

SAUDI ARAMCO'S

• 2014 •

ANNUAL REVIEW



CITIZENSHIP REPORT

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BY ALL ACCOUNTS, 2014 WAS A LANDMARK YEAR FOR SAUDI ARAMCO. TOGETHER, THE MORE THAN 61,000 MEN AND WOMEN OF SAUDI ARAMCO — THE LARGEST WORKFORCE IN THE COMPANY'S HISTORY — ACHIEVED REMARKABLE PROGRESS ON THE JOURNEY TO TRANSFORM THE COMPANY INTO THE WORLD'S LEADING INTEGRATED ENERGY AND CHEMICALS ENTERPRISE.

These achievements include record oil reserves and gas production and major progress toward completing our Wasit Gas Plant and the Sadara Chemical Company, a joint venture with The Dow Chemical Company in Jubail.

The details of these achievements and many others are detailed in the company's *2014 Annual Review* and *2014 Citizenship Report*, released in May 2015.

The theme of the *Annual Review* and *Citizenship Report*, "Energy is opportunity," is one of the driving principles behind the company's evolving identity. This idea is

manifest in everything we do. At every link in the petroleum value chain, our ultimate goal is to safely, sustainably, and reliably deliver the energy on which global economies and social progress depend.

As the global population grows, economies expand, and standards of living increase, energy will continue to be an essential enabler of opportunity. We are executing a wide-ranging strategy to ensure that Saudi Aramco is at the forefront of providing the needed energy — today and far into the future.



The inside covers of the 2014 Annual Review and Citizenship Report offer a creative interpretation of their themes — “Energy is opportunity” — and showcase the company’s drive to maximize the value of the Kingdom’s hydrocarbon resources.

The 2014 Annual Review showcases key achievements across the value chain, including exploration successes in the Unconventional Gas Program; progress on three gas plants; the expansion of integrated refining and petrochemical capacity with Rabigh Phase II; advancements on the grassroots Jazan Refinery; and the expanding network of global research centers and technology offices.

MAXIMIZING THE IMPACT OF OUR RESOURCES

In 2014, Saudi Aramco averaged 9.5 million bpd of crude oil production — roughly one in every eight barrels produced in the world — energizing the world economy and enabling the further development of the Kingdom’s economy. Raw gas production averaged 11.3 billion standard cubic feet per day (scfd), an increase of nearly 3% compared to 2013. Growing gas production capacity will help ensure we efficiently meet the Kingdom’s rising energy demand with gas for power and industry while also meeting the global call on our products.

Our Manifa crude oil increment was approaching full production capacity of 900,000 bpd of Arabian Heavy crude oil at the end of 2014. Manifa also produces associated gas as feedstock for industrial cities to help fuel economic diversification.

Two major projects are underway at the Shaybah complex in the Rub’ al-Khali (the Empty Quarter). First, oil production capacity is being expanded by 250,000 bpd for the second time, bringing the total capacity to 1 million bpd of Arabian Extra Light crude oil by April 2016 — doubling the original capacity of Shaybah when it came online in 1998. Second, during 2014, major construction was 96% complete on the new natural gas liquids (NGL) recovery plant.

Natural gas is a critical component of our strategies to help reduce the Kingdom’s reliance on liquid fuel for power generation and to provide the foundation for further economic growth and diversification. Last year witnessed major progress in our ability to expand natural gas production with the construction of the Wasit Gas Plant, one of the largest nonassociated gas plants we have ever built. At full capacity, Wasit’s integrated facilities will process 2.5 billion scfd of nonassociated gas from offshore fields. The plant also includes one fractionation module designed to process 240,000 bpd of NGL.

The Midyan Gas Plant in the Tabuk region is our first such project in the Kingdom’s northwest. Work on the plant commenced in 2013 and the facility is scheduled to be fully operational by the end of 2016. Midyan is designed to pro-



duce and process 75 million scfd of nonassociated gas and 4,500 bpd of condensate.

In its early phase, the Fadhili Gas Plant will process 2.5 billion scfd from onshore and offshore fields and is on track to come onstream by 2019.

Together, our Wasit, Midyan and Fadhili gas plants will add more than 5 billion scfd of nonassociated gas processing capacity, further enabling opportunities in Saudi industries, such as steel, aluminum, and petrochemicals; water desalination plants; electricity production; and downstream value-added industries to produce antifreeze, solvent, fuels, and other advanced materials.

