



Mark
Maillet

Introduction to Irving Oil



Irving Oil
EXECUTIVE SUMMARY





Our Home Advantage. When our company's founder, Kenneth Colin Irving, built our refinery in partnership with Standard Oil (Chevron) in 1960, he recognized the upstream and downstream advantages of our Saint John location.

Executive Summary

Irving Oil is a leading regional refiner and marketer in the Northeast of North America with a deep understanding of our customers and markets and a history of long-term relationships with all our stakeholders, including strategic and equity partners.

Our company owns and operates Canada's largest refinery, located 65 miles from the US border in Saint John, New Brunswick. Our company's crude receiving terminal in Saint John, Irving Canaport, is the only year-round, ice-free deepwater port until Louisiana able to receive super tankers. Our location provides an economic advantage for our refinery as we are nearer than our North American competitors to multiple sources of crude oil in regions around the globe and nearer than our competitors to the energy intensive US Northeast market where five

million barrels per day of refined product are consumed.

Since building our refinery in 1960, Irving Oil has leveraged our competitively advantaged location through a unique culture of employee commitment, collaboration with our world-class strategic and equity partners, long-term relationships with all our stakeholders, and continuous investment in our supply chain to achieve operational excellence, environmental industry leadership, and profitability.

As a result, our company has earned a significant share of demand in the US Northeast, including 20 per cent of total US gasoline and diesel imports and 60 per cent of the clean product north of New York.

◀ **Energy Industry.** Our refinery, shown in the foreground, and deepwater port Irving Canaport, shown in the background, are key components of the energy industry in New Brunswick.



Jack Irving and Arthur Irving were instrumental in building the company their father founded.



Mike Ashar, President of Irving Oil

Irving Oil's energy portfolio also includes natural gas-fired combined cycle and co-generation plants; a marketing supply chain that includes 800 retail sites across Eastern Canada and the Northeast US; and a marine bulk terminal network. Our company has completed the first new receiving LNG terminal on the East Coast at our Canaport terminal in partnership with Repsol YPF.

We have been highly involved in working with community, industry and government stakeholders to develop New Brunswick's energy industry.

In addition to our company's assets, the New Brunswick energy industry currently offers 4,000 megawatts of conventional and nuclear power generation; additional renewable power development opportunities; LNG supply; additional natural gas pipelines; local industrial demand sources; and proximity to the US Northeast energy-intensive market.

Our Company's History

1924 K.C. Irving opens our company's first service station

1940s We expand our operations into Quebec

1960 We build the Saint John Refinery with Standard Oil (Chevron), with an initial capacity of **40,000 barrels per day (bpd)**

1971 We expand our refinery capacity to **120,000 bpd**

1970 We open Irving Canaport, the first deepwater terminal in the Western Hemisphere

1974 Our second refinery expansion broadens our slate of refined products, and capacity reaches **200,000 bpd**

1972 We expand into the United States by opening our first service station in Maine

A History of Firsts

As a regional energy company, with a unique culture and a history of long-term relationships with all stakeholders, we have been able to achieve several industry benchmarks. Among our “firsts” are:

