

ChevronTexaco



Up to the Challenge

2002 Supplement to the Annual Report



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Cover photo: Genesis, the first platform of its kind, floats in more than 2,600 feet of water in the U.S. Gulf of Mexico. Commissioned in 1999, the platform has a cylinder-shaped hull, called a spar, and is designed for 24-hour simultaneous drilling and high-volume production.

2002 HIGHLIGHTS

- Reported net income of \$1.132 billion (\$1.07 per share – diluted) for the year.
- Delivered major cost savings as a result of the merger – by the end of the third quarter 2002, ChevronTexaco achieved an annual synergy capture rate of \$1.8 billion – higher than the original estimate of \$1.2 billion – and is on track toward a \$2.2 billion annual savings target in 2003.

UPSTREAM – EXPLORATION AND PRODUCTION

- Added oil and gas reserves equal to 114 percent of worldwide oil-equivalent production for the year – marking the 10th consecutive year the company added more reserves than it produced.
- Continued exploration success in the company-operated deepwater Block 14 in Angola, resulting in the Gabela and Negage discoveries.
- Confirmed two deepwater discoveries in Nigeria, OPL-222 Usan and OPL-213 Aparo.
- Initiated aggressive appraisal programs for two deepwater exploratory discoveries in the Gulf of Mexico – Tahiti and Great White.
- Increased total production for the ninth consecutive year at the 50 percent-owned Tengizchevroil affiliate in Kazakhstan, where total oil production averaged 285,000 barrels per day; exports of crude oil through the 15 percent-owned Caspian Pipeline to the Russian Black Sea port of Novorossiysk totaled 79 million barrels.
- Increased total production at the 27 percent-owned Hibernia Field, offshore Eastern Canada, averaging 181,000 barrels of oil per day.
- Selected by the People's Republic of China as the preferred supplier of liquefied natural gas (LNG) through the North West Shelf Venture in Australia, where the company holds a one-sixth interest.
- Submitted an application to construct and operate the Port Pelican LNG receiving and regasification terminal located in the Gulf of Mexico.

DOWNSTREAM – REFINING, MARKETING AND TRANSPORTATION

- Increased branded motor gasoline sales volumes by 4 percent in the United States.
- Completed facility modifications at the El Segundo, California, Refinery to produce cleaner-burning gasoline without the oxygenated blending component methyl tertiary butyl ether (MTBE).
- Continued construction on the expansion project to produce lower-sulfur motor gasoline and diesel at the company's largest wholly owned refinery in Pascagoula, Mississippi.

CHEMICALS

- Signed agreements to develop a second petrochemical complex in Qatar to include a world-scale olefins facility and derivatives units.
- Commissioned a world-scale olefins and polyolefins complex in Qatar with the company's 50 percent-owned petrochemical affiliate, Chevron Phillips Chemical Company, and Qatar General Petroleum in early 2003.

CORPORATE OBJECTIVES

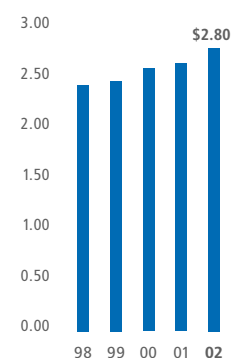
- Achieve sustained financial returns that will enable ChevronTexaco to outperform its competitors.
- Generate the highest total stockholder return among a designated peer group for the five-year period 2000–2004. The company had the second highest total stockholder return among its peer group for the 2000–2002 period.

This publication supplements ChevronTexaco Corporation's 2002 Annual Report to stockholders and should be read in conjunction with it. The financial information contained in this Supplement is expressly qualified by reference to the Annual Report, which contains complete audited financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other supplemental financial data.

FINANCIAL INFORMATION FINANCIAL HIGHLIGHTS

CASH DIVIDENDS*

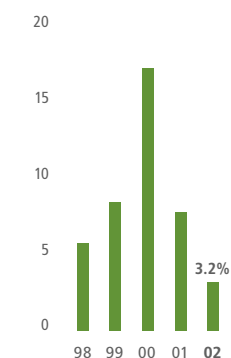
Dollars per share



* Chevron Pre-Merger

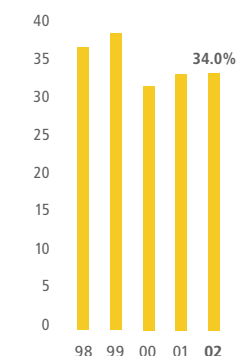
RETURN ON AVERAGE CAPITAL EMPLOYED

Percentage using net income



TOTAL DEBT / TOTAL DEBT PLUS EQUITY

Percentage



REVIEW OF OPERATIONS 1998–2002

On October 9, 2001, Texaco Inc. (Texaco) became a wholly owned subsidiary of Chevron Corporation (Chevron) pursuant to a merger transaction, and Chevron changed its name to ChevronTexaco Corporation. In accordance with pooling-of-interests accounting, the combined financial information included in this document gives retroactive effect to the merger, with all periods presented as if Chevron and Texaco had always been combined.

FINANCIAL HIGHLIGHTS

Millions of Dollars, Except Per-Share Amounts

	2002	2001	2000	1999	1998
Net Income	\$ 1,132	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Sales and Other Operating Revenues	98,691	104,409	117,095	84,004	71,937
Cash Dividends – Common Stock	2,965	2,733	2,664	2,589	2,548
Capital and Exploratory Expenditures ¹	9,255	12,028 ²	9,520	10,137 ³	9,738
Cash Provided by Operating Activities	9,941	11,457	13,467	7,771	6,906
At December 31					
Working Capital	(2,100)	(2,327)	1,252	(640)	(902)
Total Assets	77,359	77,572	77,621	75,380	70,124
Total Debt and Capital Lease Obligations	16,269	17,418	15,915	19,208	17,254
Stockholders' Equity	31,604	33,958	33,369	29,791	28,867
Common Shares Outstanding at December 31 (Millions) ⁴	1,054.0	1,060.1	1,057.6	1,075.2	1,057.6
Per-Share Data					
Net Income – Basic	\$ 1.07	\$ 3.10	\$ 7.23	\$ 3.01	\$ 1.76
– Diluted	1.07	3.09	7.21	3.00	1.75
Cash Dividends ⁵	2.80	2.65	2.60	2.48	2.44
Stockholders' Equity at December 31 ⁴	29.98	32.03	31.55	27.71	27.29
Market Price at December 31	66.48	89.61	84.44	86.63	82.94
– High	91.60	98.49	94.88	104.94	90.19
– Low	65.41	78.44	69.94	73.13	67.75
Financial Ratios ⁶					
Current Ratio	0.9	0.9	1.1	1.0	0.9
Interest Coverage	7.6	9.6	12.5	6.0	3.6
Total Debt/Total Debt Plus Equity	34.0%	33.9%	32.3%	39.2%	37.4%
Return on Average Stockholders' Equity	3.5%	9.8%	24.5%	11.1%	6.5%
Return on Average Capital Employed	3.2%	7.8%	17.3%	8.5%	5.8%
Return on Average Total Assets	1.5%	4.2%	10.1%	4.5%	2.7%
Return on Sales	1.2%	3.4%	7.0%	4.2%	2.9%
Cash Dividends/Net Income (Payout Ratio)	261.9%	83.3%	34.7%	80.6%	135.8%
Cash Dividends/Cash From Operations	29.8%	23.9%	19.9%	33.7%	37.7%
Total Stockholder Return ⁵	(23.1%)	9.2%	0.5%	7.3%	11.0%

¹Includes Equity Shares of Affiliates' Capital and Exploratory Expenditures totaling \$1,353 million, \$1,712 million, \$1,229 million, \$1,105 million and \$1,448 million for 2002, 2001, 2000, 1999 and 1998, respectively.

²Includes \$1.5 billion investment in Dynegy Inc. redeemable, convertible preferred stock.

³Includes \$1.7 billion for acquisitions of Rutherford-Moran Oil Corporation in Thailand and Petrolera Argentina San Jorge S.A. in Argentina.

⁴Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.

⁵Chevron pre-merger.

⁶Refer to page 61 for Financial Ratios definitions.

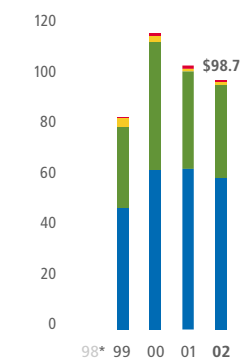
CONSOLIDATED STATEMENT OF INCOME¹

Millions of Dollars

	Year Ended December 31				
	2002	2001	2000	1999	1998 ²
REVENUES AND OTHER INCOME					
SALES AND OTHER OPERATING REVENUES					
Gasolines	\$ 18,363	\$ 19,788	\$ 20,164	\$ 14,477	\$
Jet Fuel	6,242	7,110	7,762	4,258	
Gas Oils and Kerosene	11,288	11,471	13,050	8,509	
Residual Fuel Oils	4,279	5,393	5,732	4,219	
Other Refined Products	3,066	3,836	700	1,559	
TOTAL REFINED PRODUCTS	43,238	47,598	47,408	33,022	
Crude Oil and Condensate	29,822	26,981	37,698	24,151	
Natural Gas	5,461	9,664	9,545	5,472	
Natural Gas Liquids	1,732	1,901	3,147	2,199	
Other Petroleum Revenues	2,517	2,926	2,164	1,566	
Petroleum Taxes and Duties	7,014	6,473	6,914	7,072	
Petroleum Excise Taxes	6,996	6,534	6,574	6,544	
TOTAL PETROLEUM	96,780	102,077	113,450	80,026	68,406
Chemicals	961	1,005	2,686	3,477	3,004
Chemicals Excise Taxes	10	12	27	30	40
TOTAL CHEMICALS	971	1,017	2,713	3,507	3,044
ALL OTHER	940	1,315	932	471	487
TOTAL SALES AND OTHER OPERATING REVENUES	98,691	104,409	117,095	84,004	71,937
INCOME FROM EQUITY AFFILIATES	111	1,144	1,077	896	634
OTHER INCOME	247	692	958	813	687
TOTAL REVENUES AND OTHER INCOME	99,049	106,245	119,130	85,713	73,258
COSTS AND OTHER DEDUCTIONS					
Purchased Crude Oil and Products	57,249	60,549	69,814	46,256	36,740
Operating Expenses	7,848	7,650	8,323	7,773	7,515
Selling, General and Administrative Expenses	4,155	3,984	3,626	3,222	4,183
Exploration Expenses	591	1,039	949	1,072	970
Depreciation, Depletion and Amortization ³	5,231	7,059	5,321	4,934	4,490
Write-Down of Investments in Equity Affiliates ⁴	1,932	—	—	—	—
Merger-Related Expenses ⁵	576	1,563	—	—	—
Interest and Debt Expense	565	833	1,110	1,132	1,057
Taxes Other Than on Income					
Excise Taxes	7,006	6,546	6,601	6,029	6,494
Other Taxes	9,683	8,610	9,226	9,412	8,911
Minority Interests	57	121	111	71	62
TOTAL COSTS AND OTHER DEDUCTIONS	94,893	97,954	105,081	79,901	70,422
INCOME BEFORE INCOME TAX EXPENSE	4,156	8,291	14,049	5,812	2,836
Income Tax Expense	3,024	4,360	6,322	2,565	919
Net Income Before Extraordinary Item	\$ 1,132	\$ 3,931	\$ 7,727	\$ 3,247	\$ 1,917
Extraordinary Loss, Net of Income Tax ⁶	—	(643)	—	—	—
NET INCOME	\$ 1,132	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
NET INCOME	\$ 1,132	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Net Unrealized Holding Gain (Loss) on Securities	44	3	(43)	2	7
Net Derivatives Gain on Hedge Transactions	34	3	—	—	—
Minimum Pension Liability Adjustment	(785)	9	(19)	(10)	(23)
Currency Translation Adjustment	15	(11)	(14)	(35)	(3)
OTHER COMPREHENSIVE (LOSS) GAIN, NET OF TAX	(692)	4	(76)	(43)	(19)
COMPREHENSIVE INCOME	\$ 440	\$ 3,292	\$ 7,651	\$ 3,204	\$ 1,898
RETAINED EARNINGS AT JANUARY 1	\$ 32,767	\$ 32,206	\$ 27,148	\$ 26,503	\$ 27,172
Net Income	1,132	3,288	7,727	3,247	1,917
Cash Dividends	(2,965)	(2,739)	(2,681)	(2,617)	(2,603)
Tax Benefit From Dividends Paid on Unallocated ESOP Shares	8	12	12	15	17
RETAINED EARNINGS AT DECEMBER 31	\$ 30,942	\$ 32,767	\$ 32,206	\$ 27,148	\$ 26,503

TOTAL SALES AND OTHER OPERATING REVENUES

Billions of dollars

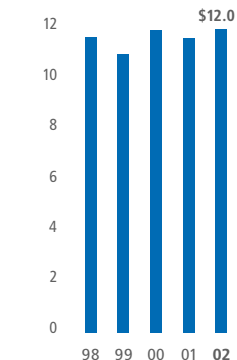


■ Petroleum Products
■ Crude Oil and Condensate, Natural Gas and Natural Gas Liquids
■ Chemicals
■ Other Revenues

* Data not available in this format

OPERATING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Billions of dollars


¹2001, 2000, 1999 and 1998 conformed to the 2002 presentation.

²Product data was not readily available in this format.

³Includes \$331 million, \$2,296 million, \$707 million, \$422 million and \$222 million in 2002, 2001, 2000, 1999 and 1998, respectively, for asset impairment charges.

⁴Includes the company's write-down of \$1,796 million investment in Dynegy common and preferred stock and \$136 million of its investment in its publicly traded Caltex Australia affiliate to respective estimated fair values.

⁵Includes employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility closures costs, and other incremental costs to effect the merger.

⁶Represents loss on asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.

NET INCOME (LOSS) BY MAJOR AREAS OF OPERATION

Millions of Dollars

Year Ended December 31

	2002	2001	2000	1999	1998
Exploration and Production – United States	\$ 1,717	\$ 1,779	\$ 3,453	\$ 1,133	\$ 625
– International	2,839	2,533	3,702	1,450	837
– Total	4,556	4,312	7,155	2,583	1,462
Refining, Marketing and Transportation – United States ¹	(398)	1,254	721	551	812
– International	31	560	414	546	402
– Total	(367)	1,814	1,135	1,097	1,214
Chemicals	86	(128)	40	109	122
All Other ²	(3,143)	(2,710)	(603)	(542)	(881)
NET INCOME	\$ 1,132	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917

SPECIAL ITEMS

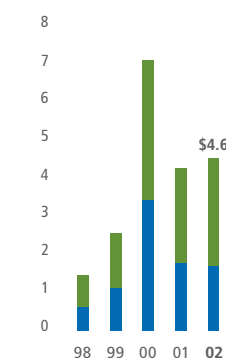
Millions of Dollars

Asset Dispositions, Net	\$ (149)	\$ 49	\$ 72	\$ 111	\$ (56)
Asset Write-Offs and Revaluations	(2,642)	(1,709)	(301)	(377)	(211)
Environmental Remediation Provisions, Net	(160)	(78)	(264)	(40)	–
Prior-Year Tax Adjustments	60	(5)	107	228	203
Pre-Merger Restructurings and Reorganizations	–	–	–	(257)	(180)
Merger-Related Expenses ³	(386)	(1,136)	–	–	–
Extraordinary Loss on Merger-Related Asset Sales ⁴	–	(643)	–	–	–
Other, Net	(57)	–	8	144 ⁵	(627) ⁵
TOTAL SPECIAL ITEMS	\$ (3,334)	\$ (3,522)	\$ (378)	\$ (191)	\$ (871)

¹Includes the company's share of Equilon and Motiva earnings.²Includes corporate administrative costs, worldwide cash management and debt financing activities, the company's investment in Dynegy, coal mining operations, power and gasification operations, technology investments, insurance operations, real estate activities, and expenses and net losses associated with the merger.³Includes employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility closures costs, and other incremental costs to effect the merger.⁴Includes asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.⁵Includes effects of Cities Service litigation.