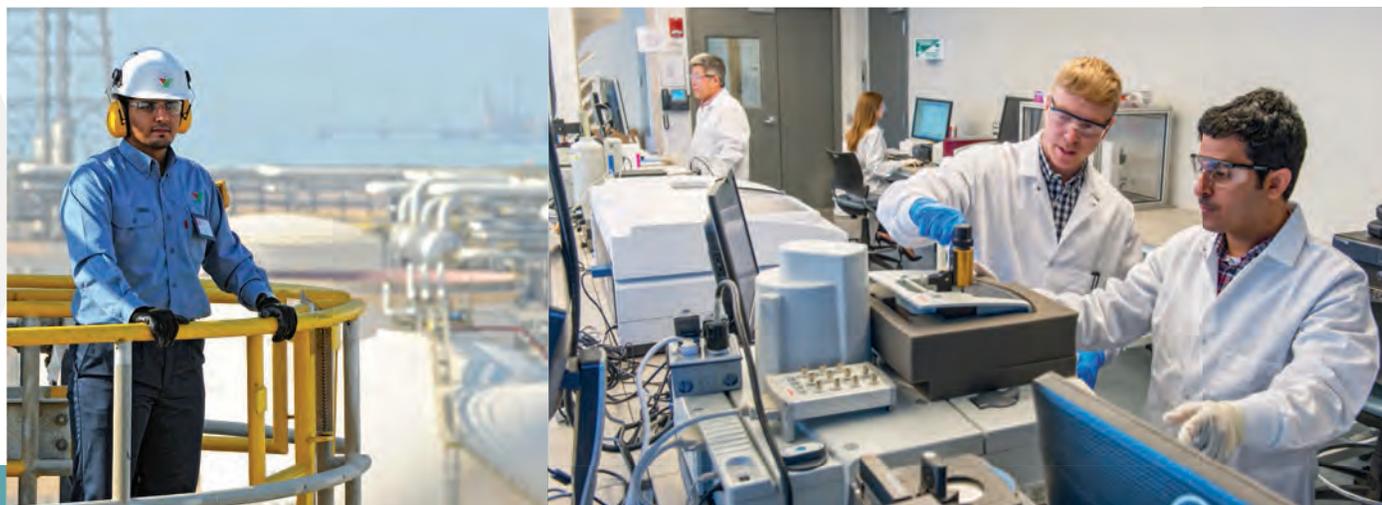
FROM PRODUCTION TO PERFORMANCE

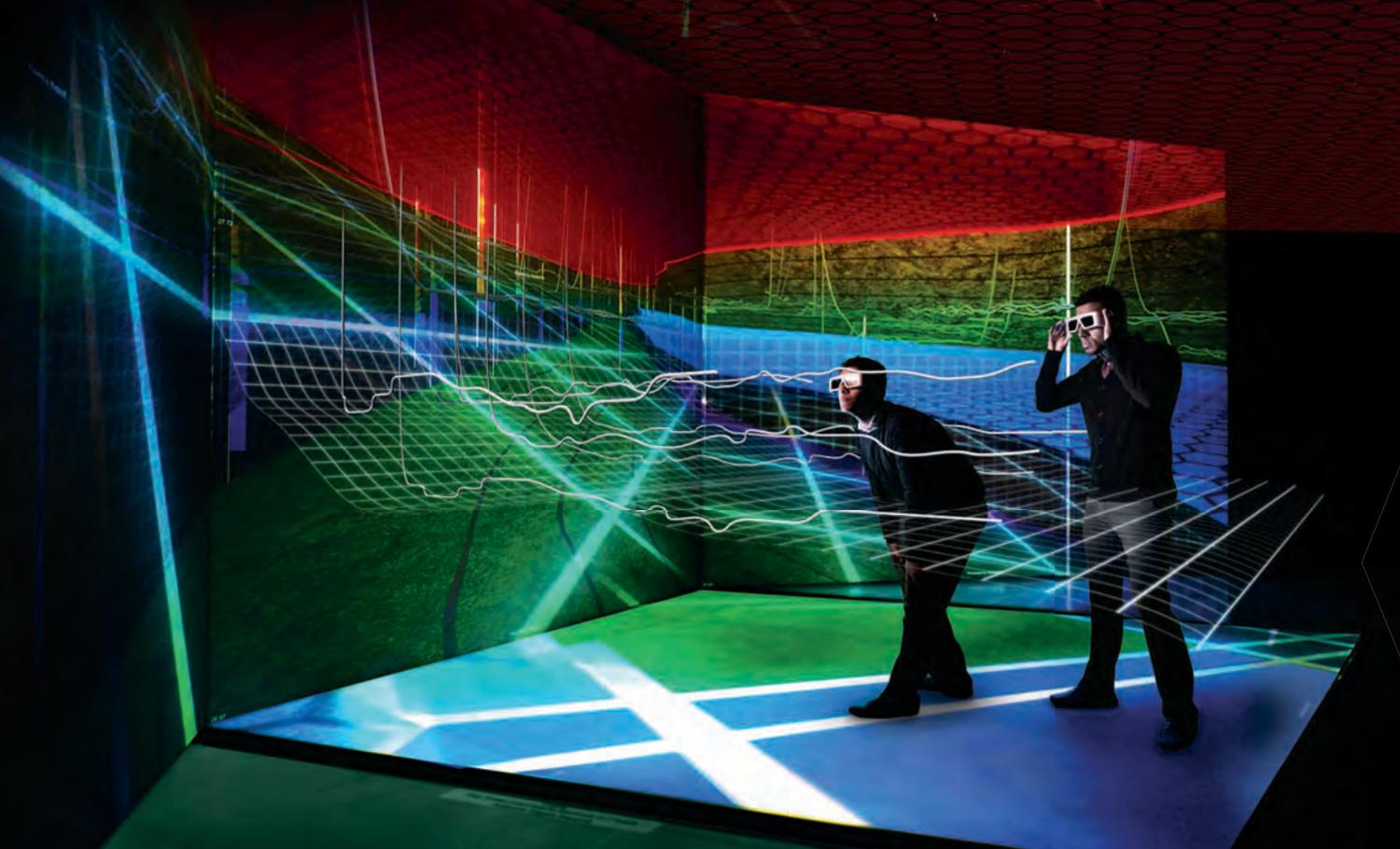
Raw hydrocarbons are of little use until they are refined and converted into useable products for consumers. Along every step in this process, our priority is to identify and leverage opportunities to realize additional value.