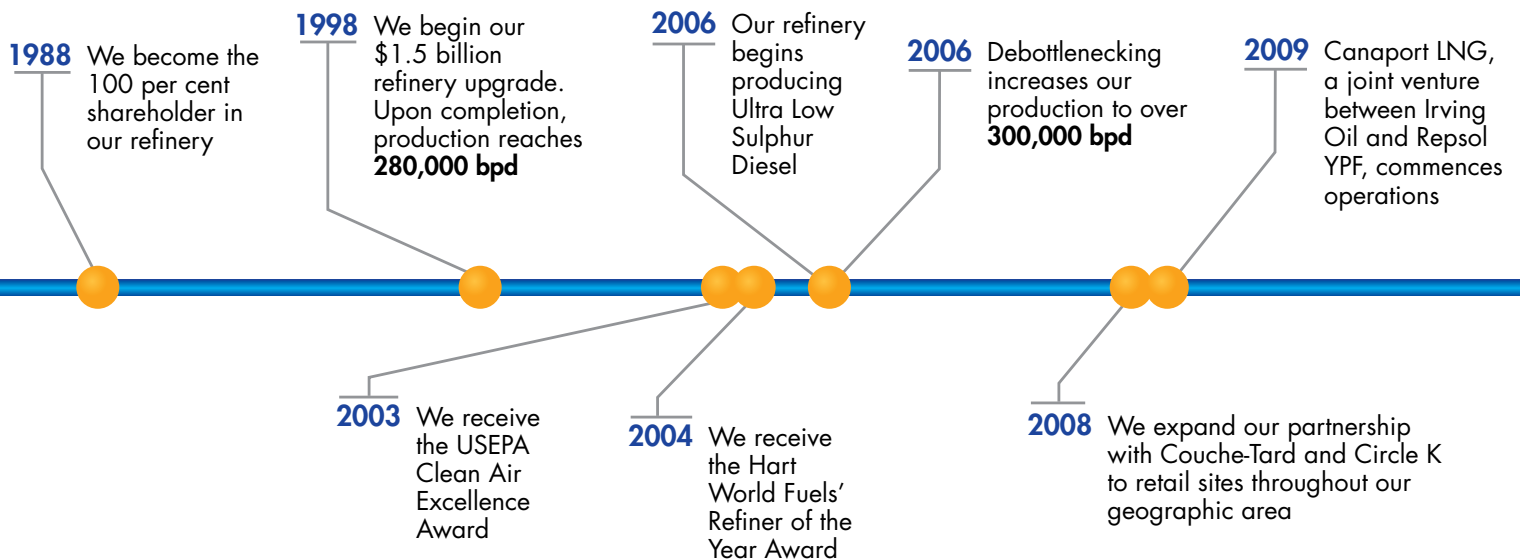
- The first and only Canadian refinery to be recognized by Hart World Fuels as “Refiner of the Year”
- The first oil company to receive the United States Environmental Protection Agency’s Clean Air Excellence Award
- The first Canadian refiner to make high octane gasoline without the use of lead additives
- The first Canadian refiner to offer low-sulphur gasoline, five years ahead of regulation
- The first refinery in Canada to offer low sulphur diesel ahead of regulations
- The first and only refinery on the East Coast of North America to receive crude oil from The Acropolis, an Ultra Large Crude Carrier (ULCC), the largest super tanker ever built
- The first Canadian oil company to own and operate double-hulled tankers
- The first refinery in Canada to regenerate sulphuric acid onsite for use in the refining process

Hart World Fuels named Irving Oil ▶ “Refiner of the Year”.



Unlike New England, local communities in New Brunswick have shown they strongly support major energy infrastructure projects, providing they undergo thorough but timely environmental permitting processes.

Our company’s advantaged location, unique culture, long-term relationships with all stakeholders, environmental leadership, and operational and financial track record have enabled our company to successfully construct many major energy infrastructure projects in Southern New Brunswick.



Irving Oil
HOW WE COMPETE





Human-scale. We are very proud of our leading-edge technology but even prouder of our people. Their commitment creates a competitive and measurable advantage for us.

How We Compete

Through our unique culture of commitment, customer focus, and focus on long-term relationships and partnerships, we leverage our supply chain capabilities and our location advantage, including our deepwater port and upstream and downstream logistical advantages.

Since 2000, we have commissioned billions of dollars worth of energy projects, enabling our refinery to grow our supply share significantly in the US Northeast and regularly produce 300,000 barrels per day of refined product.

In 2000, we started up the new equipment as a result of our refinery upgrade. From 2000 to 2005 we focused our capital expenditures on meeting or exceeding environmental regulatory requirements, including producing low sulphur gasoline and low sulphur diesel.

