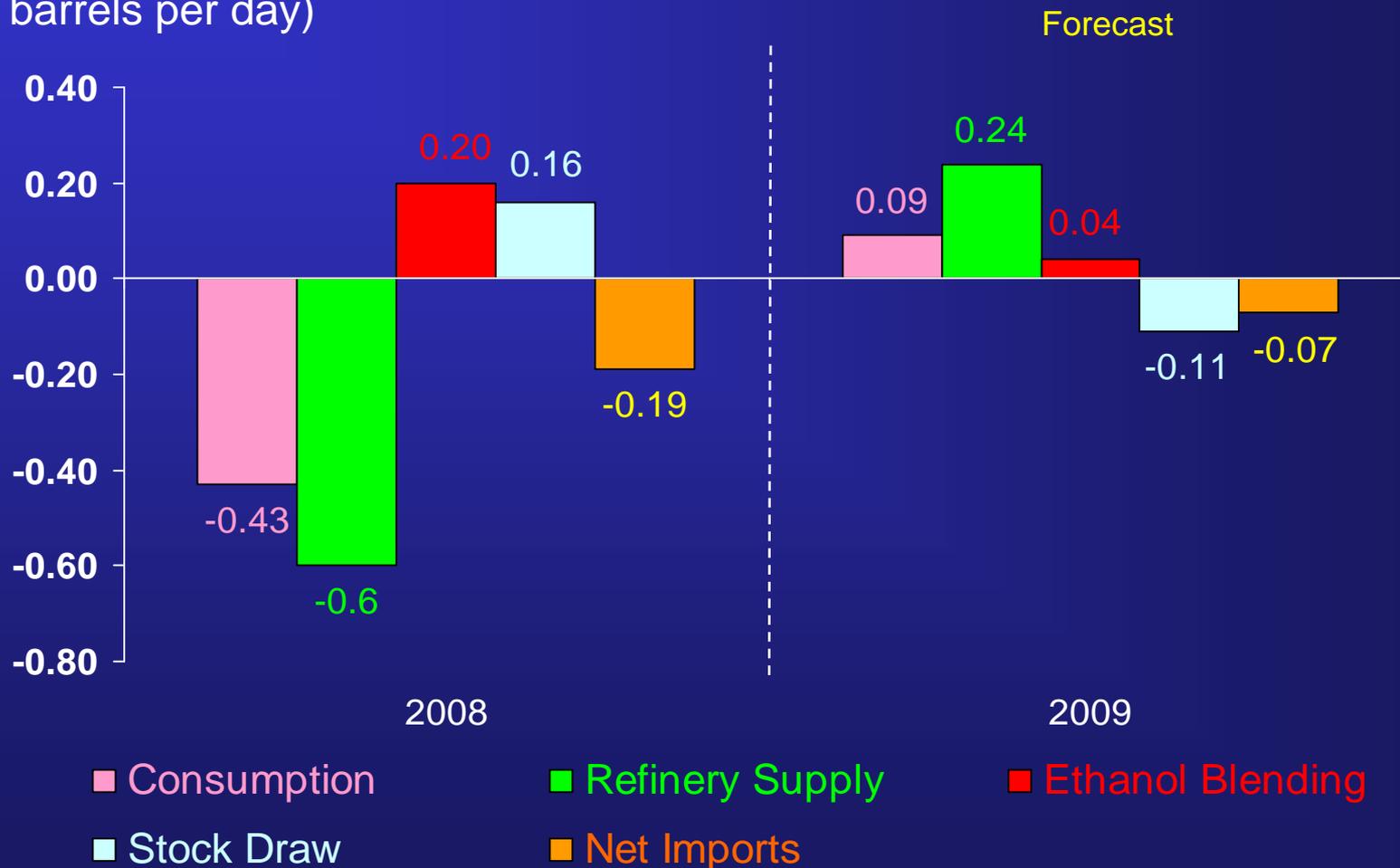
Lower Gasoline Prices Begin to Result In Higher Gasoline Consumption