The cumulative effect of the company's transformation will be a world-leading, fully integrated downstream system that maximizes the value of every hydrocarbon molecule and a portfolio that is more robust and resilient to market turbulence. Our strategy to more tightly integrate operations across the hydrocarbon value chain has enabled — and will continue to enable — myriad opportunities for people in the Kingdom and abroad.

Below left: YASREF, our new joint venture refinery, helps drive economic growth.

Below right: Our research center in Boston is one of 11 innovation hubs in our global network.





➤ **Above left: We produce roughly one in every eight barrels of the world's oil supply. Above right: Our R&D efforts stimulate the development of a knowledge society and help develop the leading Saudi engineers and scientists of tomorrow.**

In August 2014, SATORP's crude oil throughput reached the facility's full design capacity of 400,000 bpd. This new venture will generate approximately 5,700 direct and indirect jobs and represents a major step in achieving our vision of being among the world's top three refiners and a world-leading manufacturer of chemicals.

YASREF, a joint venture with Asia's largest refiner, Sinopec, began commissioning in late 2014 and delivered its first shipment of clean diesel fuel in mid-January 2015. The refinery produces gasoline and ultralow sulfur diesel, liquefied petroleum gases (LPG), and other products, including benzene, sulfur, and petroleum coke for export. Within a few years of operation, YASREF is expected to generate about 6,000 direct and indirect jobs for the community.

Our Sadara joint venture is on schedule for an initial 2015 startup in the third quarter of 2015 and all process units will be onstream within one year of startup. Sadara is on track to be the first chemical complex located in the countries of the Gulf Cooperation Council (GCC) to use naphtha as part of

its feedstock. This advance will lead to new specialty chemicals plants and businesses in the Kingdom and open up a new range of downstream opportunities.

The impact of Sadara on the Kingdom's economy will be further industrial diversification built on the growth of businesses capable of manufacturing consumer products from these new chemical streams. Sadara will also generate thousands of employment opportunities — both through the complex itself and through PlasChem, its integrated conversion industry park.

Through the efforts of our international offices, we expanded our global refining and chemicals presence in 2014. On July 2, 2014, our Aramco Overseas Company (AOC) subsidiary announced its largest overseas investment to date, agreeing to purchase the Hanjin Group's entire stake in S-OIL, comprising 31.9 million shares. S-OIL is South Korea's third largest refiner. This share purchase increased AOC's ownership interest in S-OIL from 34.99% to 63.4%. The transaction has been completed after receiving all necessary regulatory approvals.

➤➤ **3.5 BILLION** barrels of overall crude oil production, with exports totaling 2.5 billion barrels, 62% of which was destined for the Far East.