WORLDWIDE EXPLORATION AND PRODUCTION EARNINGS

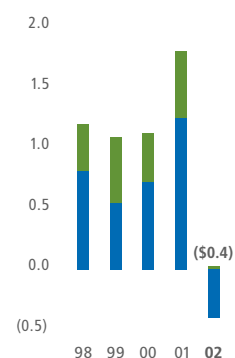
Billions of dollars



■ United States
■ International

WORLDWIDE REFINING, MARKETING AND TRANSPORTATION EARNINGS

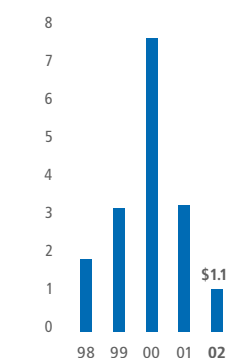
Billions of dollars



■ United States
■ International

NET INCOME

Billions of dollars



CONSOLIDATED BALANCE SHEET

Millions of Dollars	At December 31				
	2002	2001	2000	1999	1998
ASSETS					
Cash and Cash Equivalents	\$ 2,957	\$ 2,117	\$ 2,328	\$ 1,997	\$ 996
Marketable Securities	824	1,033	913	971	1,442
Accounts and Notes Receivable	9,385	8,279	10,763	9,205	7,627
Inventories					
Crude Oil and Petroleum Products	2,019	2,207	1,969	2,133	2,100
Chemicals	193	209	200	526	559
Materials, Supplies and Other	551	532	485	548	561
	2,763	2,948	2,654	3,207	3,220
Prepaid Expenses and Other Current Assets	1,847	1,769	1,255	1,663	872
Assets Held for Sale – Merger-Related	–	2,181	–	–	–
TOTAL CURRENT ASSETS	17,776	18,327	17,913	17,043	14,157
Long-Term Receivables, Net	1,338	1,225	1,218	1,234	1,170
Investments and Advances	11,097	12,252	11,764	8,482	8,487
Properties, Plant and Equipment, at Cost	105,231	99,860	95,217	100,640	96,102
Less: Accumulated Depreciation, Depletion and Amortization	61,076	56,978	51,249	54,504	52,590
Net Properties, Plant and Equipment	44,155	42,882	43,968	46,136	43,512
Deferred Charges and Other Assets	2,993	2,886	2,758	2,485	2,798
TOTAL ASSETS	\$ 77,359	\$ 77,572	\$ 77,621	\$ 75,380	\$ 70,124
LIABILITIES AND STOCKHOLDERS' EQUITY					
Short-Term Debt	\$ 5,358	\$ 8,429	\$ 3,094	\$ 6,063	\$ 5,579
Accounts Payable	8,455	6,427	7,563	6,812	5,222
Accrued Liabilities	3,364	3,399	3,014	2,582	2,699
Federal and Other Taxes on Income	1,626	1,398	1,864	1,017	405
Other Taxes Payable	1,073	1,001	1,126	1,209	1,154
TOTAL CURRENT LIABILITIES	19,876	20,654	16,661	17,683	15,059
Long-Term Debt and Capital Lease Obligations	10,911	8,989	12,821	13,145	11,675
Deferred Credits and Other Noncurrent Obligations	4,474	4,394	4,303	4,251	5,185
Noncurrent Deferred Income Taxes	5,619	6,132	6,687	6,712	5,497
Reserves for Employee Benefit Plans	4,572	3,162	3,034	3,065	3,112
Minority Interests	303	283	746	733	729
TOTAL LIABILITIES	45,755	43,614	44,252	45,589	41,257
STOCKHOLDERS' EQUITY	31,604	33,958	33,369	29,791	28,867
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 77,359	\$ 77,572	\$ 77,621	\$ 75,380	\$ 70,124

SEGMENT ASSETS¹

Millions of Dollars

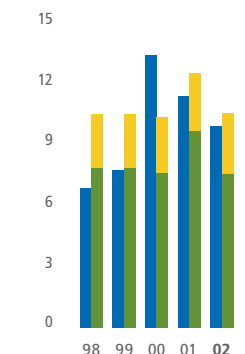
Exploration and Production	\$ 37,843	\$ 36,895	\$ 37,679	\$ 35,009
Refining, Marketing and Transportation	27,380	25,328	29,152	28,798
Chemicals	2,852	2,760	3,077	4,223
All Other ²	9,284	12,589	7,713	7,350
TOTAL	\$ 77,359	\$ 77,572	\$ 77,621	\$ 75,380

¹Information in this format not readily available for 1998.

²Includes worldwide cash management and debt financing activities, the company's investment in Dynegy, coal mining operations, power and gasification operations, technology investments, insurance operations, real estate activities, plus merger-related assets held for sale at year end 2001.

**CASH FROM OPERATING
ACTIVITIES COMPARED
WITH CAPITAL EXPENDITURES
AND DIVIDENDS**

Billions of dollars



■ Cash from Operating Activities
■ Capital Expenditures
■ Dividends

CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of Dollars

Year Ended December 31

	2002	2001	2000	1999	1998
OPERATING ACTIVITIES					
Net Income	\$ 1,132	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Adjustments					
Write-Down of Investments in Equity Affiliates, Before Tax	1,932	—	—	—	—
Depreciation, Depletion and Amortization	5,231	7,059	5,321	4,934	4,490
Dry Hole Expense	288	646	462	583	361
Distributions More Than (Less Than) Income From Equity Affiliates	374	(489)	(26)	(288)	49
Net Before-Tax Gains on Asset Retirements and Sales	(33)	(116)	(371)	(542)	(104)
Net Foreign Currency Gains (Losses)	5	(122)	(130)	58	(28)
Deferred Income Tax (Credits) Charges	(81)	(768)	521	23	206
Extraordinary Before-Tax Loss on Merger-Related Asset Dispositions	—	787	—	—	—
Decrease (Increase) in Operating Working Capital Composed of					
(Increase) Decrease in Accounts and Notes Receivable	(1,135)	2,472	(2,162)	(2,057)	966
Decrease (Increase) in Inventories	185	(294)	120	32	(186)
Decrease (Increase) in Prepaid Expenses and Other Current Assets	92	(211)	73	(61)	(21)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,845	(742)	1,327	1,718	(723)
Increase (Decrease) in Income and Other Taxes Payable	138	(582)	733	634	(646)
Net Decrease (Increase) in Operating Working Capital	1,125	643	91	266	(610)
Minority Interest in Net Income	57	121	111	68	59
(Decrease) Increase in Cities Service Provision	—	—	—	(149)	924
Cash Settlement of Cities Service Litigation	—	—	—	(775)	—
Other, Net	(89)	408	(239)	346	(358)
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,941	11,457	13,467	7,771	6,906
INVESTING ACTIVITIES					
Capital Expenditures	(7,597)	(9,713)	(7,629)	(7,895)	(7,903)
Proceeds From Asset Sales	2,341	298	1,229	1,578	840
Net Sales (Purchases) of Marketable Securities ¹	209	(183)	80	597	(36)
Net Sales (Purchases) of Other Short-Term Investments	—	56	(84)	—	—
Collection of Note/Formation Payments From U.S. Affiliate ²	—	—	—	101	612
Distribution From Chevron Phillips Chemical Company LLC	—	—	835	—	—
Other, Net	—	—	(73)	9	(230)
NET CASH USED FOR INVESTING ACTIVITIES	(5,047)	(9,542)	(5,642)	(5,610)	(6,717)
FINANCING ACTIVITIES					
Net (Repayments) Borrowings of Short-Term Obligations	(1,810)	3,830	(3,254)	542	2,331
Proceeds From Issuances of Long-Term Debt	2,045	412	1,293	2,383	2,146
Repayments of Long-Term Debt and Other Financing Obligations	(1,356)	(2,856)	(1,241)	(1,491)	(1,780)
Redemption of Market Auction Preferred Shares	—	(300)	—	—	—
Redemption of Subsidiary Preferred Stock	—	(463)	—	—	—
Issuance of Preferred Stock by Subsidiaries	—	12	—	—	—
Cash Dividends Paid	(2,991)	(2,858)	(2,789)	(2,672)	(2,655)
Cash Funding Provided by Minority Interests	—	—	—	—	17
Net Sales (Purchases) of Treasury Shares	43	128	(1,498)	108	(840)
NET CASH USED FOR FINANCING ACTIVITIES	(4,069)	(2,095)	(7,489)	(1,130)	(781)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	15	(31)	(5)	(30)	(20)
NET CHANGE IN CASH AND CASH EQUIVALENTS	840	(211)	331	1,001	(612)
CASH AND CASH EQUIVALENTS AT JANUARY 1	2,117	2,328	1,997	996	1,608
CASH AND CASH EQUIVALENTS AT DECEMBER 31	\$ 2,957	\$ 2,117	\$ 2,328	\$ 1,997	\$ 996
¹ Net (Purchases) Sales of Marketable Securities consist of the following gross amounts:					
Marketable Securities Purchased	\$ (5,789)	\$ (2,848)	\$ (6,671)	\$ (3,255)	\$ (3,650)
Marketable Securities Sold	5,998	2,665	6,751	3,852	3,614
Net Sales (Purchases) of Marketable Securities	\$ 209	\$ (183)	\$ 80	\$ 597	\$ (36)

²Includes \$101 million and \$612 million from Equilon in 1999 and 1998, respectively.

CAPITAL AND EXPLORATORY EXPENDITURES – INCLUDES AFFILIATES

Millions of Dollars

Year Ended December 31

	2002	2001	2000	1999
UNITED STATES				
Exploration	\$ 658	\$ 730	\$ 713	\$ 589
Production	1,230	1,690	1,641	1,222
Refining	407	355	305	426
Marketing	122	372	538	432
Transportation	191	146	76	88
Other Downstream	30	—	—	—
Chemicals	272	145	135	326
All Other	811 ¹	2,570 ²	891	311
TOTAL UNITED STATES	3,721	6,008	4,299	3,394
INTERNATIONAL				
Exploration	550	917	975	1,219
Production	3,845	3,792	2,922	4,260
Refining	192	314	235	185
Marketing	256	464	474	631
Transportation	260	446	380	187
Other Downstream	174	47	32	—
Chemicals	37	34	51	136
All Other	220	6	152	125
TOTAL INTERNATIONAL	5,534	6,020	5,221	6,743
WORLDWIDE				
Exploration	1,208	1,647	1,688	1,808
Production	5,075	5,482	4,563	5,482
Refining	599	669	540	611
Marketing	378	836	1,012	1,063
Transportation	451	592	456	275
Other Downstream	204	47	32	—
Chemicals	309	179	186	462
All Other	1,031	2,576	1,043	436
TOTAL WORLDWIDE	\$ 9,255	\$ 12,028	\$ 9,520	\$ 10,137
Memo: Affiliates' Expenditures Included Above	\$ 1,353	\$ 1,712	\$ 1,229	\$ 1,105

EXPLORATION EXPENSES³

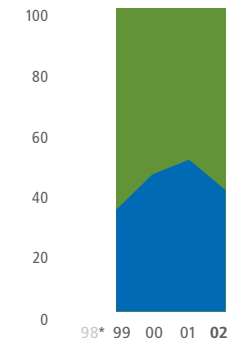
Millions of Dollars

Geological and Geophysical	\$ 230	\$ 188	\$ 267	\$ 294
Unproductive Wells Drilled	230	646	462	583
Other ⁴	131	205	220	195
TOTAL EXPLORATION EXPENSES	\$ 591	\$ 1,039	\$ 949	\$ 1,072
MEMO: United States	\$ 216	\$ 395	\$ 378	\$ 401
International	\$ 375	\$ 644	\$ 571	\$ 671

¹Includes \$205 million investment in Dynegy Inc. common stock and \$95 million investment in Star Petroleum Refining Company.²Includes \$1.5 billion investment in Dynegy Inc. redeemable, convertible preferred stock.³Consolidated companies only. Excludes amortization of undeveloped leaseholds.⁴Other exploration expenses include expensed well contributions, oil and gas lease rentals, research and development costs, and other miscellaneous expenses.

CAPITAL AND EXPLORATORY EXPENDITURES BY GEOGRAPHIC AREA

Percentage

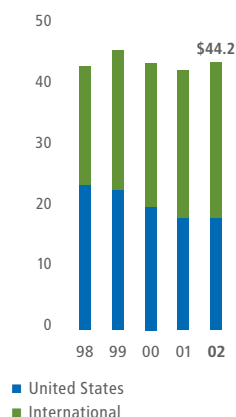


■ United States
■ International

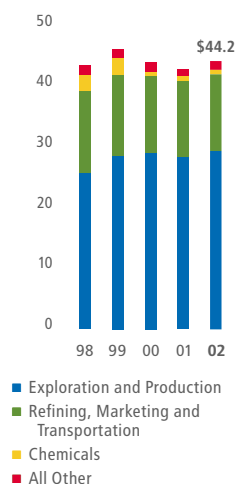
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NET PROPERTIES, PLANT AND EQUIPMENT
BY GEOGRAPHIC AREA

Billions of dollars

NET PROPERTIES, PLANT AND EQUIPMENT
BY FUNCTION

Billions of dollars



PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES

Millions of Dollars

Year Ended December 31

	2002	2001	2000	1999	1998
NET PROPERTIES, PLANT AND EQUIPMENT AT JANUARY 1	\$ 42,882	\$ 43,968	\$ 46,136	\$ 43,512	\$ 44,279
ADDITIONS AT COST					
Exploration and Production ¹	5,001	4,873	4,950	6,317	4,517
Refining, Marketing and Transportation	1,082	1,192	941	1,165	1,612
Chemicals	53	41	120	385	501
All Other ²	285	174	202	181	236
TOTAL ADDITIONS AT COST	6,421	6,280	6,213	8,048	6,866
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE					
Exploration and Production	(3,938)	(5,593)	(3,925)	(3,478)	(3,217)
Refining, Marketing and Transportation	(1,100)	(1,031)	(1,167)	(1,081)	(1,003)
Chemicals	(42)	(41)	(95)	(194)	(118)
All Other ²	(151)	(394)	(134)	(181)	(133)
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE	(5,231)	(7,059)	(5,321)	(4,934)	(4,471)
NET RETIREMENTS AND SALES					
Exploration and Production	52	26	(765)	(228)	(508)
Refining, Marketing and Transportation	(90)	(123)	(417)	(376)	(157)
Chemicals	(6)	(7)	(11)	(9)	2
All Other ²	(20)	(70)	(79)	(168)	(113)
TOTAL NET RETIREMENTS AND SALES	(64)	(174)	(1,272)	(781)	(776)
NET INTERSEGMENT TRANSFERS AND OTHER CHANGES					
Exploration and Production	(53)	(34)	301	213	238
Refining, Marketing and Transportation	128	5	30	86	(2,606)
Chemicals ³	6	(4)	(2,084)	–	–
All Other ²	66	(100)	(35)	(8)	(18)
TOTAL NET INTERSEGMENT TRANSFERS AND OTHER CHANGES³	147	(133)	(1,788)	291	(2,386)
NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31					
Exploration and Production ^{4,5}	29,365	28,303	29,031	28,498	25,674
Refining, Marketing and Transportation	12,606	12,586	12,543	13,338	13,544
Chemicals	737	726	737	2,807	2,625
All Other ^{2,4}	1,447	1,267	1,657	1,493	1,669
TOTAL NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31	\$ 44,155	\$ 42,882	\$ 43,968	\$ 46,136	\$ 43,512
MEMO: Gross Properties, Plant and Equipment	\$ 105,231	\$ 99,860	\$ 95,217	\$ 100,640	\$ 96,102
Accumulated Depreciation, Depletion and Amortization	(61,076)	(56,978)	(51,249)	(54,504)	(52,590)
Net Properties, Plant and Equipment	\$ 44,155	\$ 42,882	\$ 43,968	\$ 46,136	\$ 43,512

¹ Net of exploratory well write-offs.² Principally includes real estate, power and gasification assets, coal assets, and management information systems.³ In 2000, includes net property, plant and equipment contributed to Chevron Phillips Chemical Company LLC.⁴ Includes reclassifications to/from other asset accounts.⁵ Includes net investment in unproved oil and gas properties.