Percent change from prior Summer



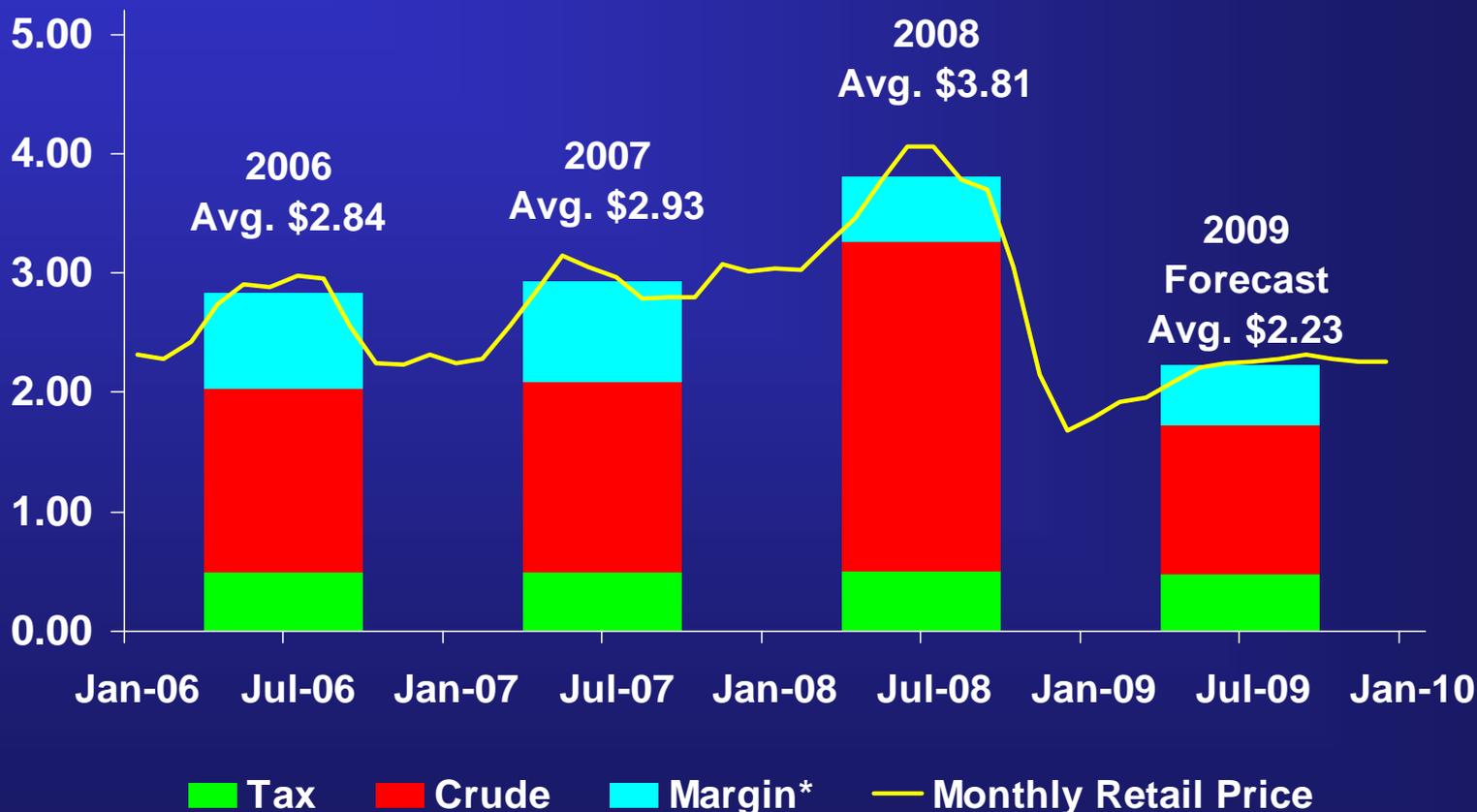
Refineries Are Expected to Maximize Gasoline Yields and Reduce Imports

Change from prior summer
(million barrels per day)



Summer Retail Regular-Grade Gasoline Prices Projected to Average \$2.23 per Gallon