➤➤ **4.1 TRILLION** standard cubic feet. Total gas production in terms of raw gas to gas plants, the most ever in the company's history.

➤➤ **61,907 EMPLOYEES** as of December 31, 2014: The largest workforce in company history.

The S-OIL share purchase is a clear demonstration of the evolution of our downstream strategy to build our overseas assets into a unified global network that achieves closer integration between our refining, chemicals, lubes, distribution, and retail systems.

In China, projects were successfully completed at the Fujian Refining & Petrochemical Company (FREP) facility to increase the capacity of the refinery and of the steam cracker. FREP is a joint venture with ExxonMobil, China Petroleum and Petrochemical Company Limited (Sinopec), and the Fujian provincial government, and is a key piece of our chemicals strategy in Asia.

GENERATING BREAKTHROUGHS ACROSS THE VALUE CHAIN

Our research and development activities focus on applying our expertise and ingenuity to generate innovative ideas that will make our resources more accessible, useful, sustainable, and competitive. To achieve this goal, we foster a culture of innovation and exploration. At Saudi Aramco, we believe technology leadership defines continued and future success in the energy sector and is vital to achieving our aspirations to help solve global energy challenges and stimulate the local knowledge economy.

Achieving breakthroughs that truly move our company and the energy industry forward requires access to the best ideas, people, and partners from around the world. Over the past few years, we have created a global research network

with the establishment of research facilities in targeted innovation hubs in the United States, Europe, and Asia. These facilities are fully aligned and integrated with our central research and development organizations and our core businesses. We continuously strive to leverage our intellectual property (IP) portfolio, practices, and processes to position Saudi Aramco as a global technology leader. We pursue patents in areas where IP protection provides a competitive advantage, global recognition, strategic positioning, and product differentiation. In 2014, our IP strategy yielded significant results. We were granted 99 patents by the United States Patent and Trademark Office — the most in a single year in our history — and 154 new patent applications were filed.

Beyond helping solve global energy challenges and stimulating the development of the local knowledge economy, our R&D efforts are also aiding the development of the leading Saudi engineers and scientists of tomorrow and fostering the development of the Kingdom's innovation ecosystem.

ENABLING A SUSTAINABLE FUTURE FOR THE KINGDOM

It is not enough to be one of the world's leading integrated energy and chemicals companies. We have a responsibility to leverage our competencies and experience to amplify the positive effects of our business activities wherever possible. By doing so, we act as a catalyst to stimulate new opportunities in the Kingdom and across the world.



We are investigating the local development of businesses that manufacture materials for the energy industry and provide engineering and oil field services. These initiatives have the potential to help establish the Kingdom as a strategic hub for energy service sector investment, both locally and internationally.

Similar to the approaches to increase local content undertaken in global energy hubs, such as the United States, Norway, and Brazil, we are working to establish domestic suppliers of all of the goods and services relating to energy sector activity within Saudi Arabia. We plan to increase Saudi Aramco's proportion of in-Kingdom spending in this sector from 35% to 70% over the next decade. We believe this shift has the potential to create between 400,000 and 500,000 direct and indirect jobs in the Kingdom in the process.

Arabia. By leveraging our considerable spending on engineering, procurement, and construction, we anticipate attracting qualified partners and their supply chain of vendors and manufacturers.

Facilitating a sustainable future also means fostering a healthy domestic energy ecosystem in the Kingdom. Many of our activities — from testing renewable energy options to promoting a culture of conservation and efficiency — are directed to enabling an energy efficient national economy with a more diversified energy mix.

We take a comprehensive approach to promoting change, working with both the public and private sector to optimize the Kingdom's energy efficiency. Together, we are changing how the Kingdom consumes energy to help ensure continued

prosperity for future generations. At Saudi Aramco, we conduct ongoing measurement and calibration of our own energy usage, implement energy-saving technologies, promote education and awareness, and seek innovative solutions.

The *2014 Citizenship Report* is the sixth such report issued by Saudi Aramco. From our earliest days, we have sought to undertake activities that add real value for the people of Saudi Arabia. From building roads, railroads, schools, and hospitals to establishing wildlife sanctuaries and growing a knowledge economy, we have always been engaged in improving the quality of life for the people of Saudi Arabia.

Over the years, we have shifted our citizenship strategy to focus on leveraging our core capabilities to amplify the benefits and opportunities we create. We strive to improve the environmental health and safety of the communities in which we operate; to enhance educational opportunities; to increase economic viability; and to promote energy sustainability through conservation and efficiency efforts.