\$ 1,677	\$ 2,027	\$ 2,546	\$ 2,669	\$ 1,778
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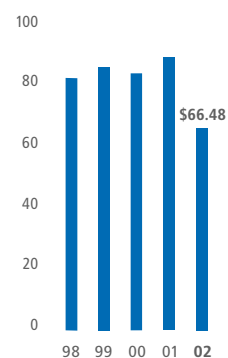
MISCELLANEOUS DATA

	2002	2001	2000	1999	1998
COMMON STOCK					
Number of Shares Outstanding at December 31 (Millions) ¹	1,054.0	1,060.1	1,057.6	1,075.2	1,057.6
Weighted Average Shares Outstanding for the Year (Millions) ¹	1,060.7	1,059.3	1,066.6	1,067.7	1,060.5
Number of Stockholders of Record at December 31 (Thousands)	248	248	294	317	337
Cash Dividends on Common Stock					
Millions of Dollars	\$ 2,965	\$ 2,733	\$ 2,664	\$ 2,589	\$ 2,548
Per Common Share ²	\$ 2.80	\$ 2.65	\$ 2.60	\$ 2.48	\$ 2.44
Net Income (Loss) Per Common Share – Diluted					
First Quarter	\$.68	\$ 2.29	\$ 1.50	\$ 0.48	\$ 0.70
Second Quarter	.39	1.99	1.62	0.58	0.84
Third Quarter	(.85)	1.19	2.17	0.90	0.62
Fourth Quarter	.85	(2.38)	1.92	1.04	(0.41)
Year	\$ 1.07	\$ 3.09	\$ 7.21	\$ 3.00	\$ 1.75
Stockholders' Equity Per Common Share at December 31 ¹	\$ 29.98	\$ 32.03	\$ 31.55	\$ 27.71	\$ 27.29
PERSONNEL, PAYROLL AND BENEFITS³					
Number of Employees at December 31 ⁴	66,038	69,416	70,650		
Payroll Costs (Millions of Dollars) ⁵	\$ 2,911	\$ 3,071	\$ 2,934		
Employee Benefit Costs (Millions of Dollars)	\$ 1,191	\$ 920	\$ 798		
Investment Per Employee at December 31 (Thousands of Dollars) ⁶	\$ 730	\$ 744	\$ 708		
Average Sales Per Employee (Thousands of Dollars) ⁷	\$ 1,354	\$ 1,397	\$ 1,617		
Average Monthly Wage Per Employee	\$ 3,581	\$ 3,654	\$ 3,578		
CAPITAL EMPLOYED (Millions of Dollars)⁸					
Exploration and Production					
– United States	\$ 7,740	\$ 8,765	\$ 9,315		
– International	18,345	16,855	14,895		
– Total	26,085	25,620	24,210		
Refining, Marketing and Transportation					
– United States	4,995	5,580	8,195		
– International	12,570	11,990	12,250		
– Total	17,565	17,570	20,445		
Chemicals	2,160	1,990	2,215		
All Other ⁹	2,365	6,480	3,160		
TOTAL CAPITAL EMPLOYED	\$ 48,175	\$ 51,660	\$ 50,030		

¹Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.²Chevron dividend pre-merger.³Consolidated companies only. Data not readily available in this format for 1999 and 1998.⁴Includes service station personnel of 13,024, 13,718 and 13,323 for 2002, 2001 and 2000, respectively.⁵Excludes incentive bonuses.⁶Investment = Total Year End Capital Employed.⁷Average Sales Per Employee = Sales and Other Operating Revenues (Net of Excise Taxes) / Average Number of Employees (Beginning and End of Year).⁸Data not available in this format for 1999 and 1998.⁹Includes \$2.2 billion in 2001 for assets held for sale resulting from the merger, previously included in Refining, Marketing and Transportation – United States in 2000.

CHEVRONTExACO YEAR-END COMMON STOCK PRICE*

Dollars per share



* Chevron – 1998 through 2000

WORLDWIDE UPSTREAM HIGHLIGHTS

2002 HIGHLIGHTS

- ✧ **Worldwide** ChevronTexaco increased its reserves of crude oil, natural gas liquids and natural gas for the 10th consecutive year. In 2002, the company added approximately 1.1 billion barrels of oil-equivalent reserves representing 114 percent of production for the year. The company's annual rate of merger-related savings in upstream operations exceeded initial projections, reaching \$1.2 billion by early 2003. ChevronTexaco consolidated facilities and significantly enhanced the efficiency of operations in key regions, including the United States, the United Kingdom and Latin America.
- ✧ **Angola** Gabela and Negage discoveries in the company-operated deepwater Block 14, in which the company holds a 31 percent interest, were announced. The discoveries will be followed by geological and engineering studies to assess the reserve potential. Also in Block 14, an appraisal well was drilled in Tombua. Front-end engineering and design is planned for the Tombua Field during 2003.
- ✧ **Australia** The People's Republic of China selected the North West Shelf Venture, in which the company has a one-sixth interest, as the sole supplier of LNG to the proposed Guangdong LNG project in southern China. A conditional 25-year LNG Sale and Purchase Agreement for more than 3.9 trillion cubic feet of natural gas was signed in October.
- ✧ **Nigeria** A second oil discovery, Usan, was made in the nonoperated deepwater Nigeria Block OPL-222, in which the company holds a 30 percent interest. The company also confirmed its deepwater Block OPL-213 Aparo oil discovery with a successful appraisal well. The Aparo accumulation extends across a block boundary and will likely become part of a joint oil development.
- ✧ **Kazakhstan** Total oil production from Tengizchevroil (TCO) increased to an average of 285,000 barrels per day from the Tengiz and Korolev oil fields. Following a delay in 2002, TCO announced in early 2003 that its partners had approved the detailed engineering and construction of the Second Generation Program and Sour Gas Injection Project. The two projects are expected to increase TCO's oil production capacity to between 430,000 and 500,000 barrels per day. The company has a 50 percent ownership in TCO.
- ✧ **United States** In the Gulf of Mexico, two deepwater discoveries were made – Tahiti and Great White – and are in the process of being evaluated. ChevronTexaco operates and holds a 58 percent interest in the Tahiti prospect. The company has a 33 percent nonoperated interest in Great White. In December, the company submitted an application to construct and operate the Port Pelican LNG receiving and regasification terminal, located in the Gulf of Mexico. Phase 1 will be designed to initially process approximately 800 million cubic feet of natural gas per day.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS ¹	United States		International	
	2002	2001	2002	2001
Segment Income (Millions of Dollars)	\$ 1,717	\$ 1,779	\$ 2,839	\$ 2,533
Gross Liquids Production (Thousands of Barrels Per Day) ²	657	670	1,765	1,852
Net Liquids Production (Thousands of Barrels Per Day)	602	614	1,295	1,345
Gross Natural Gas Production (Millions of Cubic Feet Per Day) ²	2,945	3,167	2,120	1,949
Net Natural Gas Production (Millions of Cubic Feet Per Day)	2,405	2,706	1,971	1,711
Gross Proved Liquids Reserves (Millions of Barrels) ²	2,305	2,498	8,439	7,946
Net Proved Liquids Reserves (Millions of Barrels)	2,117	2,301	6,551	6,223
Gross Proved Natural Gas Reserves (Billions of Cubic Feet) ²	7,543	8,684	13,963	12,981
Net Proved Natural Gas Reserves (Billions of Cubic Feet)	6,417	7,387	12,918	12,023
Natural Gas Sales (Millions of Cubic Feet Per Day)	5,463	7,830	3,131	2,675
Natural Gas Liquids Sales (Thousands of Barrels Per Day)	241	185	131	115
Net Exploratory Oil and Gas Wells Completed ³	57	101	17	45
Net Development Oil and Gas Wells Completed ³	638	866	637	686
Net Wells Productive at Year End ⁴	40,270	37,593	10,050	9,795
Net Proved and Unproved Acreage (Thousands of Acres) ³	10,606	11,614	50,024	62,832
Exploration Expenditures (Millions of Dollars)	\$ 658	\$ 730	\$ 550	\$ 917
Production Expenditures (Millions of Dollars)	\$ 1,230	\$ 1,690	\$ 3,845	\$ 3,792

¹Includes equity share of affiliates unless otherwise noted.

²Company's share of total production after deducting partners' equity share, but before deducting royalties. Net production is after deducting royalties.

³Consolidated companies only.

⁴Net wells include all those wholly owned and the sum of the fractional interests in those that are joint ventures, unit operations or similar wells. Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce oil and gas are classified as oil wells.

BUSINESS STRATEGIES

- Achieve world-class safety and environmental performance.
- Achieve exploration success from a focused, metrics-driven exploration portfolio.
- Build a high-impact global natural gas business.
- Develop and pursue high-return projects using world-class capital stewardship.
- Enhance asset performance through a focus on portfolio, reliability and cost.
- Maximize and accelerate merger synergy capture.

2002 ACCOMPLISHMENTS**NORTH AMERICA**

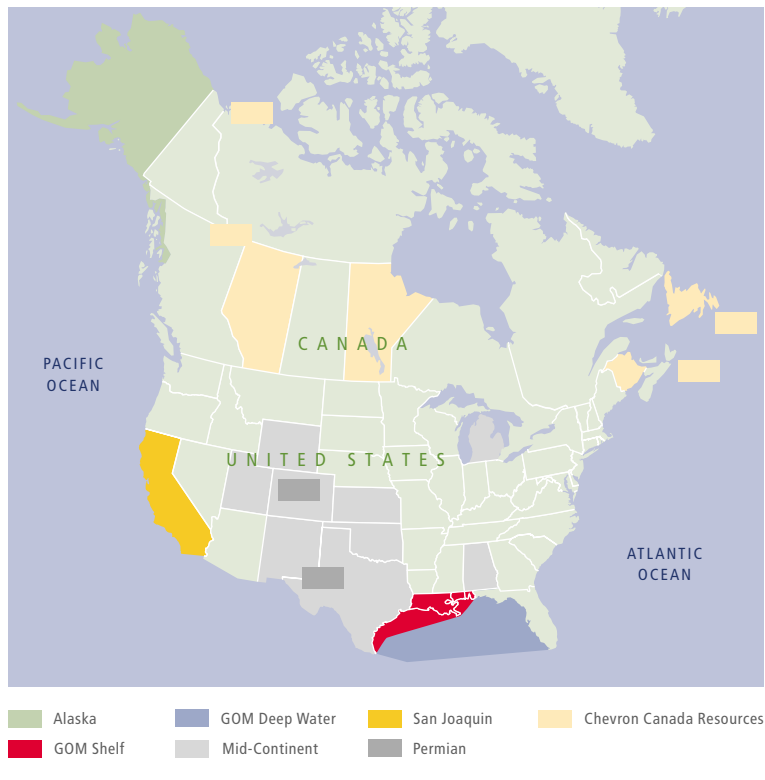
- Reported net income of \$1.7 billion from U.S. upstream operations.
- Evacuated more than 2,000 offshore employees safely in the Gulf of Mexico because of tropical storm activity without a single recordable injury.
- Initiated aggressive appraisal programs for the Tahiti and Great White exploratory discoveries in the Gulf of Mexico.
- Increased total production at the Hibernia Field, offshore eastern Canada, in which the company has a 27 percent working interest, averaging 181,000 barrels of oil per day.
- Completed the construction of Athabasca Oil Sands Project, in western Canada, on schedule and commenced bitumen production in December.
- Acquired additional working interest in West Cameron 17 and South Marsh Island 9 fields in the Gulf of Mexico, which contributed more than 4,300 net barrels of oil equivalent per day.
- Submitted an application to construct and operate the Port Pelican LNG receiving and regasification terminal in the Gulf of Mexico.

INTERNATIONAL

- Reported net income of \$2.8 billion from international upstream operations.
- Developed a comprehensive global natural gas strategy for the development of the company's significant international natural gas resources.
- Discovered significant new fields, including Gabela and Negage in Angola's Block 14 and OPL-222 Usan and OPL-213 Aparo in deepwater Nigeria.
- Awarded operatorship of the K/A-IMI Unit that straddles the border of Angola in Block 14 and the Republic of Congo.
- Signed the Angola Partnership Initiative with the government of Angola, the United States Agency for International Development and the United Nations Development Program, supporting education, training and small business development.
- Selected by the People's Republic of China as the preferred supplier of LNG through the company's North West Shelf Venture, in which the company holds a one-sixth interest.
- Awarded a 70 percent interest in Block A offshore Cambodia and a 30 percent nonoperated interest in deepwater blocks OPL-214 and OPL-318 offshore Nigeria.
- Achieved first oil production from the Alba Extreme South project in the U.K. North Sea.
- Announced the successful appraisal of the Nnwa discovery OPL-218 in deepwater Nigeria.
- Signed an agreement to sell LNG to the United States from recently discovered natural gas fields in Trinidad.
- Awarded a license for offshore Block 2 Plataforma Deltana in Venezuela.
- Entered into a unitization agreement with China National Offshore Oil Corporation in October to jointly develop the Bozhong Field in Bohai Bay in which the company holds approximately a 16 percent interest.

UNITED STATES

United States exploration and production activities are concentrated in 711 fields located in the Gulf of Mexico, New Mexico, Texas, the Rocky Mountains, California and Alaska.



GULF OF MEXICO – SHELF

ChevronTexaco is the largest producer of oil and natural gas in the Gulf of Mexico Shelf. The company drilled 187 wells during the year and maintained average net daily production rates of 124,000 barrels of oil, 1 billion cubic feet of natural gas and 15,300 barrels of natural gas liquids.

In 2002, ChevronTexaco effectively doubled its ownership interest in approximately 64,000 acres within the Gulf of Mexico Shelf deep natural gas trend by acquiring interests in two joint ventures. The acquisitions are associated with the company-operated areas at West Cameron 17 and South Marsh Island 9. Deep drilling activity and the application of new tech-

nology improved production, and at year end, total daily production reached 195 million cubic feet of natural gas and 2,800 barrels of oil. The company’s average interest is 78 percent.

Cyrus This development project (High Island A-582), in which the company has a 46.7 percent interest, was completed in August. The project was developed from a tripod platform in more than 400 feet of water and is the second-largest tripod platform in the Gulf of Mexico. At year end, total daily production was 8,000 barrels of oil and 54 million cubic feet of natural gas. Total daily production reached 8,800 barrels of oil and 62 million cubic feet of natural gas after additional optimization was completed in the first quarter of 2003. ChevronTexaco is the operator.

Elsie This project (Eugene Island 252) was completed in July. Current total daily production, from six wells, is 3,100 barrels of oil and five million cubic feet of natural gas. Additional drilling is planned for 2003. The company’s ownership is 100 percent.

Viosca Knoll Development activity in the company-operated Viosca Knoll (VK) Carbonate Trend continued during 2002. In June, the first horizontal well in the trend, Mobile 991 #4, was drilled and completed to a measured depth of nearly 19,300 feet. Initial production was 12 million cubic feet of natural gas per day. The VK 384 and VK 113 projects began production from three wells at a combined rate of 70 million cubic feet of natural gas per day. Total production during the year averaged approximately 170 million cubic feet of natural gas per day. The company’s average interest is 72 percent.



GULF OF MEXICO – DEEPWATER

Genesis ChevronTexaco's first deepwater operation – at a water depth of more than 2,600 feet – continued to demonstrate outstanding safety performance. No company or core contractor recordable incidents have occurred for four years. A 4-D seismic survey was acquired and an aggressive satellite drilling program is planned for 2003–2006. Genesis total daily production averaged 47,200 barrels of oil and 70.4 million cubic feet of natural gas (approximately 31,000 net barrels of oil equivalent per day). ChevronTexaco is the unit operator with a 57 percent interest.