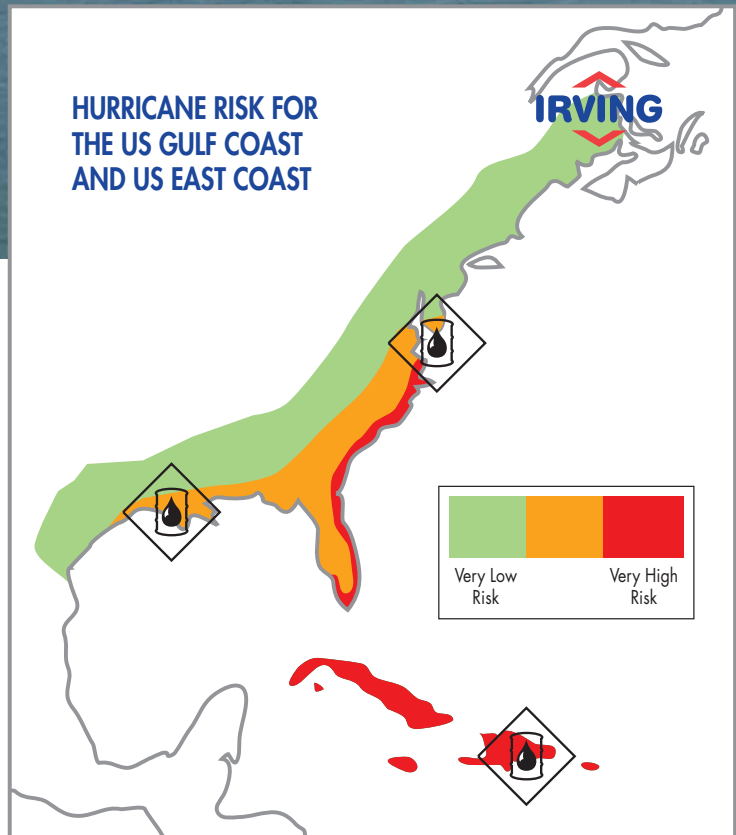
Beginning in 2005 we began a capital program to support efficiency and profitability projects designed to strengthen the competitive position of our existing refinery. Beginning in 2010 we will be focused on growth projects.

◀ **Continuous Improvement.** We invested \$1.5 billion in our refinery in the late 1990s, which enabled us to grow our supply share in the US Northeast.



Location Advantage

Built in 1970 on what was a militarily fortified site during World War Two, in a non-congested harbour, and in a low-density population area, Irving Canaport was the first deep-water terminal of its kind in the Western Hemisphere. The next year-round, ice-free port able to accommodate super tankers south of Irving Canaport is in Louisiana. Irving Canaport enables us to off-load shipments of crude oil on vessels in excess of 400 dwt.