Dollars per gallon

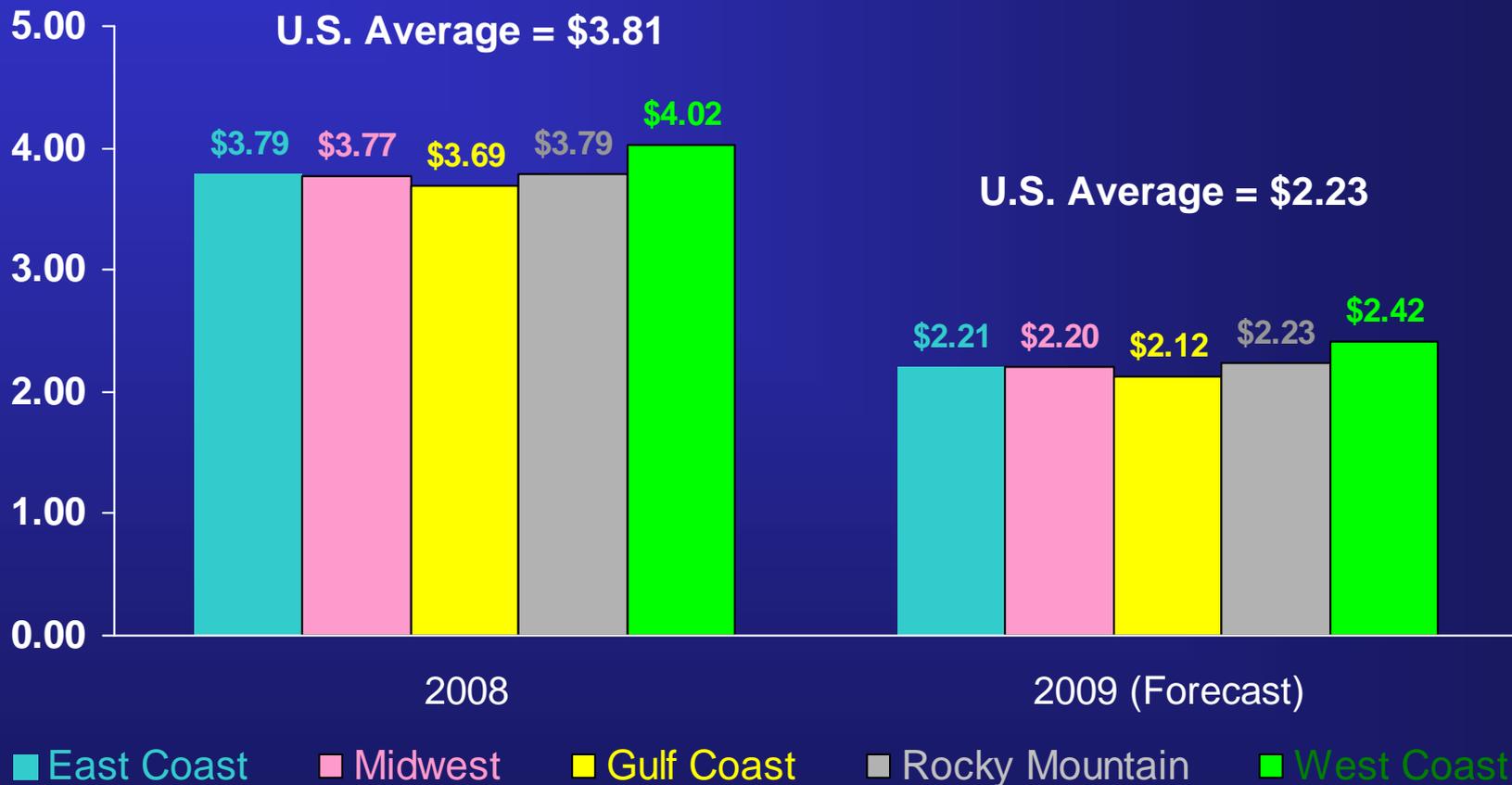


* Retail price minus crude oil cost minus taxes, per gallon



Regular Gasoline Summer Prices Vary by Region

Dollars per gallon