The company's social responsibility strategy rests on four pillars: Economy, Community, Knowledge, and Environment.



Left: A joint effort between King Fahd University of Petroleum and Minerals, MIT, and the King Abdulaziz Center, FABLAB-Dhahran is an incubator for innovation. Above: Our citizenship efforts enable opportunities for future generations.

The Ras Al-Khair maritime yard is a prime example of how we plan to energize the localization of energy sector industries through the creation of “anchor projects” around which entire supply chain ecosystems can develop and grow. Our maritime yard initiative will result in a world-class shipyard and supporting ecosystem in Saudi

ECONOMY

In 2014, we invested significant energy and resources into creating an economic ecosystem in the Kingdom that is more diverse, more dynamic, and more sustainable. We promoted the creation of industrial clusters and conversion parks where local and foreign manufacturers can create consumer prod-

NGL FROM HYDROCARBON GASES	MILLIONS OF BARRELS
2014	471.3

TOTAL REFINING CAPACITY

SECTOR	THOUSANDS OF BARRELS PER DAY (MBD)	SAUDI ARAMCO SHARE (MBD)
Wholly Owned Domestic	1,006	1,006
Domestic Joint Ventures	1,905	1,002.5
International Joint Ventures	2,464	1,095.75
Worldwide	5,375	3,104.25

ucts from our chemicals, adding value to our hydrocarbon resources and further diversifying the economy.

To help prepare the local workforce for the employment opportunities resulting from these efforts, we partnered with domestic and international agencies and institutions to create specialized training programs that help young Saudis transition into jobs in these new businesses.

COMMUNITY

Safe, healthy, and vibrant communities are the foundation for future progress and development. In 2014, we partnered with Johns Hopkins Medicine to improve the quality of health care for hundreds of thousands of people in the Eastern Province. We completed numerous projects to make our company built schools safer, smarter, and more energy efficient.

The late King Abdullah identified sports and athletic activity as crucial parts of the Saudi social fabric for the future, especially the role sports plays in promoting the welfare and well-being of young Saudis. In 2014, we helped achieve his vision by completing construction of the King Abdullah Sports City stadium in Jiddah and launched a program to build additional stadiums across the Kingdom.

KNOWLEDGE

Many of our citizenship activities in 2014 supported the development of a knowledge economy in the Kingdom. Through the King Abdulaziz Center for World Culture and strategic partners, we ran a host of other programs to promote learning in subjects as varied as art, science, technology, engineering, math, innovation, and entrepreneurship.

Through these activities, we helped inspire a love of learning and intellectual curiosity in thousands of young people who will be the next generation of community leaders and contributors to the local economy. We also support innovation in the Kingdom through funding and guidance provided by our Aramco Entrepreneurship Center and its business incubator arm, both of which create opportunities for Saudi entrepreneurs to build the leading companies of tomorrow.

ENVIRONMENT

In 2014, we made significant progress in reducing the energy intensity of our operations and produced more clean burning natural gas for domestic industry. We also made advances in areas such as the reduction of flaring, water conservation, and recycling.

Our upstream expertise is exemplified by facilities such as Khurais.





➤ **The King Abdullah Sports City stadium in Jiddah, Saudi Arabia, completed in 2014, is emblematic of our commitment to enabling the development of healthy and vibrant communities in the Kingdom.**

In our residential communities and commercial offices, we replaced half a million incandescent light bulbs with LED bulbs, saving 30 million kilowatt-hours of energy, equal to saving 20,000 barrels of oil equivalent per year and reducing carbon dioxide emissions by 20,000 tons.

Our strategic investments in studying the commercial-scale adaption of renewable sources of energy — primarily solar and wind power — will help grow a clean energy sector in the Kingdom.

Our international contributions include donations to respected academic and cultural institutions, humanitarian organizations, environmental advocates, and many other highly regarded partners that help us advance the causes that matter most to us.

Energy, on its own, is full of potential promise. It requires science, technology, and innovation to unlock its greater benefits. The people of Saudi Aramco are dedicated to pursuing the breakthroughs that energize people and ideas to create ever more opportunities from our resources — and fulfill the promise of energy. 🌐

The two publications are available in English and Arabic from the company’s Internet website www.saudiaramco.com.

Follow the menu links:

News & media > Publications > Corporate Reports.

DELIVERED SALES GAS AND ETHANE GAS (TRILLIONS OF BTUS PER DAY)	SALES GAS	ETHANE GAS
2014	8.400	1.390