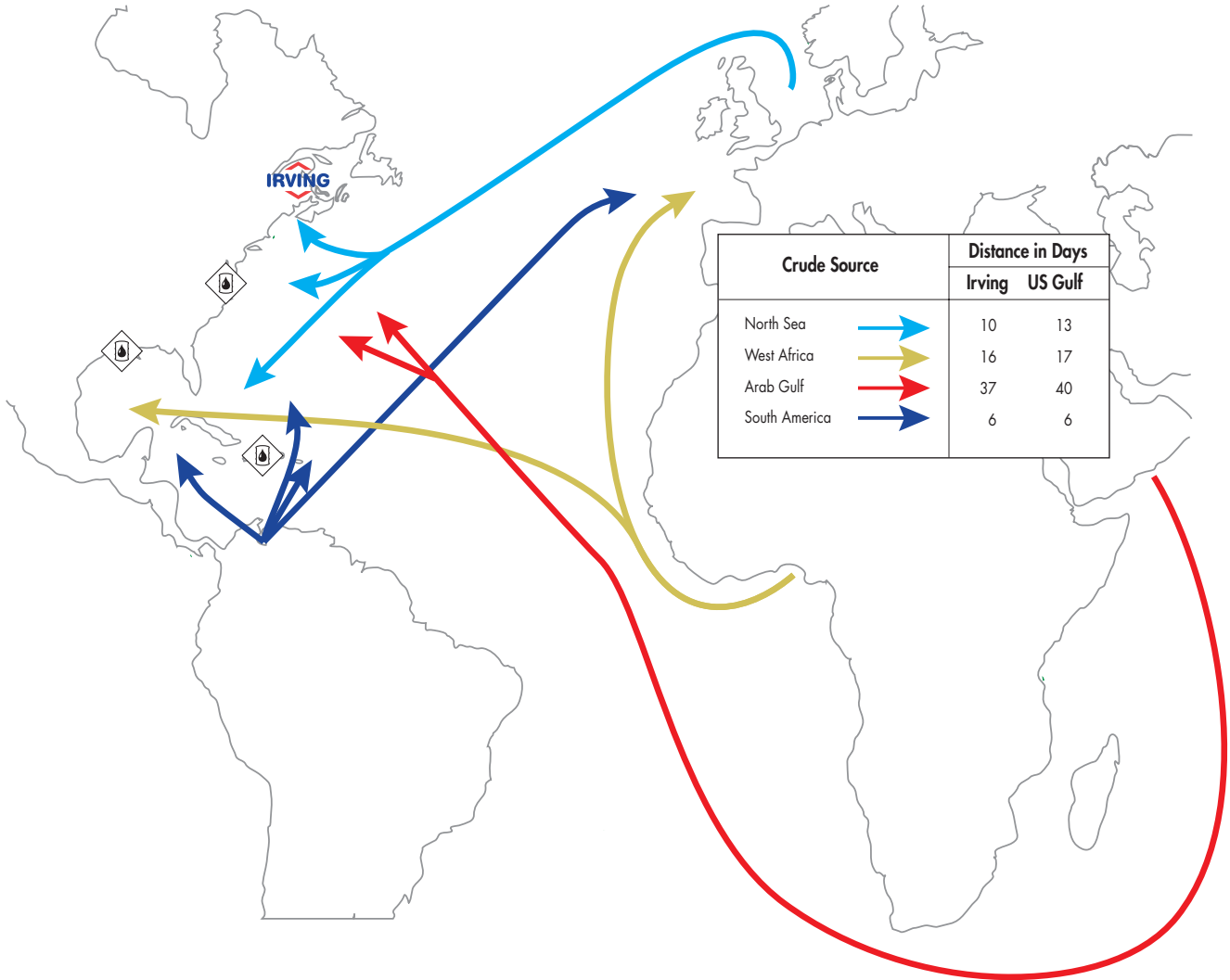
Natural Advantage. Irving Canaport's deep water port, showing the LNG terminal under construction, provides Irving Oil with an upstream transportation advantage with an ability to receive super tankers.

Our company's Saint John location offers safety from extreme weather conditions and natural disasters. The cool waters of its northern location significantly reduce the risk of hurricanes, which regularly occur in the warmer waters of the Caribbean and Gulf Coast.

Upstream Advantage

Our refinery is situated closer to multiple sources of crude oil in the Atlantic basin and the Middle East than our US East Coast and US Gulf Coast competitors. These sources of crude oil include Eastern Canada, the North Sea, the

Arabian Gulf, West Africa and South America. This proximity provides both an economic advantage through lowered transportation costs and an advantage on reliability of supply.





Supplying the Northeast. We regularly ship product into New York harbour and Boston. Six out of 10 vehicles in Boston are fueled with products from our refinery.

