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Sent Date: 1999-07-15 20:59:41:066
Received Date: 1999-07-15 21:02:23:265
Subject: FW: Message from Site Leadership
Attachments:

I thought you might be interested to see the Grangemouth communication to all employees after the analysts presentation

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From: Grangemouth Communications
Sent: 15 July 1999 10:41
To: G GRA All Users
Subject: Message from Site Leadership
Importance: High

Message from the Site Leadership

BP AMOCO STRATEGY

In a presentation to financial analysts in London today (15 July), group chief executive Sir John Browne and others in Group senior management set out the strategic outlook and targets for the BP Amoco company.

New three-year targets aimed at adding up to six percentage points to BP Amoco's return on capital by the end of the period have been unveiled. Principal targets include lopping \$4 billion off the company's annual costs world-wide; selling assets of \$10 billion and boosting capital spending to a total of \$26 billion over the three years to the end of 2001.

Of the \$4 billion cost reduction target for the three years to end-2001, Sir John says he expects some \$2.2 billion to come from the upstream business, \$1.4 billion from refining and marketing and \$400 million from petrochemicals.

Of the planned \$10 billion disposals, over \$3 billion will come from the sale of downstream assets, with the biggest single element from refining where Sir John says the group has made a strategic decision to reduce its global coverage significantly.

Implications for Grangemouth

- the present focus and future strategy of the Forties Pipeline System are consistent with the direction explained at the analysts' presentation. There will be a continued emphasis on operating safely, efficiently and promoting operational excellence; meeting the needs of our Upstream Customers; and supplying feedstock to the Grangemouth Complex
- in addition, we will implement innovative ways of marketing our System using new technology, to further enhance the transportation service to all our upstream and downstream customers.
- the Refinery is very well positioned around the key Group strategic elements. We are well configured for clean fuels production and provide an advantaged supply for Marketing. The Refinery is also well integrated with Chemicals and Exploration business units
- we are studying a number of configuration options including what the Refinery would look like if we consolidated capacity around our core UK markets. The outcome is not known yet although this could contribute to the Group's goal of reducing refinery coverage to 60-70% by 2001
- in Chemicals the aim is to add value by focusing our manufacturing predominantly on - to quote Sir John - "ideal sites such as Grangemouth in Scotland where we can integrate our activities with our own hydrocarbon base and minimise the production of lower value by-products."

- we aim to become a world class, advantaged petrochemicals site through manufacturing excellence involving best practices, leading edge process technology and control systems
- the cost reductions outlined above will reflect the full impact of our own Business Challenge process

These messages re-inforce the importance of the work we have been doing at Grangemouth over the last few years to create a truly integrated site, maximising the value to be gained from the businesses working closely together, supported by a first class infrastructure.

There are still some other issues at Grangemouth to be clarified, particularly the ongoing business review into the Group's polybutenes portfolio which involves our PIB plant. The outcome of this is expected to be known before the end of July.

What is clear, however, is that Grangemouth has a key role to play in the newly merged company as it seeks to deliver these challenging goals.

If you have any questions concerning the BP Amoco strategy or Grangemouth's part in it, please ask your line manager/team leader in the first instance.

We will continue to keep you informed of any significant developments as and when they happen.

Full details of the strategy presentation, including viewgraphs, can be found on the BP Amoco intranet site :

<http://bpamoco.home.bp.com/presentation99/>

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Dipesh J. Shah

John Williams