Typhoon The Typhoon operations team completed the year without a company or core contractor recordable unsafe incident. In 2002, total daily production averaged 28,000 barrels of oil and 29.4 million cubic feet of natural gas (approximately 17,700 net barrels of oil equivalent per day). ChevronTexaco is the operator with a 50 percent working interest. Production at South Boris, a Typhoon satellite, commenced in February 2003. A successful satellite discovery drilled at North Boris will tie back to Typhoon by mid-2003. ChevronTexaco has a 25 percent working interest each in North Boris and South Boris.

Petronius The operations team demonstrated excellent safety performance and has achieved three consecutive years without a company or core contractor recordable incident. Petronius continued to perform above original expectations because of effective reservoir management. Evaluation is currently under way for additional potential reservoirs as well as satellite tieback opportunities. Daily total production averaged 48,700 barrels of oil and 71.9 million cubic feet of natural gas (approximately 26,500 net barrels of oil equivalent per day). ChevronTexaco is the operator with a 50 percent interest.

Exploration In 2002, ChevronTexaco participated in eight exploratory wells and at the end of the year began drilling three additional wells. The 2002 program resulted in two significant discoveries – the company-operated Tahiti prospect, in which ChevronTexaco has a 58 percent interest, and the nonoperated Great White prospect, in which the company has a 33 percent interest. An aggressive appraisal program was implemented for the deepwater Tahiti discovery – at a water depth of approximately 4,000 feet – where the company drilled to a record depth of 30,217 feet. Appraisal programs continue at Champlain, Trident and Blind Faith, where the company has a 20 percent, 15 percent and 22.5 percent interest, respectively. The company acquired a 58 percent interest in the Tonga prospect, which will be drilled during the first half of 2003.

GULF OF MEXICO – LIQUEFIED NATURAL GAS

Port Pelican ChevronTexaco submitted an application to the United States Coast Guard to construct and operate a LNG receiving and regasification terminal located approximately 50 miles offshore in the Gulf of Mexico. Port Pelican is expected to be developed in phases and to be operational in 2006. Phase 1 will be designed to initially process approximately 800 million cubic feet of natural gas per day and will connect the terminal to the company's extensive network of existing offshore and onshore infrastructure and pipeline systems.

MID-CONTINENT

ChevronTexaco's Mid-Continent employees continued to demonstrate strong safety performance, working two consecutive years without a lost workday incident. Net daily production averaged 830 million cubic feet of natural gas and 30,000 barrels of oil and natural gas liquids. Capital spending focused on natural gas development, predominately in programs in East Texas, South Texas and the Rockies, including ChevronTexaco's significant coal-bed methane portfolio. In 2003, the company plans to drill about 120 development wells.

Coal-bed Methane ChevronTexaco's coal-bed methane activity is located primarily in the San Juan Basin predominantly in northwest New Mexico, in the Black Warrior Basin in Alabama and in the Ferron play in northeast Utah. Development continued in 2002 with the drilling of 51 company-operated wells and approximately 150 nonoperated wells. This activity maintained net production at 200 million cubic feet of natural gas per day.

East Texas ChevronTexaco continued to develop reserves in the East Texas Area by drilling 30 natural gas wells, primarily in the Cotton Valley, Travis Peak and Bossier Sand formations. At the end of the year, net production averaged 110 million cubic feet of natural gas per day.

South Texas The company continued to develop natural gas reserves in South Texas by drilling 17 gas wells in 2002. Successful development along the Lobo, Wilcox and Vicksburg trends contributed to overall net production of 175 million cubic feet of natural gas per day. A significant milestone was reached in August when production from the Lobo formation reached a total of 1 trillion cubic feet of natural gas since 1974.

Wyoming ChevronTexaco drilled 14 wells during 2002. Successful development programs in the Overthrust Area and the Wind River and Green River basins enabled the

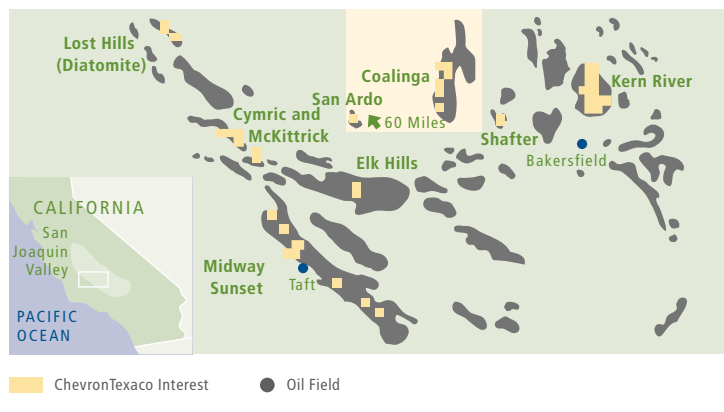
company to maintain net daily production of 220 million cubic feet of natural gas and 12,000 barrels of oil and natural gas liquids. During 2002, Carter Creek employees continued excellence in safety with no lost workday incidents or reportable injuries for the fourth consecutive year. In 2002, significant plant modifications at the Carter Creek Gas Plant resulted in lower emissions, improved efficiency and lower operating costs.

PERMIAN

ChevronTexaco is the second-largest producer in the Permian Basin with producing operations predominantly in West Texas and southeastern New Mexico. During 2002, net daily production averaged 163,000 barrels of oil equivalent, consisting of 118,000 barrels of oil and natural gas liquids and 270 million cubic feet of natural gas. During 2002, the company drilled 94 wells and participated in an additional 218 wells. The company utilized state-of-the-art horizontal drilling technology in approximately 30 percent of the new wells drilled, concentrating on oil development in southeastern New Mexico and West Texas.

In 2002, production levels were maintained at mature fields through an emphasis on synergy capture, best practice sharing and improved operational reliability. This focus increased total production in the wholly owned McElroy Unit by 2 percent, to 10,400 barrels of oil equivalent per day. Additionally, Permian leveraged its significant acreage position (2 million acres) by developing several gas reserve projects.

Permian employees achieved numerous safety and environmental milestones during the year, including driving more than 6.6 million miles without a motor vehicle accident.



CALIFORNIA

San Joaquin Valley In 2002, average net daily production from the San Joaquin Valley was 238,800 barrels of oil, 129 million cubic feet of natural gas and 4,900 barrels of natural gas liquids. Approximately 208,000 barrels per day of the oil production was heavy oil. Heat management was a major focus for the company's oil assets, enabling greater recovery of this resource.

Net production from the three major San Joaquin Valley oil fields – Kern River, Midway Sunset and Cymric – contributed a combined net production of 190,000 barrels of oil per day. Drilling programs in Cymric contributed an additional 1,700 net barrels of oil per day.

Significant synergy opportunities were realized during the year and included sharing of best practices, efficient contract sourcing and the successful consolidation of operations, equipment and resources.

Diatomite Reservoirs ChevronTexaco drilled 30 new wells and continued development of the central Lost Hills Field Waterflood Area. Net production for the field averaged 18,900 barrels of oil equivalent per day. The company and a long-standing alliance partner are using ChevronTexaco's technology to improve recovery of the original 2.2 billion barrels of oil in place.

The Cymric Field utilized a cyclic steaming process, which has demonstrated significant success through increased diatomite production. The company introduced a pilot program in the Midway Sunset diatomite zone, which also demonstrated promising results.

Elk Hills ChevronTexaco continued an active sales strategy in the nonoperated Elk Hills Field and sold more than 318 million cubic feet of natural gas per day. Occidental, as operator, drilled 163 development wells to maintain oil and natural gas production. ChevronTexaco's average interest in three of the unit zones was 23 percent. During 2002, net daily production was 13,600 barrels of oil, 79 million cubic feet of natural gas and 3,800 barrels of natural gas liquids.

ALASKA

ChevronTexaco has a 25 percent working interest in the Point Thomson Field, where development has progressed into the preliminary engineering phase. The Point Thomson Field is a large high-pressure gas-condensate reservoir on the eastern North Slope that has been delineated with 15 wells.

In the Greater Prudhoe Bay area, the company and its partners completed an alignment of interests in 2002. Such aligned interests will facilitate future development of all hydrocarbon pools and any natural gas sales should a natural gas pipeline be constructed.

CANADA

In 2002, Chevron Canada Resources (CCR) continued the evaluation of its significant position in Canada's East Coast offshore region; started bitumen production at the Athabasca Oil Sands Project; maintained focus on core production areas in western Canada; and pursued opportunities in the Mackenzie Delta region.

WESTERN CANADA

Western Canadian operations continued to provide strong earnings in 2002. Net daily production from western Canada was approximately 21,300 barrels of oil and natural gas liquids and 133 million cubic feet of natural gas.

CCR's new growth opportunity lies in the Mackenzie Delta region in northern Canada. A joint venture partnership with BP and Burlington Resources Canada Energy Ltd. continued to evaluate the largest onshore land holdings in the delta, totaling more than 1 million gross acres. During 2002, 3-D and 2-D seismic surveys were completed and will be evaluated in 2003.

ATHABASCA OIL SANDS PROJECT

Construction of the extraction and upgrading facilities was completed at the oil sands mine. Bitumen production began in December 2002, was temporarily suspended in early 2003 and resumed production in early April 2003. Average production of 155,000 barrels of bitumen per day is expected in 2005. The bitumen is being upgraded into synthetic crude oil using hydroprocessing technology. ChevronTexaco has a 20 percent working interest in the project. This project also provides ChevronTexaco with the opportunity to participate in future development of oil sand leases near Fort McMurray, Alberta, which have enough bitumen in place to support three additional projects of similar size.

EASTERN CANADA

On the East Coast of Canada, five additional development wells and a cased-hole sidetrack were completed in the Hibernia Field, in which CCR owns an approximate 27 percent working interest. The new development wells, high operating efficiencies and a successful planned maintenance turn-around increased total average production to 181,000 barrels of oil per day in 2002. One subsea appraisal well was successfully drilled on the Hibernia production license in the Ben-Nevis Avalon formation, approximately five miles from the platform. Results from this well will assist in planning efforts to maximize the long-term potential of this reservoir.



In February 2002, the joint venture partners suspended work on the selection of a development concept for the Hebron Field. The company continues to view Hebron as a significant resource that has future development potential.

Evaluation of offshore exploration licenses in Nova Scotia and Newfoundland continued in 2002. A deepwater exploratory well was drilled and evaluated in the Mahone Block on the Nova Scotia Slope. Results from the well were encouraging and are being used to plan next steps on the Mahone Block and ChevronTexaco's interests in the adjoining Shell-operated deepwater blocks. Evaluation work continues on the offshore Newfoundland South Flemish Pass blocks.

AFRICA

NIGERIA

ChevronTexaco's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in 11 concessions that include approximately 2.2 million acres, predominantly in the swamp and near offshore regions of the Niger Delta. CNL operates under a joint venture arrangement with the Nigerian National Petroleum Corporation (NNPC), which owns the remaining 60 percent interest.

ChevronTexaco subsidiaries Texaco Overseas Nigeria Petroleum Company Unlimited (TOPCON) and Chevron Oil Company Nigeria Limited (COCNL) each hold a 20 percent interest in six concessions totaling 600,000 acres. TOPCON operates the six concessions under a joint venture agreement with the NNPC which owns the remaining 60 percent interest.

Production In 2002, total daily production from the 33 CNL-operated fields averaged 355,300 barrels of oil (115,100 net barrels of oil per day) and 7,900 barrels of liquefied petroleum gas (LPG) (3,100 net barrels of LPG per day). Total natural gas sales averaged 30,700 barrels of oil equivalent per day (12,200 net barrels of oil equivalent per day). During 2002, total production from the five TOPCON-operated fields averaged 28,400 barrels of oil per day (8,700 net barrels of oil per day).

Olero Creek ChevronTexaco is developing Olero Creek, located in OML-49, in which the company holds a 40 percent interest. Total OML-49 production in 2002 was 87,600 barrels of oil per day, and peak production is estimated to reach 126,000 barrels of oil per day in late 2003.

Exploration In 2002, ChevronTexaco's addition of 30 percent interests in nonoperated Blocks 214 and 318 solidified the company's leading acreage position in the promising Nigerian deepwater trend. Early evaluation of these blocks has commenced, and drilling is anticipated to begin in early 2004.

An appraisal of Usan-2, in addition to the Usan-1 and Ukot-1 oil discoveries, brings OPL-222 close to development. Usan-1 flow-tested a reservoir interval at a rate of 5,000 barrels of oil per day. A comprehensive evaluation of OPL-222, in which ChevronTexaco holds a 30 percent interest, is planned.

The successful appraisal well, Aparo-2, increased potential recoverable oil reserves in the company-operated Block OPL-213. The success of the Aparo program indicates OPL-213 Aparo and OML-118 Bonga SW discoveries share a common structure and will likely become a joint oil development by the OPL-213 and OML-118 operators.



The company confirmed its deepwater Nigeria OPL-218 Nnwa natural gas discovery following the successful Nnwa-2 appraisal well.

Additional deepwater exploration and appraisal drilling is planned in 2003.

Deepwater Development – Agbami This deepwater development is a significant project in ChevronTexaco's portfolio. The field lies in 4,800 feet of water, 70 miles off the coast in the Central Niger Delta. The structure spans an area of 45,000 acres across Block 216 and Block 217. The appraisal program, completed in 2001, confirms potential recoverable reserves of approximately 1 billion barrels of oil equivalent.

In 2002, conceptual optimization studies were completed. Negotiations for NNPC's entry into Block 216 also advanced during the year. Unitization efforts between Block 216 and Block 217 participants have progressed with unit agreements expected in 2003. The bidding process for the floating production, storage and offloading unit is under way with a contract award date expected in early 2004. Initial production is expected in 2007. A peak daily production of 250,000 barrels of oil (155,000 net barrels of oil per day) is expected to be reached within six to 12 months following start-up. ChevronTexaco's interest in Block 216 is 80 percent and in Block 217 is 46.1 percent.

Deepwater Development – Nnwa This deepwater discovery in Nigeria could become a significant new business opportunity by adding an offshore natural gas development to the company's existing portfolio. The Nnwa project, utilizing subsea completions and a gas gathering system, is proposed to supply one of the many LNG development options that are currently being studied. Initial production at the natural gas field could occur in 2009, after unitization with operators in the adjacent deepwater blocks. The company would hold a 20 percent interest in this large natural gas development project with potential recoverable reserves of approximately 10 trillion cubic feet of natural gas. The OPL-218 and OPL-219 license participants signed a Memorandum of Understanding with the Nigerian government to conduct a feasibility study for possible joint development of the Nnwa and Doro discoveries. The study is expected to be completed by late 2003.

Nigeria LNG ChevronTexaco is pursuing LNG development concepts in Nigeria, including options for the commercial utilization of its large natural gas resource base in Escravos and Nnwa. The company is evaluating the feasibility of a new LNG plant. The company is also participating in the OPL-218 floating LNG project study for commercialization of the Nnwa discovery.

Escravos Gas Project Phase 3 (EGP-3) The onshore front-end engineering design was completed and engineering, procurement and construction bids were issued during 2002. The EGP-3 project start-up is expected in late 2005 and includes adding a second gas plant, expanding capacity to 680 million cubic feet of natural gas per day and increasing LPG and condensate exports to 40,000 barrels per day. ChevronTexaco holds a 40 percent interest.

Gas-to-Liquids Project Feasibility engineering and preliminary technical evaluations have been completed for the proposed gas-to-liquids (GTL) plant at Escravos, in which CNL owns a 75 percent interest. Front-end engineering and design have been completed, and the site preparation for the project is at an advanced stage. The proposed 33,000-barrel-per-day Escravos project is expected to be the company's first project to use the Sasol Chevron Global Joint Venture's technology and operational expertise. Sasol is also providing risk-based financing representing one-half of the project costs. Project start-up is expected in 2006.