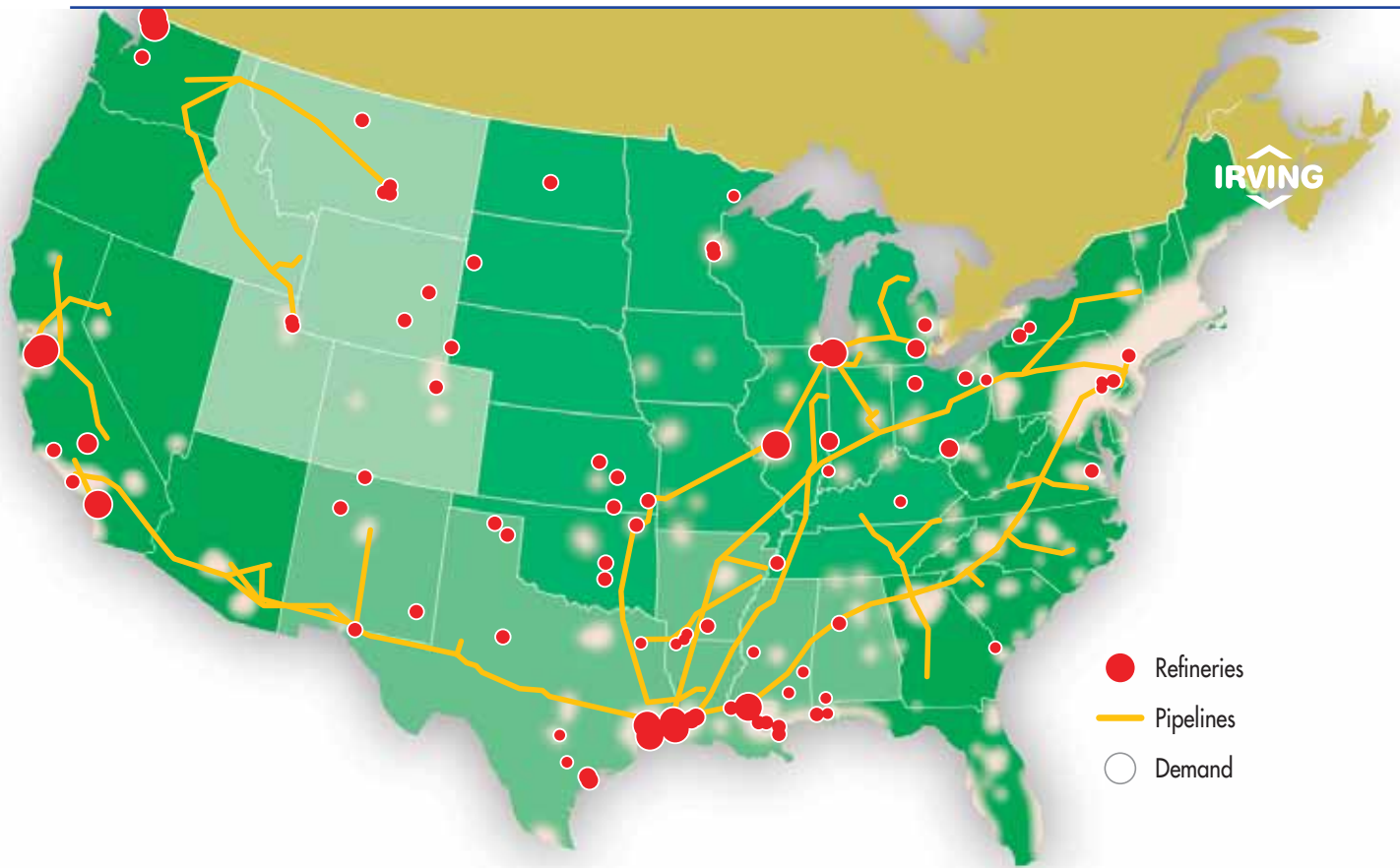
Downstream Advantage

Our refinery is located just 65 miles from the US Northeast, a region that has both the highest population density and one of the highest concentrations of refined petroleum product demand in the world. Unlike other regions of North America, there is no pipeline supply north of New York.

Our refinery is closer to this five million barrel per day market than other refineries serving this market by either ship or pipeline. Of the five million barrels, three million are shipped or piped into the region from the US Gulf Coast region and 1.2 million barrels are imported

from distant offshore markets. Of the total energy demand consumed in the US Northeast, over 50 per cent is consumed in the form of petroleum products. Natural gas has the highest consumption rate at 22 per cent, followed by nuclear at 10 per cent, renewable energy at 9 per cent and coal at 6 per cent. Through leveraging our logistical advantages we have earned a significant share of demand in the US Northeast, including 20 per cent of total US gasoline and diesel imports and 60 per cent of the clean product north of New York.