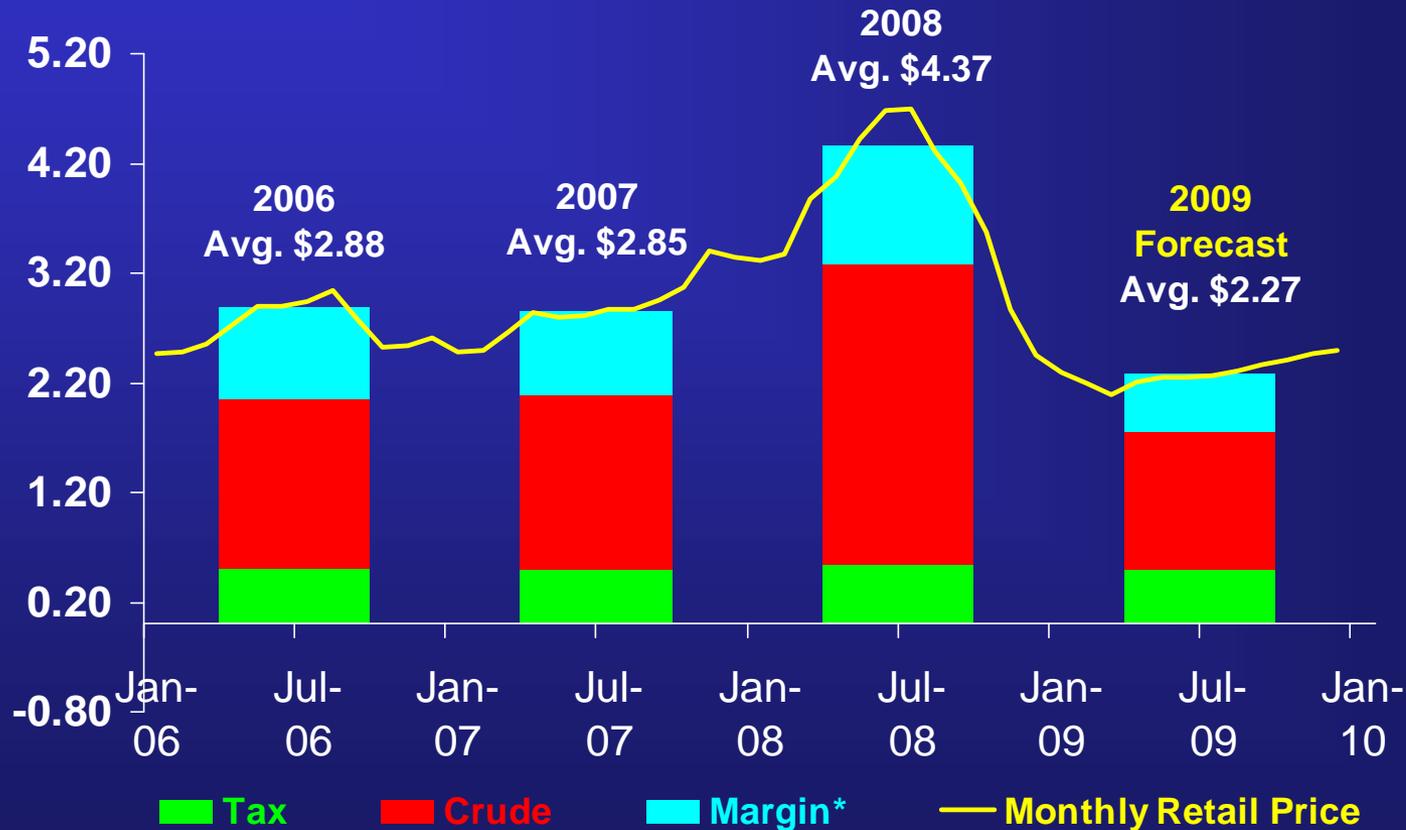


Summer = April through September average



Summer Retail Diesel Prices Projected to Average \$2.27 per gallon, Down \$2.10 from Last Summer