West Africa Gas Pipeline The regional project will supply natural gas, which is currently flared during oil production in Nigeria, to industrial customers in Benin, Togo and Ghana. ChevronTexaco is the managing sponsor of a consortium that includes the NNPC, Shell, Société Beninoise de Gaz, Société Togolese de Gaz and the Volta River Authority. Subject to completing commercial and licensing negotiations in 2003, the consortium anticipates constructing a 600-mile pipeline and commencing operations in 2005. ChevronTexaco has a 36.7 interest in and will operate the pipeline.



ANGOLA

ChevronTexaco is the largest producer in Angola and the first to produce in the deepwater. The company has an interest in four concessions totaling approximately 4,700-square miles. During 2002, average total oil production was 550,000 barrels per day (164,000 net barrels of oil per day).

Cabinda Gulf Oil Company Limited (CABGOC), a wholly owned subsidiary of ChevronTexaco, is the operator of two concessions in Angola, Blocks 0 and 14, off the west coast of Angola, north of the Congo River. Block 0 is a 2,155-square-mile concession adjacent to the coastline, in which CABGOC has a 39.2 percent interest. Block 14, in which CABGOC has a 31 percent interest, is a 1,580-square-mile deepwater concession located west of Block 0.

Texaco Panama Angola Limited (TEXPAN) is the operator and has a 20 percent interest in Block 2, a 160-square-mile concession adjacent to the northwestern

part of Angola's coast, south of the Congo River. TEXPAN also has a 16.3 percent nonoperated interest in the 600-square-mile onshore FST concession.

During 2002, the company relinquished interests in Blocks 9 and 22.

Production – Block 0 The Block is divided into three areas – Areas A, B and C – with total production of 436,000 barrels of oil per day (136,000 net barrels of oil per day) in 2002. Area A averaged net daily production of 85,000 barrels of oil and 1,000 barrels of LPG from 16 fields. Area B includes three fields that produced an average of 42,000 net barrels of oil per day in 2002. Area C averaged 9,000 net barrels of oil per day from two fields during 2002.

Development – Block 0 In Area B, the North Nema Platform was installed and Phase 1 drilling was completed in May 2002. Production in the Nema Field, North and South Platforms, averaged 82,000 barrels of oil per day (32,000 net barrels of oil per day). The development drilling program will resume in early 2004.

In Area C, the \$1.9 billion Sanha Condensate/Bomboco gas utilization project was approved. When operational, this gas utilization project is expected to eliminate 50 percent of the associated gas flaring in Block 0. The project involves producing condensate and LPG by combining surplus natural gas from Areas B and C with natural gas from the Sanha Field. In addition, the adjacent Bomboco Field will be developed and tied to the Sanha Field infrastructure. Initial oil production is expected to occur in late 2004, with peak daily production of liquids exceeding 100,000 barrels of oil equivalent (40,000 net barrels of oil equivalent per day) by 2006.

Development of Banzala B, off the coast of Cabinda in the Banzala Field, is on schedule for start-up in 2006. Initial production is estimated at 7,700 barrels of oil per day (3,000 net barrels of oil per day).

Exploration – Block 0 In Area A, a successful appraisal well in the 106-C development project was completed and engineering evaluations have commenced, with first oil anticipated in late 2006.

Production – Block 2 This block includes 15 major fields that produced an average of 50,000 barrels of oil per day (6,500 net barrels of oil per day) in 2002. The central fields' gas compression project was commissioned in December 2002 and will utilize natural gas to optimize field production.

Production – Block 14 The Kuito Field, Angola's first deepwater development, averaged 66,000 barrels of oil per day (20,500 net barrels of oil per day) in 2002. Production at the Kuito Field is by subsea well clusters that flow into a floating production, storage and offloading unit. The fourth phase of development, Kuito Phase 2A, planned to be completed by the second quarter of 2003, will increase fluid throughput capacities.

Development – Block 14 Initially awarded in 1995, Block 14 has undergone an aggressive exploration program resulting in nine commercial discoveries. ChevronTexaco is focusing on development opportunities in Block 14 with a number of \$1 billion-plus development projects progressing that will significantly increase production.

The Benguela Belize-Lobito Tomboco development plans were approved by the partners in early 2003. Phase 1 of the \$1.4 billion project involves the installation of an integrated drilling and production platform (DPP) and the development of the Benguela and Belize fields. Peak production of 100,000 barrels of oil per day (31,000 net barrels of oil per day) is expected to be reached in 2006. The DPP facility will serve as a production center for the nearby fields, including the Lobito and Tomboco fields. Phase 2 of the project, with an estimated cost of \$800 million, involves the installation of subsea systems, pipelines and wells. Phase 2 front-end engineering and design will continue through 2003 with project approval planned in 2004 and start-up commencing in 2007.

Exploration – Block 14 The 2002 exploration program resulted in two successful discoveries. The Gabela-1 well, drilled in 1,051 feet of water, tested at a rate of 1,000 barrels of oil per day. The Negage-1 well, drilled in 4,700 feet of water, tested at a rate of 8,600 barrels of oil per day. Conceptual development studies have commenced for the Gabela and Negage fields, and a decision for appraisal drilling is expected to be made in 2003.

The Tombua-3 appraisal well tested at a rate of 11,400 barrels of high-quality crude oil per day marking the completion of the appraisals of the Tombua and the adjacent Landana fields. Front-end engineering and design is expected to begin in 2003 for Tombua and Landana.

Exploration – K/A-IMI Unit The area straddles the border of Angola in Block 14 and the Republic of Congo in the Haute Mer concession. A participation agreement between the two countries was reached, and ChevronTexaco was selected as the operator for the newly formed unit. Exploratory drilling is expected to commence in 2003.

Angola LNG The LNG project is an integrated gas utilization project expected to facilitate offshore oil development while reducing natural gas flaring in Angola. Natural gas will be collected and transported from offshore production facilities to an LNG plant to be built in northern Angola. ChevronTexaco and Sonangol, the state oil company of Angola, are co-leading the project. The project is expected to begin front-end engineering and design in 2003. ChevronTexaco's interest is 32 percent.

REPUBLIC OF CONGO

ChevronTexaco has a 30 percent interest in the Haute Mer license area and a 29 percent interest in the Marine VII Kitina and Sounda exploration permits.

Production Average production from ChevronTexaco's concessions in the Republic of Congo was 53,000 barrels of oil per day (15,800 net barrels of oil per day) in 2002.

Development Appraisal drilling was completed in the deepwater development of the Moho and Bilondo discoveries in Haute Mer. A development decision for the Moho and Bilondo discoveries is expected in mid-2003. Initial production could begin in 2005 utilizing a subsea tieback to the Nkossa Field. ChevronTexaco has a 30 percent interest in the Moho and Bilondo development.

DEMOCRATIC REPUBLIC OF CONGO

ChevronTexaco has a 50 percent interest in and operates a 390-square-mile concession off the coast of Democratic Republic of Congo.

Production Total crude oil production from eight offshore fields averaged 16,000 barrels per day (8,000 net barrels of oil per day) in 2002.

EQUATORIAL GUINEA

In May 2000, Chevron Equatorial Guinea Ltd. entered into a production-sharing contract (PSC) with the Republic of Equatorial Guinea for Block L, located off the coast of the island of Bioko. Processing and interpretation of 3-D and 2-D seismic studies have been completed. A location has been selected for the first exploration well, Ballena-1, where initial drilling began in late March 2003. ChevronTexaco is the operator with a 65 percent interest.



CHAD / CAMEROON

ChevronTexaco is a 25 percent partner in a consortium that comprises affiliates ExxonMobil (operator) and Petronas. The project plans to develop landlocked oil fields in southern Chad and transport the crude oil 650 miles by underground pipeline to the coast of Cameroon for export to world markets. Over its 30-year life, the project is expected to produce approximately 1 billion barrels of oil. The project will cost approximately \$3.5 billion. First production is expected in mid-2003, with peak production estimated at 225,000 barrels of oil per day (56,000 net barrels oil per day).

At the end of 2002, the project was approximately 70 percent complete. Pipeline construction is scheduled to be completed by mid-2003. Five drilling rigs are fully operational on the Miandoum and Kome fields. Fabrication was completed on the mooring support structure, which was delivered and installed on the offshore floating storage and offloading facility.

NAMIBIA

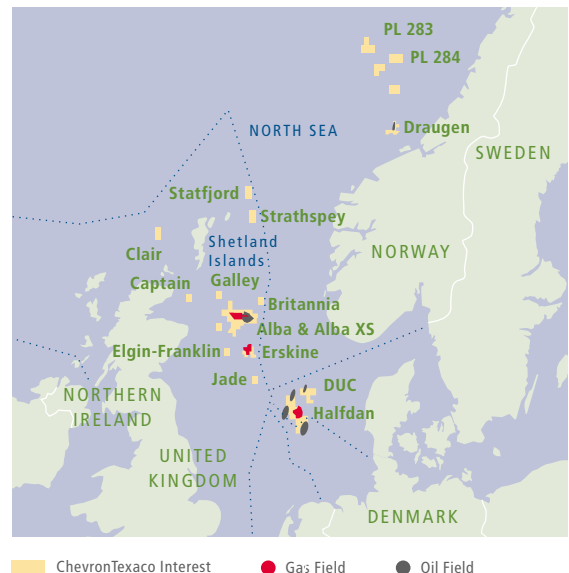
ChevronTexaco operates a 1,500-square-mile concession offshore Namibia just north of its border with South Africa. Appraisal drilling in the Kudu Field failed to discover sufficient gas reserves for LNG development. The company's equity interest increased to 60 percent as the former operator relinquished its equity share. ChevronTexaco is currently reviewing alternate commercial opportunities for this concession.

EUROPE

ChevronTexaco holds producing interests in 25 fields in Denmark, Norway and the United Kingdom, which had a combined net daily production of 170,700 barrels of oil and 467 million cubic feet of natural gas.

UNITED KINGDOM AND IRELAND

ChevronTexaco has interests in 10 producing fields in the United Kingdom, with net daily production of 113,400 barrels of oil and 361 million cubic feet of natural gas in 2002. The Jade and Alba Extreme South fields commenced production in 2002. The Caledonia Field commenced production in February 2003.



PRODUCTION

Alba This field, in which ChevronTexaco is operator and holds a 21.2 percent interest, had total daily production of 61,200 barrels of oil and 11 million cubic feet of natural gas in 2002. The Alba Extreme South project achieved first oil in October 2002 on schedule and under budget, contributing about 44,100 barrels of oil per day to the Alba Field average production. Production originates from four new subsea wells tied back to the Alba northern platform. New natural gas facilities will be commissioned on both Alba and Britannia platforms in 2003.

Britannia ChevronTexaco holds a 32.4 percent interest in this field and shares operatorship. Total daily production averaged 28,000 barrels of oil and 598 million cubic feet of natural gas. Britannia has an expected 25-year life, from its initial production in 1998, with estimated total recoverable reserves of approximately 3 trillion cubic feet of natural gas and 132 million barrels of condensate.

Caledonia Phase 1 of the project consists of a single production well tied back to the Britannia Platform by a seabed manifold and a 3.5-mile pipeline. Caledonia produced first oil in February 2003 with total production expected to flow at an average of approximately 10,000 barrels of oil per day during 2003. ChevronTexaco is operator and has a 27.4 percent interest in the field.

Captain Total production averaged 57,300 barrels of oil per day during 2002. ChevronTexaco is operator and holds an 85 percent interest. Drilling of Area B development wells continued in 2002, with expected completion of the initial development program in mid-2003. An appraisal well was drilled in 2002 in the Ross reservoir to assist in the evaluation of development options.

Elgin/Franklin The Elgin/Franklin Field, in which ChevronTexaco holds a 3.9 percent interest, is one of the largest high pressure, high temperature (HP/HT) developments ever undertaken. Total daily production averaged 121,200 barrels of oil and 479 million cubic feet of natural gas.

Erskine This field was the first HP/HT gas condensate field developed in the North Sea. During 2002, total daily production averaged 22,500 barrels of oil and 107 million cubic feet of natural gas. ChevronTexaco is operator and holds a 50 percent interest.

Galley ChevronTexaco is operator of this field and holds a 67.4 percent interest. Total daily production in 2002 averaged 18,100 barrels of oil and 19.7 million cubic feet of natural gas. During 2002, Galley water injection capacity was increased to 59,000 barrels per day with the completion of the Galley South WI well and the installation of an additional pump, enabling the field to maintain production levels.

Jade Production from this HP/HT development, in which ChevronTexaco holds a 19.9 percent interest, commenced in February 2002. This field achieved a total average production of 14,000 barrels of oil and 145 million cubic feet of natural gas from March through December 2002.

Orwell Total production in 2002 from the Southern Gas Basin field was 36 million cubic feet of natural gas per day. ChevronTexaco holds a 50 percent interest.

Strathspey Total daily production in 2002 averaged 11,500 barrels of oil and 38.6 million cubic feet of natural gas. ChevronTexaco is operator and holds a 67 percent interest. In October 2002, the workover at the MS19 well was successfully completed, more than doubling the oil production rate.

Statfjord ChevronTexaco holds a 4.8 percent interest. Total daily production during 2002 was 104,000 barrels of oil and 74 million cubic feet of natural gas.

DEVELOPMENT

Clair The U.K. government approved Phase 1 of the Clair Field \$1 billion development project, and platform construction is under way. ChevronTexaco holds a 19.4 percent interest. The development contains total recoverable oil of almost 250 million barrels. Initial production is expected to begin in late 2004 and is expected to reach an average total daily production of 60,000 barrels of oil and 15 million cubic feet of natural gas.

Callanish and Brodgar In the Callanish (formerly Kappa) oil and gas field and the Brodgar (formerly Spectre) gas field, activities are focused on the development of both fields simultaneously as subsea tiebacks to the Britannia Platform. To capture synergies, approvals for Callanish and Brodgar will be sought in tandem in late 2003. First oil and gas production is expected in late 2006. ChevronTexaco has a 16.5 percent interest in the Callanish Field and a 25 percent interest in the Brodgar Field.

EXPLORATION

ChevronTexaco was awarded a 50 percent interest, as operator, in Block 22/2b in the U.K. 20th licensing round. The block is located just southeast of the Britannia gas field. In the Atlantic Margin, the company is now operator of five blocks, acquired in the 19th licensing round, with company interests ranging from 32.5 percent to 90 percent.

ChevronTexaco participated in the drilling of four exploration wells in 2002. One well is currently being drilled. One natural gas condensate discovery is producing in the Jade Field and a second natural gas discovery completed tie back to the Jade Field and can be placed on production in the future. The fourth well is currently being evaluated.

Geophysical studies in the Arundel prospect, Block 16/23 South, have been completed, and the field is being analyzed for further delineation. Drilling is expected in 2004. ChevronTexaco is the operator and holds a 66.7 percent interest.

DENMARK

ChevronTexaco holds a 15 percent interest in the Danish Underground Consortium (DUC), currently producing oil and natural gas from 14 fields in the Danish North Sea, and in five exploration licenses with a company interest ranging from 12 percent to 26.7 percent.

Production During 2002, average daily production from the DUC was 305,100 barrels of oil (41,900 net barrels of oil per day) and 740 million cubic feet of natural gas (102 million net cubic feet of natural gas per day). In 2002, the Halfdan Field provided 11,100 net barrels of oil per day assisting in increasing production and countering declines in older fields.

Development Development of the Halfdan Field continued in 2002 with the installation of platform and pipeline facilities. Fourteen development wells were drilled during the year. Development wells were also drilled in Dan, Gorm and Tyra SE fields, which have contributed to enhanced recoveries.

Exploration Two appraisal wells were completed in 2002. The Igor appraisal well confirmed the presence of gas in the Halfdan NE Field. The Boje appraisal well evaluation is ongoing.

NORWAY

Production Average daily production from the Draugen Field totaled 203,300 barrels of oil and 44.9 million cubic feet of natural gas. The company holds a 7.6 percent equity interest in the field. Two oil development wells in the Rogn South area were successfully drilled and tied back to the main field.