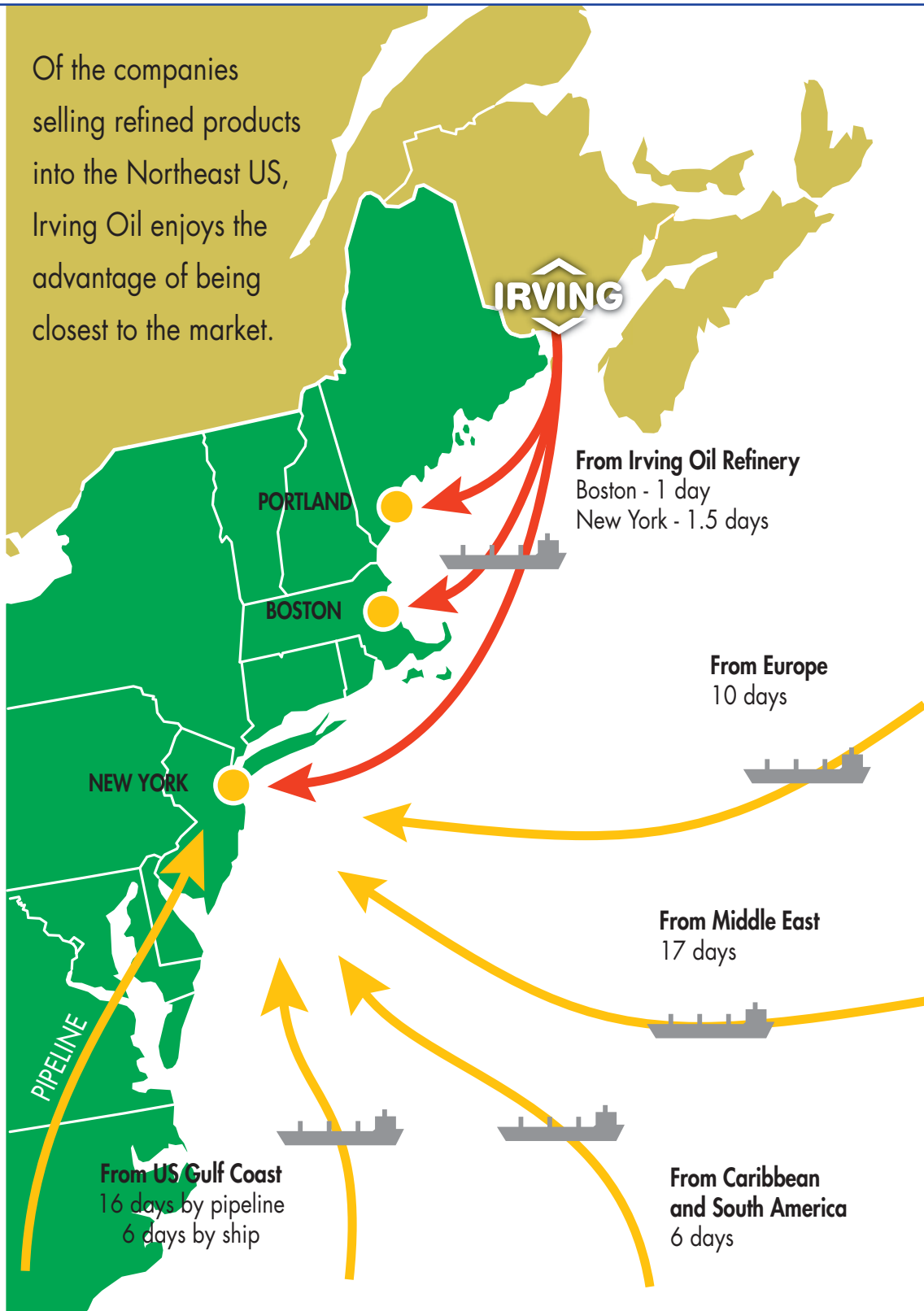
Filling the Gap Between Supply and Demand



At approximately 50 million people, the Northeast market has the highest population density in the United States and Canada and has one of the highest concentrations of refined product demand in the world.

Unlike Irving Oil, the majority of refineries supplying product to the Northeast are located in the US Gulf Coast – far from the demand.

Of the companies selling refined products into the Northeast US, Irving Oil enjoys the advantage of being closest to the market.



Irving Oil
HOW WE GROW





Upgrading Our Assets. In 2001, our company commissioned our upgraded refinery.

How We Grow

Our company takes a long-term approach to investing. Our investment practice is grounded in our belief that long-term relationships with all our stakeholders should appreciate over the longer-term.