Dollars per gallon

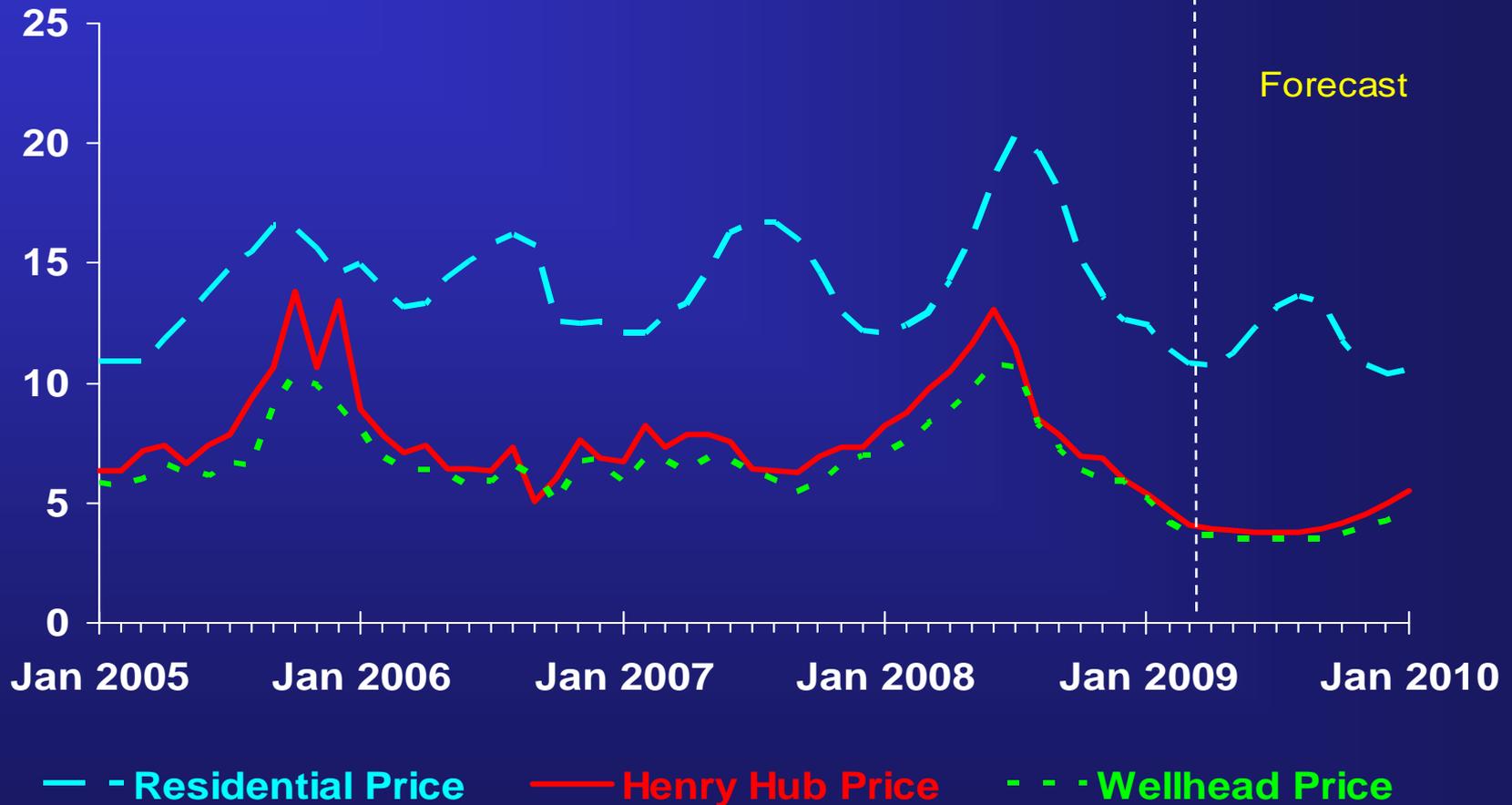


* Retail price minus crude oil cost minus taxes, per gallon



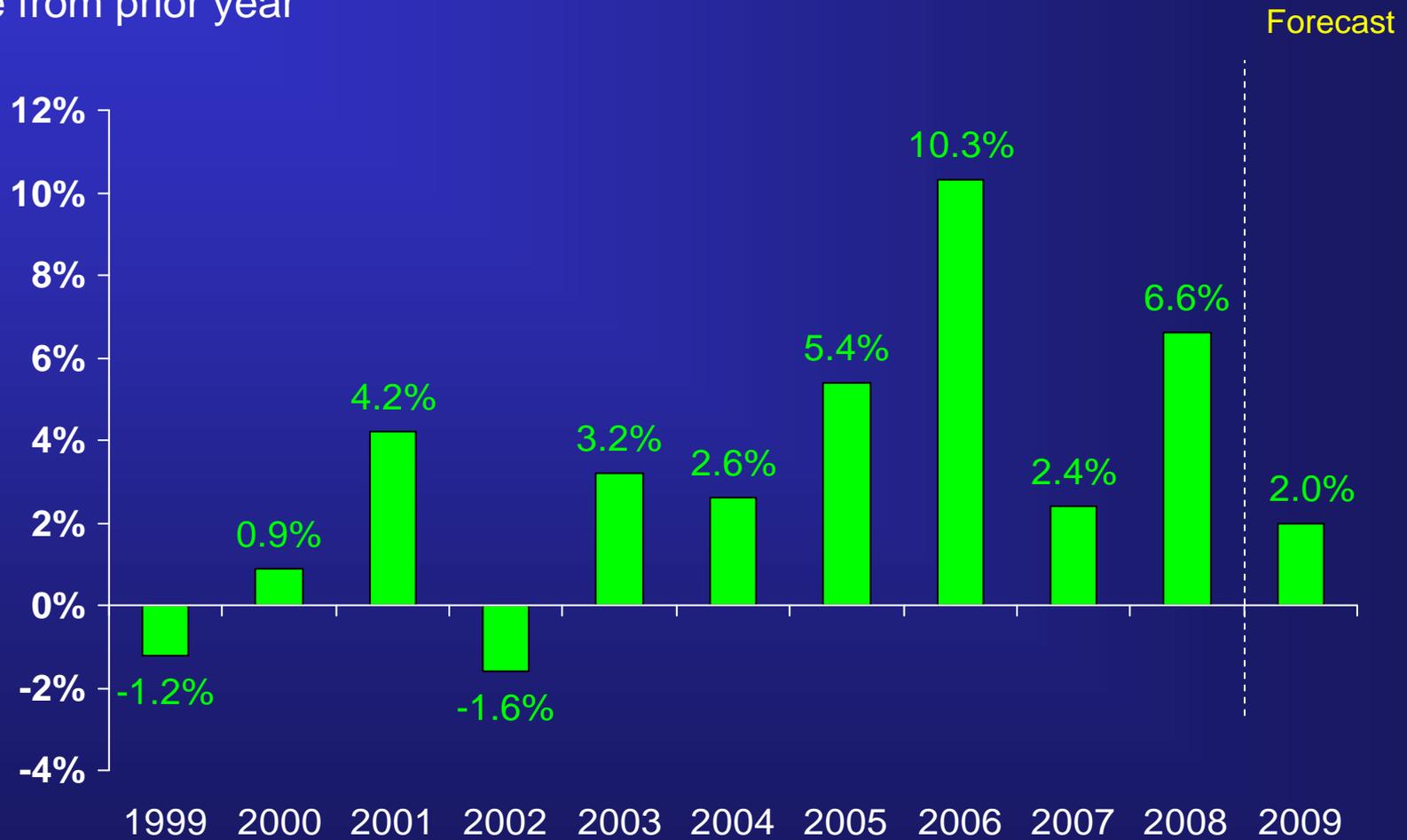
Natural Gas Prices Are Projected to Remain Low Through 2009

Dollars per thousand cubic feet



Growth in U.S. Residential Electricity Prices Is Expected to Slow During 2009

Change from prior year



Summary

- **Oil and Gasoline:** Weak global economies and declining world oil demand have led to lower crude oil prices.
 - WTI Crude oil prices expected to rise through the forecast, averaging \$54 this summer compared with \$121 last summer.
 - Gasoline retail prices are expected to average \$2.23 per gallon this summer: Diesel retail prices expected to average \$2.27.
 - Market uncertainties are many and may significantly impact prices and supplies during the rest of 2009.
- **Natural Gas.** Henry Hub spot price expected to average \$4.25 per thousand cubic feet in 2009, \$4.90 below the 2008 average.
- **Electricity Prices.** Residential electricity prices projected to grow slightly in 2009.