Exploration During 2002, ChevronTexaco was awarded two licenses during the Norwegian 17th licensing round. A well is planned in 2004 on PL283 in which the company holds a 25 percent interest. A drilling decision on PL284, in which ChevronTexaco holds a 30 percent interest, will be made upon evaluation of 3-D seismic data tests. In addition, ChevronTexaco participated in a nonoperated well in PL268 without commercial success.

NETHERLANDS

ChevronTexaco is decommissioning the 30-year-old Akkrum gas field in northern Netherlands. The licensing arrangement with the government requires that equipment should be dismantled and recycled. The company has met this requirement by selling the gas treating facilities, gas engines and compressors which will be shipped to China. This strategy is now regarded throughout the industry as a model for the safe and efficient closure of an onshore field.



ChevronTexaco Contract Areas

ASIA-PACIFIC**INDONESIA**

ChevronTexaco's interests in Indonesia are managed by two wholly owned subsidiaries, P.T. Caltex Pacific Indonesia (CPI) and Amoseas Indonesia (AI). In addition, ChevronTexaco has a 25 percent nonoperating interest in a joint venture with Inpex and Conoco in the South Natuna Sea Block B.

CPI accounts for about 40 percent of Indonesia's total crude oil output and holds an interest in five PSCs. A sixth, the Coastal Plains Pekanbaru PSC, expired and was relinquished in 2002. AI is a power generation company that operates the Darajat geothermal contract area in West Java and a cogeneration facility in support of CPI's operation in North Duri.

Production In 2002, total field production averaged 597,000 barrels of oil equivalent per day. CPI's net share of this production was 288,000 barrels of oil equivalent per day.

Sumatra Projects CPI continues to implement enhanced oil recovery projects to extract more oil from its existing reservoirs. During 2002, the majority of CPI's production came from fields under primary or secondary production within the CPI-operated Rokan Block PSC. The Duri Field, under steamflood since 1985, is the largest steamflood in the world. In 2002, 10 of 13 areas were under steam injection, with total production averaging 228,000 barrels of oil per day. Production from the Bekasap area, consisting of more than 80 active fields, averaged 208,000 barrels of oil per day in 2002. Total production from the Minas Field averaged 117,500 barrels of oil equivalent per day.

CPI is expanding its waterflood recovery programs to sustain production from the Minas and Bekasap fields. A pilot program designed to improve the efficiency

of the existing Minas waterflood is in progress. A small-scale surfactant pilot was successfully completed in the Minas Field and an evaluation to determine the viability of this technology has commenced. In the Rokan Block, growth opportunities have been identified and are currently in the implementation phase.

CPI was awarded operatorship of the new Kisaran Block during 2001. The block is located in a gas prospective basin adjacent to the Rokan Block. During 2002, 3-D and 2-D seismic reviews were completed. Interpretation and enhanced processing of the 3-D seismic data is in progress, and a drilling program is planned for 2003.

Natuna Block B Projects The South Natuna Sea Block B comprises the Belida oil field and the GSA1 (Singapore) and GSA2 (Malaysia) natural gas projects. The Belida Field has been producing since 1992. Total daily production from Natuna Block B averaged 38,000 barrels of oil and 132 million cubic feet of natural gas.

Natural gas sales to Malaysia commenced in August 2002. Currently, four natural gas fields have been developed to supply a portion of the 2.5 trillion cubic feet of natural gas for the Singapore and Malaysia agreements.

The Belanak Project, which will support the Singapore and Malaysia natural gas sales agreements, is in progress and is expected to reach completion by mid-2005. Plans include developing Belanak as a processing center for several of the wet gas fields to be developed in the eastern side of Block B. Efforts under way include the completion of two Belanak platforms and the floating production, storage and offloading unit and the leasing of a floating storage facility for the handling of LPG.

Amoseas Indonesia Projects AI operates 145 megawatt (MW) geothermal electric power generation plant in the Garut area of West Java. Darajat I (55 MW), built by PLN, the national power company, is entirely fueled by AI's steam from the geothermal field. Darajat II (70 MW), in which ChevronTexaco holds a 95 percent interest and is operator, is producing in excess of 90 MW because of excellent steam field capability. Expansion of the Darajat power complex by an additional 80 MW is currently being evaluated for possible implementation in 2004.

During the year, the North Duri Cogeneration Plant supplied 300 MW to CPI's power grids and 165,000 water equivalent barrels per day of steam in support of the Duri steamflood projects. The plant is 95 percent owned by ChevronTexaco and operated by AI.

AUSTRALASIA

ChevronTexaco's primary interests in Australasia involve four major joint ventures: (1) a one-sixth interest in the North West Shelf Project in offshore Western Australia; (2) a 50 to 57 percent interest in the ChevronTexaco-operated Barrow Island and Thevenard Island oil fields and the significant Gorgon area gas fields; (3) a 10 to 19.4 percent interest in the ChevronTexaco-operated Kutubu, Gobe and Moran oil projects in Papua New Guinea; and (4) a 45 percent interest in the Malampaya gas field in the Philippines. In addition, ChevronTexaco has other offshore Western Australia interests in the northern Browse Basin and three deepwater exploration permits in the offshore Canning Basin, with a company interest ranging from 16.7 to 25 percent.

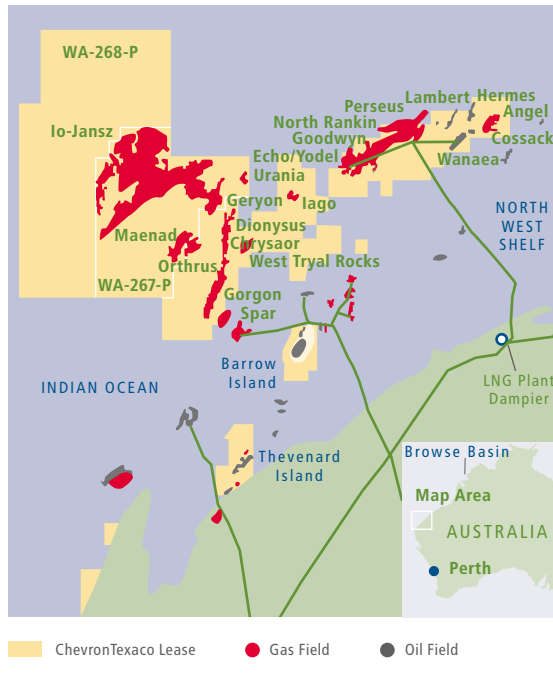
AUSTRALIA

During 2002, net daily production from ChevronTexaco's producing interests in Australia was 51,900 barrels of oil and 264 million cubic feet of natural gas.

North West Shelf (NWS) Net daily production from North Rankin, Goodwyn, Perseus and Echo/Yodel fields averaged 264 million cubic feet of natural gas and 18,800 barrels of condensate during 2002. About 60 percent of the gas was sold primarily under long-term contracts in the form of LNG to major utilities in Japan. The remaining natural gas was sold into the Western Australia domestic gas market. Net daily production from the Wanaea, Cossack, Lambert and Hermes fields averaged 20,000 barrels of oil and 3,900 barrels of LPG.

The Train 4 LNG expansion project, increasing LNG capacity by about 50 percent, is currently under construction and is expected to start-up in mid-2004. This project also encompasses two other major activities: (1) installation of an additional 80-mile pipeline from the operated offshore gas fields to shore; and (2) design and construction of a ninth LNG carrier for the NWS-controlled fleet, which will be operated by ChevronTexaco.

The NWS Venture was selected by the People's Republic of China to be the sole supplier of LNG for the proposed Guangdong LNG Terminal Project. A conditional, 25-year LNG Sale and Purchase Agreement (SPA) for approximately 3.9 trillion cubic feet of natural gas was signed with the People's Republic of China in October 2002. In addition, natural gas sales contracts with several Japanese customers matured, including a 30-year LNG SPA signed by Osaka Gas for 1.5 trillion cubic feet of natural gas.



Barrow Island and Thevenard Island ChevronTexaco operates a producing facility on Barrow and Thevenard islands, both approximately 100 miles southwest of the NWS fields. Total oil production from these two facilities averaged 17,100 barrels per day in 2002 (9,200 net barrels of oil per day).

Gorgon Area Development ChevronTexaco holds a 57.1 percent interest in the significant Gorgon-area natural gas fields off the northwest coast of Australia. The Gorgon Field is Australia's largest natural gas field with total natural gas resources in excess of 40 trillion cubic feet. As operator of the venture, ChevronTexaco is actively pursuing natural gas sales to Australian industrial customers and in international LNG markets, including China, Korea and the west coast of North America.

Exploration ChevronTexaco drilled a successful appraisal well in the Io-Jansz gas field in offshore Western Australia in 2002. The well is located in permit area WA-18-R, in which the company holds a 50 percent interest.

PAPUA NEW GUINEA

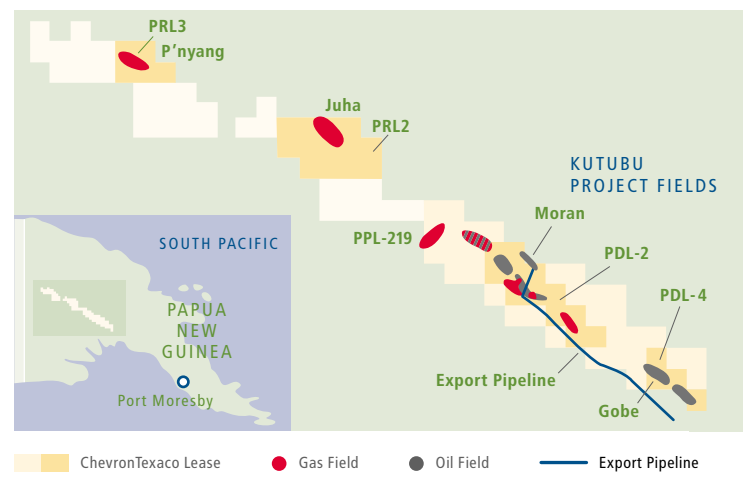
ChevronTexaco's subsidiary Chevron Niugini Limited is operator for the Kutubu, Moran and Gobe oil fields. ChevronTexaco holds a 19.4 percent interest in the Kutubu Field and an 8.7 percent interest in the Moran Field, which are both located in PDL-2. The company also has a 19.4 percent interest in the Gobe Main Field and a 7.9 percent interest in Southeast Gobe through participation in PDL-4.

In early April 2003, the company announced plans to sell its interests and resign operatorship of its Papua New Guinea joint ventures as part of the company's drive to focus on assets more aligned with strategic growth objectives.

Production Total oil production from Papua New Guinea averaged 46,000 barrels per day in 2002 (5,800 net barrels of oil per day). The oil is processed at a joint Gobe facility and exported through the Kutubu system.

Development Upgrading of the Agogo processing facility in Kutubu, which began September 2001, was successfully completed, with first gas injection completed in September 2002.

The Moran Field straddles the license boundary of PDL-2 and PDL-5. The PDL-2 and PDL-5 participants are developing this field on a unitized basis with ChevronTexaco designated as the Moran unit operator. The Moran 9 well is currently being drilled and is anticipated to be on production by late May 2003. The Moran Field development is expected to produce a total of 24,000 barrels of oil per day beginning in late 2003. An interim equity redetermination is scheduled for mid-2003.





PHILIPPINES

ChevronTexaco holds a 45 percent interest in the Malampaya natural gas field, located about 50 miles offshore Palawan Island in water depths of approximately 2,800 feet. The natural gas development represents the largest single foreign investment in the Philippines and is viewed as the national flagship project by the Philippine government's Department of Energy. The estimated total recoverable reserves include 2.7 trillion cubic feet of natural gas. The Malampaya development includes an offshore platform and a 314-mile pipeline from the offshore platform to the Batangas onshore natural gas plant. Current natural gas customers include three power plants with a total generating capacity of 2,700 megawatts.

Production During 2002, net daily production from the Malampaya Field was 105 million cubic feet of natural gas and 7,400 barrels of oil and condensate.

CHINA

ChevronTexaco has an interest in three areas of China. In the South China Sea, the company has production and exploration activity in two offshore blocks (16/08 and 16/19). In the North China Basin, ChevronTexaco has exploration activity in three offshore blocks in the Bohai Gulf (02/31, 06/17 and 11/19) and production

activity in a fourth block (QHD 32-6). Net production for the company's interests in China was 26,800 barrels of oil per day in 2002. In the Ordos Basin, ChevronTexaco has 100 percent interest in three coal-bed methane projects.

In October 2002, ChevronTexaco entered into a unitization agreement with China National Offshore Oil Corporation (CNOOC) to jointly develop BZ25-1/25-1S (Bozhong) Field in Bohai Bay. This represents the first unitization agreement between CNOOC and a foreign partner. The company holds a 16.2 percent interest in the unit.

Production ChevronTexaco has a 32.7 percent working interest in Block 16/08, located in the Pearl River Mouth Basin. Average production from the six fields totaled 72,100 barrels of oil per day in 2002. The block is operated by CNOOC, Agip and ChevronTexaco.

The company has a 24.5 percent working interest in the producing Block QHD 32-6, located in the Bohai Bay, which began oil production in 2001. Average daily total production from six platforms was 35,100 barrels of oil.



Development The HZ 19-3/2/1 (Huizhou) development, a three-field oil project that leverages existing infrastructure and operational control, is currently under way. This development will add estimated production of 31,000 barrels of oil per day, and initial production is expected to commence in late 2004. ChevronTexaco's interest is 32.7 percent.

HZ 21-1 is a natural gas field development located in the South China Sea. The company is currently reviewing options to commercialize this natural gas resource.

Exploration ChevronTexaco drilled five exploration wells on two blocks in the Bohai Gulf during 2002. Encouraged by the discovery of the LD 27-2 Field in the Liaodong Bay and Block 02/31 in Bohai Bay, the company is conducting further geological analysis.

In the South China Sea, the exploration rights to Block 16/08 were relinquished during 2002.



THAILAND

ChevronTexaco operates Block B8/32 in the Gulf of Thailand and holds a 51.7 percent interest. Net daily production from the company's interest in Thailand was 18,200 barrels of oil and 87 million cubic feet of natural gas. ChevronTexaco also holds a 33.3 percent interest in adjacent exploration Blocks 7, 8 and 9, which are currently inactive pending resolution of border issues between Thailand and Cambodia. Government representatives from both nations are in active negotiations to resolve the border issues.

Production Block B8/32 produces oil and natural gas from three fields, Tantawan, Maliwan and Benchamas. In 2002, total daily production from the Tantawan Field averaged 48 million cubic feet of natural gas and 5,600 barrels of oil. Combined average daily production for the Benchamas and Maliwan fields totaled 152 million cubic feet of natural gas and 35,300 barrels of oil in 2002. Block B8/32 gas production is sold to PTT Plc. under a long-term sales contract.

Development A partial upgrade of processing capacity at the Benchamas Field was completed during 2002, increasing total capacity to approximately 57,000 barrels of oil per day. The main upgrade could be completed in early 2004.

ChevronTexaco is continuing to develop the Maliwan Field and will be reviewing alternatives during 2003. Full development of the field may occur as early as 2006.

Exploration Five of six exploration wells drilled in 2002 in Block B8/32 during 2002 were successful. The discoveries have extended the productive areas in Block B8/32. In 2003, exploration activities will continue with the evaluation of the remaining areas in the concession.

CAMBODIA

In early 2002, ChevronTexaco was awarded a 70 percent interest and operatorship of Block A, which covers 1 million acres and is located in offshore Cambodia in the Gulf of Thailand. This acreage has characteristics similar to the company's existing Thailand acreage. Plans include drilling two exploration wells in 2003.



BANGLADESH

ChevronTexaco holds a 60 percent interest in the 1.7 million acre Block 9 onshore tract in Bangladesh, east of Dhaka. Block 9 surrounds the Bakhrabad gas field and is adjacent to other major natural gas-producing areas.