In recent years, our company has developed multi-billion dollar energy projects in our Southern New Brunswick region. These projects have strengthened our company's competitive position, created major socio-economic benefits for the region, and contributed to building our communities' vision of an energy hub.

New Brunswick is a maritime province on Canada's East Coast, covering an area of 72,908 square km with a population of 749,800, equally split between rural and urban areas. The New Brunswick energy hub is commonly defined as a cluster of significant energy assets, with each asset complementing the other in order to create economic and environmental synergies during the design,

construction and operation phases. Such energy assets should be sufficient in size in order to be among the best performers economically and environmentally per unit of energy delivered to the US Northeast. A number of these assets currently exist.

In addition to Irving Oil's existing plants, the energy hub in New Brunswick currently comprises 4,000 megawatts of conventional and nuclear power generation with wind projects under development; a 1.2 bcf per day of LNG receiving capacity; natural gas pipelines; and local industrial demand sources.

The New Brunswick energy hub is being developed around two key competitive advantages: proximity to the energy intensive US Northeast and a supportive community that has shown it will support new major infrastructure projects, providing they undergo thorough but timely environmental permitting processes.

◀ **Building on Our Strengths.** Canoport LNG, Canada's first LNG receiving terminal, was commissioned in June 2009. The facility has a maximum send out capacity of 1.2 billion cubic feet (BCF) or 28 million cubic metres of natural gas per day.



Green Machine. Our refinery has led our industry in the environmental performance of our processes and products, including producing low sulphur gasoline years ahead of regulations.

Our other unique advantage is our people. Our company's emphasis on long-term relationships with all our stakeholders has led to a unique culture of employee commitment and productivity; a strong focus on health and safety; and an industry-leading track record of environmental performance in both our processes and our products.

Over the last two decades our company's long-term outlook and commitment to reinvest in operations have earned us a leadership position in the industry for the environmental performance of our processes and products. We own and operate Canada's largest and most efficient refinery and long-range capital investments in energy efficiency and emissions control technology have enabled us to be one of the best environmental performers. We operate well below our provincial emission standards and make investments to further increase performance.

As a regional company we have moved early to meet changing consumer demand for clean fuels and capture opportunities in the marketplace. In many cases, we have set industry benchmarks, marketing clean fuels years ahead of both regulations and our competitors. We were the first Canadian oil company to remove lead as an octane booster, and we moved early to produce low sulphur gasoline and diesel years ahead of regulation. Our company has been recognized by our industry peers and by the Canadian and US governments for these efforts, including being named the first oil company ever to receive the US Environmental Protection Agency Clean Air Excellence Award for our low sulphur gasoline.



Hard at Work. New Brunswick has a skilled, dedicated and experienced workforce, which our company has relied on for all of our large-scale projects.

Our Strong Relationship with Labour

Our company is non-union; however we have strong relationships with the unions who work on our construction projects and on the maintenance projects at our refinery. Our company's construction projects are "open shop"; meaning both unionized and non-union contractors work on our construction sites. Our company committed at least 75 per cent of all site construction hours to the Building and Construction Trades Unions in exchange for a national presidents' agreement that provides a high degree of flexibility and commits contractors and the unions to:

- guaranteed labour supply;
- "no strike, no lockout";

- wage certainty until 2017;
- defined module use process;
- at least a 20 per cent apprentice to journeyman ratio;
- expedited dispute resolution;
- and a joint process to further develop the agreement within clearly defined parameters.

Maintenance projects at our refinery are performed by a unionized contractor workforce under an innovative maintenance agreement that recognizes the fundamental difference between maintenance construction and project construction.

Our Mission

Our purpose is to be the regional market leader in processing, transporting and marketing finished energy products, as well as offering complementary products and services, to consumers.

We will work together to achieve our purpose by focusing on our core competencies of customer service and supply chain management. We will succeed by consistently adding value to our knowledge and physical assets, creating mutual value with our human resources, and for our customers.

We are a principled organization in which all stakeholder relationships appreciate over the long-term. We are distinguished by our belief in the worth of an individual and in the meaning of a promise.

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