Exploration During 2002, 2-D and 3-D seismic results were analyzed to determine drilling prospects. The seismic program will continue and an exploration program is anticipated to begin in the second half of 2003.

EURASIA

KAZAKHSTAN

The Tengizchevroil (TCO) partnership formed in 1993 includes the super-giant Tengiz and Korolev oil fields located in western Kazakhstan. ChevronTexaco holds a 50 percent interest in TCO.

Production TCO increased total oil production for the ninth consecutive year, averaging 285,000 barrels of oil per day from the Tengiz and Korolev fields. A sulfur flaking plant was commissioned in November 2002, which led to the export of sulfur, by rail, to China in late November.

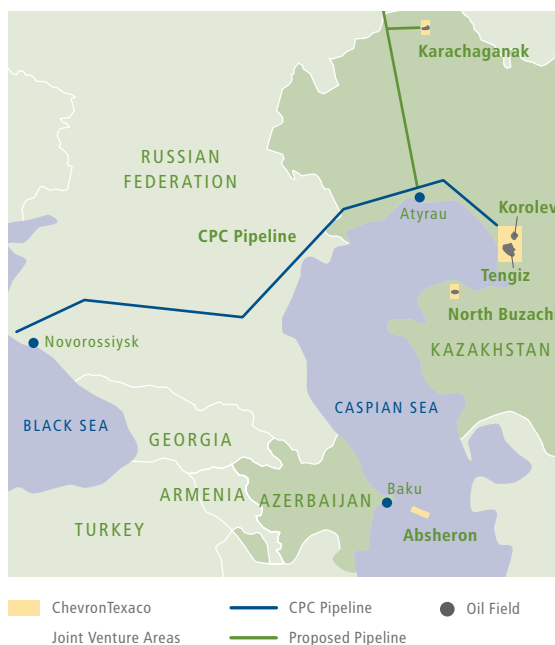
A milestone for TCO's growth occurred in the second half of 2002 as TCO fully transitioned exporting its crude oil through the Caspian Pipeline Consortium's (CPC) pipeline from Atyrau to Novorossiysk.

Development Following a delay in late 2002, TCO announced in early 2003 that its partners had approved the detailed engineering and construction of the Second Generation Program (SGP) and the Sour Gas Injection Project (SGI). Both projects were temporarily suspended in November 2002 until a resolution could be reached among the partners for future funding. Overall completion of SGP and SGI is targeted for mid-2006. The two projects are expected to increase TCO's oil production capacity to between 430,000 and 500,000 barrels per day.

Karachaganak Project Located in northwest Kazakhstan, Karachaganak is a world-class natural gas and condensate field, in which ChevronTexaco holds a 20 percent interest.

Production During 2002, total daily production averaged 99,000 barrels of condensate and 450 million cubic feet of natural gas.

Development The Karachaganak Field is being developed in phases and is currently in Phase 2. Phase 2 of the \$3.6 billion project includes construction of processing and gas reinjection facilities and increasing liquids export capability. At the end of 2002, Phase 2 was 80 percent completed, with full completion expected in early 2004. The CPC route for Karachaganak's liquids will enable the field to reach total daily production of approximately 220,000 barrels of condensate and 1.4 billion cubic feet of natural gas in early 2004.



North Buzachi The North Buzachi Field is located in western Kazakhstan. Significant quantities of recoverable oil have been identified in the license area, but remain undeveloped. The company holds a 65 percent working interest and operates the field.

In 2002, total production averaged 6,200 barrels of oil per day. A field development plan was submitted to the Republic of Kazakhstan for approval. Following approval of the development plan, additional drilling and facility expansion will begin, increasing total daily production to approximately 15,000 to 20,000 barrels of oil by late 2004.

Caspian Pipeline Consortium CPC was formed to construct a 935-mile crude oil export pipeline from the Tengiz oil field to the Russian Black Sea port of Novorossiysk. The company holds a 15 percent ownership interest.

The initial phase of the project was completed at a cost of \$2.6 billion and included the construction of the pipeline, pump stations and terminal. Regulatory approval signifying official completion of the initial construction project is expected to be received during the second quarter of 2003. Currently, the system transports TCO crude oil and plans include transporting condensate from Karachaganak during the second half of 2003.

CPC system capacity is approximately 600,000 barrels of oil per day. The pipeline system will be expandable to 1.5 million barrels of oil per day with additional pump stations and tankage.

AZERBAIJAN

Absheron ChevronTexaco holds a 30 percent interest in the Absheron Block. The first exploration well, drilled in the company-operated Absheron license in 2001, discovered hydrocarbons in subcommercial quantities. The re-evaluation of remaining prospectivity and the license obligations will be completed during the first half of 2003.

MIDDLE EAST

PARTITIONED NEUTRAL ZONE

Saudi Arabian Texaco Inc., a ChevronTexaco affiliate, holds a 60-year concession with the Kingdom of Saudi Arabia, originally signed in 1949, to produce onshore crude oil from the Partitioned Neutral Zone (PNZ). The governments of Saudi Arabia and the State of Kuwait equally share the PNZ mineral rights on a 50 percent basis.

Production During 2002, total daily production from four producing fields averaged 349,500 barrels of oil and 37 million cubic feet of natural gas (139,800 net barrels of oil per day and 15 million net cubic feet of natural gas per day). Thirty-one wells were drilled during 2002, increasing the active well count to approximately 670. Planned development drilling, workover and facilities enhancement programs in the near future are expected to maintain production at similar levels.

In March 2002, the Mina Saud Single Point Mooring (SPM) project was completed. SPM provides safer, quicker tanker mooring and loading. The \$20 million project includes a two-mile extension of the crude oil loading pipeline and a new deepwater berth enabling the facility to handle ultra-large crude carriers, increasing loading capacity by 30 percent.

Development In 2003, the company will purchase and begin testing an evaporator unit for steam injection testing. This testing will serve as a precursor for steamflood pilots to determine the economic viability of thermal recovery projects. This is the first project of its type in the Middle East.

BAHRAIN

In November 2001, ChevronTexaco signed a three-year Exploration and Production Sharing Agreement (EPSA) with the state of Bahrain to explore for oil in offshore Block 5. The first well of the multi-well drilling program was completed in 2002. In 2003, an evaluation of the 3-D seismic data will be completed and a second exploratory well may be drilled. The company holds a 50 percent interest.



QATAR

The company reduced its interest from 70 to 30 percent and transferred operatorship for the final year of its five-year EPSA. The exploration concessions expire in June 2003.

KUWAIT

ChevronTexaco currently has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement, first established in 1994, was renewed in 1998 and again in 2001 for a third three-and-a-half-year term. ChevronTexaco seconded technical and professional employees to KOC for the transfer of technology, the development of Kuwaiti employees and the modernization of Kuwait's oil industry. The TSA provides ChevronTexaco with a presence in Kuwait to demonstrate the company's technology, its employees' abilities and its overall commitment to the region.

LATIN AMERICA

ARGENTINA

ChevronTexaco operates in Argentina as Chevron San Jorge S.R.L. (CSJ). CSJ holds more than 6.1 million exploration and production acres in the Neuquén and Austral basins of Argentina, with working interests ranging from 18.75 to 100 percent in operated license areas.

In addition, CSJ holds a 14 percent interest in Oleoductos del Valle S.A., a major oil pipeline from the Neuquén producing area to the Atlantic coast.

Production Producing properties in Neuquén and Austral areas experienced record oil and natural gas production, averaging a total of more than 94,400 barrels of oil equivalent per day (66,600 net barrels of oil equivalent per day). Early production systems were developed and implemented for the Campo Molino and Cerro Convento oil fields. First natural gas sales were realized in the newly developed Las Bases natural gas field.

Exploration CSJ's exploration program in 2002 resulted in one oil discovery, El Galpón Norte x-1.

BRAZIL – DEEPWATER EXPLORATION

ChevronTexaco holds working interests ranging from 20 to 68 percent in seven blocks totaling 4.3 million acres (1.4 million net acres) at year-end 2002. Deepwater exploration is concentrated in the Campos, Santos and Espirito Santo basins. Two blocks were fully relinquished, and the company successfully farmed out a minority interest in Blocks BC-20 and BM-S-7 in 2002.

The company licensed newly acquired 3-D seismic data in various blocks and plans to participate in up to three exploration wells during 2003.

The Frade Field, in which ChevronTexaco holds a 42.5 percent interest, lies in approximately 3,700 feet of water, 230 miles northeast of Rio de Janeiro in the Campos Basin. The company is continuing to analyze the characteristics of the reservoir and evaluate development alternatives.

COLOMBIA

ChevronTexaco's upstream activities in Colombia are focused on the exploration, production and commercialization of natural gas from the offshore Caribbean and adjacent coastal areas of the Guajira Peninsula.

ChevronTexaco currently operates three natural gas fields in this area, the giant offshore Chuchupa Field and the onshore Ballena and Riohacha fields. The fields are operated under two related contracts – the Guajira Association contract and the Build-Operate-Maintain-Transfer (BOMT) contract. The Guajira Association Contract, a 50-50 joint venture production sharing agreement with the Colombian national oil company Ecopetrol, was signed in 1974 and expires in 2004, after which ChevronTexaco will continue to operate the fields for a fixed annual fee under the BOMT contract until it expires in 2016.

In February 2003, ChevronTexaco and Ecopetrol signed the Catalina Incremental Gas Production agreement under which additional wells and facilities will be installed to increase natural gas production from the Chuchupa Field. The Catalina agreement will expire in 2016 and may require additional government approval before it is implemented. This new agreement will extend ChevronTexaco's strong relationship with

Ecopetrol, through which both companies collectively produce more than 80 percent of the natural gas currently consumed in Colombia, and enable both companies to develop an additional 1 trillion cubic feet of natural gas reserves.

Production During 2002, total production averaged 510 million cubic feet of natural gas per day (222 million net cubic feet of natural gas per day).

TRINIDAD AND TOBAGO

The company has a 50 percent interest in four blocks in the offshore East Coast Marine Area of Trinidad, which include the producing Dolphin gas field and two discoveries – Dolphin Deep and Starfish. British Gas serves as the operator with the remaining 50 percent interest. The licensed areas are governed by production-sharing contracts between the contractors and the Trinidad Ministry of Energy.

Production During 2002, total production from the Dolphin Field was 233 million cubic feet of natural gas per day (107 million net cubic feet of natural gas per day). Production rates are based on a take-or-pay gas sales contract that terminates in 2015.

Development The Dolphin Deep and Starfish are 1998 discoveries located in blocks adjacent to the Dolphin Field. The fields will be developed by a subsea tieback to the Dolphin platform. Development of the fields is estimated to produce 80 million cubic feet per day of natural gas to the Atlantic LNG Train 3, which will be transported to the United States under a long-term contract. The project is currently in detailed design, with construction and drilling scheduled for 2004. Initial natural gas production is planned for the second half of 2005.

VENEZUELA

ChevronTexaco Global Technology Services Company, a subsidiary headquartered in Caracas, manages the upstream activities in Venezuela. The company operates the Boscan oil field under an operating service agreement (no net working interest). The company also operates the LL-652 Field under a risked service agreement and maintains a 27 percent working interest. In addition, the company holds a 30 percent interest in the Hamaca integrated oil production and upgrading project located near Puerto La Cruz. A joint venture operating agent, Petrolera Ameriven, serves as operator for the Hamaca project.



Boscan This field is located near the city of Maracaibo in western Venezuela. ChevronTexaco operates the field under an operating service agreement with Petróleos de Venezuela, S.A. (PDVSA).

Subject to Venezuela's OPEC production restrictions throughout 2002, total Boscan production averaged 97,300 barrels of oil per day.

During 2002, the first horizontal well was successfully completed. Additional horizontal wells are planned during 2003.

LL-652 This field, located in Lake Maracaibo, averaged 19,800 barrels of oil equivalent per day during 2002. Further expansion of the water injection project will be deferred until reservoir response from repressurization is achieved.

Hamaca The \$3.6 billion project, located in the Venezuela Orinoco Belt, will result in a vertically integrated heavy oil production, transportation and upgrading facility. The upgrading facility, upon completion in mid-2004, will upgrade 190,000 barrels per day of heavy crude oil, creating a lighter, higher-value crude oil. The project has estimated recoverable reserves of about 1.9 billion barrels of oil during the project's estimated 34-year production life.

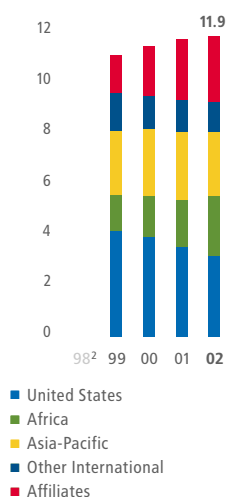
In 2002, total production averaged 25,700 barrels of oil per day. Development drilling and major facility construction continued throughout 2002. At the end of the year, the project was 80 percent complete and on budget.

Plataforma Deltana In February 2003, ChevronTexaco was awarded the license for offshore Block 2, one of five offshore blocks in the northeastern Plataforma Deltana. Block 2 contains the Loran Field, a significant undeveloped natural gas discovery. The company will begin the exploration and delineation programs in Block 2, in which it holds a 100 percent interest.

UPSTREAM OPERATING DATA PROVED RESERVES

NET PROVED RESERVES¹

Billions of OEG barrels

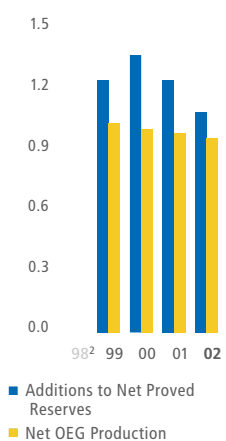


¹ Natural gas converted to oil-equivalent gas (OEG) barrels of 6 MCF = 1 OEG barrel

² Data not available in this format

CHANGES IN NET PROVED RESERVES¹

Billions of OEG barrels



¹ Natural gas converted to oil-equivalent gas (OEG) barrels of 6 MCF = 1 OEG barrel

² Data not available in this format

PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS¹

Millions of Barrels

GROSS CRUDE OIL AND NATURAL GAS LIQUIDS

	2002	2001	2000	1999
United States	2,305	2,498	2,828	3,084
Africa	2,320	1,808	1,779	1,608
Asia-Pacific	2,789	2,932	3,376	3,458
Other International ²	746	797	882	1,022
TOTAL – CONSOLIDATED COMPANIES	8,160	8,035	8,865	9,172

EQUITY SHARE IN AFFILIATES

Hamaca	558	561	431	–
TCO	2,026	1,848	1,571	1,478

TOTAL – GROSS RESERVES

NET CRUDE OIL AND NATURAL GAS LIQUIDS

United States	2,117	2,301	2,614	2,854
Africa	1,976	1,544	1,505	1,344
Asia-Pacific	1,704	1,906	1,894	1,887
Other International ²	697	745	822	946
TOTAL – CONSOLIDATED COMPANIES	6,494	6,496	6,835	7,031

EQUITY SHARE IN AFFILIATES

Hamaca	485	487	374	–
TCO	1,689	1,541	1,310	1,233

TOTAL – NET RESERVES

PROVED RESERVES – NATURAL GAS¹

Billions of Cubic Feet

GROSS NATURAL GAS

United States	7,543	8,684	9,312	9,297
Africa	2,330	1,881	780	326
Asia-Pacific	5,479	5,060	5,000	4,626
Other International ²	3,121	3,279	3,282	3,495
TOTAL – CONSOLIDATED COMPANIES	18,473	18,904	18,374	17,744

EQUITY SHARE IN AFFILIATES

Hamaca	50	49	38	–
TCO	2,983	2,712	2,018	1,895

TOTAL – GROSS RESERVES

NET NATURAL GAS

United States	6,417	7,387	7,923	7,993
Africa	2,298	1,872	772	326
Asia-Pacific	5,164	4,759	4,442	4,088
Other International ²	2,924	3,088	2,991	3,175
TOTAL – CONSOLIDATED COMPANIES	16,803	17,106	16,128	15,582

EQUITY SHARE IN AFFILIATES

Hamaca	43	42	33	–
TCO	2,489	2,262	1,683	1,581

TOTAL – NET RESERVES

¹ Proved reserves are estimated by the company's asset teams, composed of earth scientists and reservoir engineers. These proved reserve estimates are reviewed annually by the company's Reserves Advisory Committee to ensure that rigorous professional standards and the reserves definitions prescribed by the Securities and Exchange Commission are consistently applied throughout the company. See Glossary for explanation of proved reserves. Net reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate.

² ChevronTexaco operates under a risked service agreement in Venezuela's LL-652 Field, located in the northeast section of Lake Maracaibo. ChevronTexaco is accounting for LL-652 as an oil and gas activity. No reserve quantities have been recorded for the company's other service agreements – the Boscan Field in Venezuela and a long-term purchase agreement associated with a service agreement for the Chuchupa Field in Colombia during the period 2005–2016.

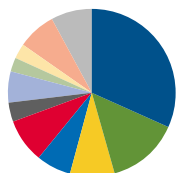
NET PROVED AND UNPROVED OIL AND GAS ACREAGE^{1,2}

Thousands of Acres	At December 31			
	2002	2001	2000	1999
UNITED STATES				
ONSHORE				
Alaska	705	607	549	517
California	325	325	246	361
Colorado	167	167	166	216
Kansas	83	83	77	89
Louisiana	609	666	638	768
Michigan	63	63	76	89
Montana	12	12	36	40
New Mexico	358	363	353	393
Oklahoma	279	281	265	287
Texas	3,825	3,917	3,805	4,056
Utah	199	199	272	278
Wyoming	345	352	392	417
Other States	164	159	157	175
TOTAL ONSHORE	7,134	7,194	7,032	7,686
OFFSHORE				
Alaska Coast	47	47	67	61
Atlantic Coast	—	—	35	31
Gulf Coast	3,416	4,362	4,477	5,245
Pacific Coast	9	11	23	19
TOTAL OFFSHORE	3,472	4,420	4,602	5,356
TOTAL UNITED STATES	10,606	11,614	11,634	13,042
AFRICA				
Angola	924	1,837	1,944	3,133
Chad	2,556	2,556	2,556	—
Democratic Republic of Congo	124	124	124	124
Equatorial Guinea	683	683	1,051	—
Namibia	144	144	201	201
Nigeria	3,309	3,338	3,639	7,190
Republic of Congo	185	185	372	185
TOTAL AFRICA	7,925	8,867	9,887	10,833
ASIA-PACIFIC				
Australia	7,044	7,177	7,178	6,886
Azerbaijan	30	30	30	30
Bahrain	48	912	815	1,359
Bangladesh	1,020	1,020	—	—
Cambodia	1,086	—	—	—
China	5,836	5,161	7,872	7,953
Indonesia	3,530	6,990	6,925	8,599
Kazakhstan	36	36	36	37
Papua New Guinea	322	322	322	322
Partitioned Neutral Zone	786	786	786	786
Philippines	93	183	93	93
Qatar	805	1,879	2,684	3,796
Thailand	1,227	1,227	1,227	1,238
Turkey	251	251	251	251
TOTAL ASIA-PACIFIC	22,114	25,974	28,219	31,350
OTHER INTERNATIONAL				
Argentina	2,889	3,297	3,231	2,727
Bolivia	—	—	123	123
Brazil	1,373	4,590	5,538	2,774
Canada	13,671	14,003	15,064	14,228
Colombia	101	2,774	5,441	6,944
Denmark	97	199	202	170
Ecuador	247	247	247	247
Germany	123	123	—	—
Netherlands	27	27	27	27
Norway	487	308	267	93
Poland	—	1,400	1,400	1,400
Trinidad	84	83	283	361
United Kingdom	880	934	1,070	1,390
Venezuela	6	6	6	55
TOTAL OTHER INTERNATIONAL	19,985	27,991	32,899	30,539
TOTAL INTERNATIONAL	50,024	62,832	71,005	72,722
WORLDWIDE OIL AND GAS NET ACREAGE	60,630	74,446	82,639	85,764

¹ Consolidated companies only.² Net acreage is the sum of the fractional interests in gross acres in which ChevronTexaco has an interest.

NET LIQUIDS PRODUCTION BY COUNTRY

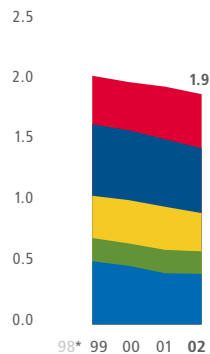
Percentage



United States	31.7%
Indonesia	13.9%
Angola	8.6%
Kazakhstan	8.5%
Partitioned Neutral Zone	7.4%
Nigeria	6.7%
United Kingdom	6.0%
Canada	3.7%
Argentina	2.9%
Australia	2.7%
Other International	7.9%

NET LIQUIDS PRODUCTION

Millions of barrels per day



United States – Onshore
United States – Offshore
Africa
Asia-Pacific
Other International (Including Affiliates)

* Data not available in this format

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION*

Thousands of Barrels Per Day

Year Ended December 31

	2002	2001	2000	1999
CONSOLIDATED COMPANIES				
UNITED STATES				
Alaska	7	5	5	5
California – Onshore	241	246	263	269
– Offshore	2	3	3	9
Colorado	11	11	11	11
Louisiana – Onshore	15	18	20	21
– Offshore	182	187	179	182
New Mexico	27	29	35	36
Oklahoma	5	5	12	18
Texas	91	87	110	130
Utah	4	4	5	6
Wyoming	12	11	15	17
Other States	5	8	9	8
TOTAL UNITED STATES	602	614	667	712
AFRICA				
Angola	164	168	169	159
Democratic Republic of Congo	8	9	8	9
Nigeria	127	158	155	151
Republic of Congo	16	20	25	29
TOTAL AFRICA	315	355	357	348
ASIA-PACIFIC				
Australia	52	45	48	38
China	27	24	28	28
Indonesia	263	304	319	368
Kazakhstan	22	17	17	13
Papua New Guinea	6	7	11	15
Partitioned Neutral Zone	140	144	139	124
Philippines	7	1	–	–
Thailand	18	16	14	4
TOTAL ASIA-PACIFIC	535	558	576	590
OTHER INTERNATIONAL				
Argentina	55	57	51	13
Canada	70	64	66	65
Colombia	–	–	1	11
Denmark	42	39	39	35
Norway	15	17	15	16
Trinidad	–	–	8	11
United Kingdom	113	115	117	154
Venezuela	4	4	4	3
TOTAL OTHER INTERNATIONAL	299	296	301	308
TOTAL INTERNATIONAL	1,149	1,209	1,234	1,246
TOTAL – CONSOLIDATED COMPANIES	1,751	1,823	1,901	1,958
EQUITY SHARE IN AFFILIATES				
Hamaca	6	1	–	–
TCO	140	135	96	91
TOTAL – WORLDWIDE	1,897	1,959	1,997	2,049

GROSS LIQUIDS PRODUCTION

Thousands of Barrels Per Day

United States	657	670	730	781
Africa	380	429	431	424
Asia-Pacific	904	961	749	748
Other International	318	316	354	364
TOTAL – CONSOLIDATED COMPANIES	2,259	2,376	2,264	2,317
EQUITY SHARE IN AFFILIATES				
Hamaca	8	1	–	–
TCO	155	145	106	96
TOTAL – WORLDWIDE	2,422	2,522	2,370	2,413

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels Per Day

United States	63	54	90	97
International	18	17	24	30

* Net liquids production excludes royalty interests owned by others.

NET NATURAL GAS PRODUCTION*

Millions of Cubic Feet Per Day

	Year Ended December 31			
	2002	2001	2000	1999
CONSOLIDATED COMPANIES				
UNITED STATES				
Alabama – Onshore	51	50	56	55
– Offshore	128	157	182	128
Alaska	39	35	32	27
California – Onshore	125	116	118	126
– Offshore	–	–	–	3
Colorado	97	95	75	57
Louisiana – Onshore	115	99	92	84
– Offshore	801	1,023	1,130	1,314
Michigan	17	18	23	27
New Mexico	99	104	125	180
Oklahoma	84	91	104	105
Texas – Onshore	508	526	586	640
– Offshore	58	72	74	85
Utah	84	91	77	55
Wyoming	199	220	225	238
Other States	–	9	11	21
TOTAL UNITED STATES	2,405	2,706	2,910	3,145
AFRICA				
Angola	–	1	1	1
Nigeria	74	43	47	39
TOTAL AFRICA	74	44	48	40
ASIA-PACIFIC				
Australia	264	235	225	229
Indonesia	147	134	133	141
Kazakhstan	85	67	83	63
Partitioned Neutral Zone	15	10	11	–
Philippines	105	9	–	–
Thailand	87	75	70	39
TOTAL ASIA-PACIFIC	703	530	522	472
OTHER INTERNATIONAL				
Argentina	71	56	51	9
Canada	140	167	146	194
Colombia	222	203	194	167
Denmark	102	100	98	102
Trinidad	107	100	65	48
United Kingdom	361	350	342	402
Other Countries	10	9	2	3
TOTAL OTHER INTERNATIONAL	1,013	985	898	925
TOTAL INTERNATIONAL	1,790	1,559	1,468	1,437
TOTAL – CONSOLIDATED COMPANIES	4,195	4,265	4,378	4,582
EQUITY SHARE IN AFFILIATES				
TCO	181	152	88	75
TOTAL – WORLDWIDE	4,376	4,417	4,466	4,657

GROSS NATURAL GAS PRODUCTION

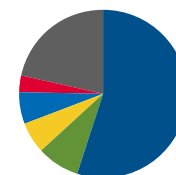
Millions of Cubic Feet Per Day

United States	2,945	3,167	3,485	3,757
Africa	74	44	100	93
Asia-Pacific	728	584	650	562
Other International	1,122	1,159	1,022	1,018
TOTAL – CONSOLIDATED COMPANIES	4,869	4,954	5,257	5,430
EQUITY SHARE IN AFFILIATES				
TCO	196	162	95	75
TOTAL – WORLDWIDE	5,065	5,116	5,352	5,505

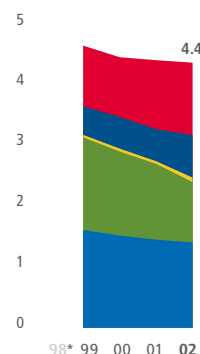
* Net natural gas production excludes royalty interests owned by others.

NET NATURAL GAS PRODUCTION BY COUNTRY

Percentage

**NET NATURAL GAS PRODUCTION**

Billions of cubic feet per day



■ United States – Onshore
 ■ United States – Offshore
 ■ Africa
 ■ Asia-Pacific
 ■ Other International (Including Affiliates)

* Data not available in this format

NATURAL GAS REALIZATIONS¹

Dollars Per Thousand Cubic Feet

	Year Ended December 31			
	2002	2001	2000	1999
United States	\$ 2.89	\$ 4.38	\$ 3.87	\$ 2.12
International	2.14	2.36	2.09	1.66

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS²

Dollars Per Barrel

United States	\$ 21.34	\$ 21.33	\$ 25.61	\$ 14.92
International	23.06	22.17	26.04	16.57

NATURAL GAS SALES

Millions of Cubic Feet Per Day

United States	5,463	7,830	7,302	6,534
International	3,131	2,675	2,398	2,342
TOTAL	8,594	10,505	9,700	8,876

NATURAL GAS LIQUIDS SALES

Thousands of Barrels Per Day

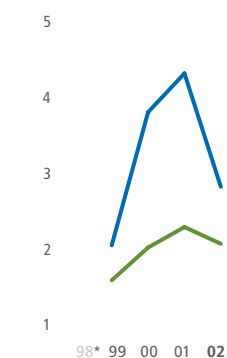
United States	241	185	170	415
International	131	115	67	58
TOTAL	372	300	237	473

¹U.S. natural gas realizations are based on revenues from net production. International natural gas realizations are based on revenues from liftings. International realizations include equity in affiliates.

²U.S. realizations are based on crude oil and natural gas liquids revenues from net production and include intercompany sales at transfer prices that are at estimated market prices. International realizations are based on crude oil and natural gas liquids revenues from liftings. International realizations include equity in affiliates.

NATURAL GAS REALIZATIONS

Dollars per thousand cubic feet

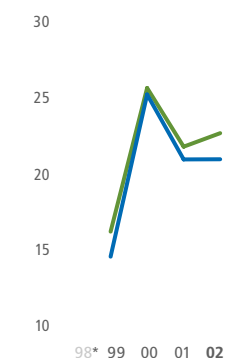


■ United States
■ International

* Data not available in this format

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS

Dollars per barrel



■ United States
■ International

* Data not available in this format

NET WELLS COMPLETED *

		Year Ended December 31			
		2002	2001	2000	1999
UNITED STATES					
Exploratory	– Oil	19	40	21	16
	– Gas	38	61	48	74
	– Dry	22	32	30	40
TOTAL		79	133	99	130
Development	– Oil	390	606	702	680
	– Gas	248	260	217	177
	– Dry	16	21	14	14
TOTAL		654	887	933	871
TOTAL UNITED STATES		733	1,020	1,032	1,001
AFRICA					
Exploratory	– Oil	5	8	2	2
	– Gas	1	–	–	–
	– Dry	1	2	4	2
TOTAL		7	10	6	4
Development	– Oil	27	22	39	19
	– Gas	–	–	–	–
	– Dry	–	–	–	–
TOTAL		27	22	39	19
TOTAL AFRICA		34	32	45	23
ASIA-PACIFIC					
Exploratory	– Oil	2	25	13	3
	– Gas	2	6	2	3
	– Dry	1	8	11	12
TOTAL		5	39	26	18
Development	– Oil	461	543	495	512
	– Gas	9	12	6	18
	– Dry	–	–	1	1
TOTAL		470	555	502	531
TOTAL ASIA-PACIFIC		475	594	528	549
OTHER INTERNATIONAL					
Exploratory	– Oil	2	6	3	5
	– Gas	5	–	4	3
	– Dry	9	10	7	5
TOTAL		16	16	14	13
Development	– Oil	134	104	87	24
	– Gas	6	5	26	6
	– Dry	–	2	–	–
TOTAL		140	111	113	30
TOTAL OTHER INTERNATIONAL		156	127	127	43
TOTAL INTERNATIONAL		665	753	700	615
WORLDWIDE		1,398	1,773	1,732	1,616

*Net wells include all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Producing wells exclude shut-in wells. Indicates the number of wells completed during the year regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of oil or gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency. Consolidated companies only.

EXPLORATION AND DEVELOPMENT COSTS ¹ Millions of Dollars	Year Ended December 31			
	2002	2001	2000	1999
UNITED STATES				
Exploration	\$ 607	\$ 731	\$ 659	\$ 529
Development	\$ 1,091	\$ 1,754	\$ 1,453	\$ 1,230
INTERNATIONAL				
AFRICA				
Exploration	229	255	217	203
Development	661	551	435	540
ASIA-PACIFIC				
Exploration	129	243	301	267
Development	1,017	1,168	1,067	829
INTERNATIONAL – OTHER				
Exploration	188	360	251	245
Development	926	494	718	606
TOTAL INTERNATIONAL				
Exploration	\$ 546	\$ 858	\$ 769	\$ 715
Development	\$ 2,604	\$ 2,213	\$ 2,220	\$ 1,975

NET PRODUCTIVE WELLS ^{2,3}	2002	2001
UNITED STATES		
Wells – Oil	33,364	31,305
– Gas	6,906	6,288
TOTAL UNITED STATES	40,270	37,593
INTERNATIONAL		
Wells – Oil	9,746	9,481
– Gas	304	314
TOTAL INTERNATIONAL	10,050	9,795
WORLDWIDE	50,320	47,388

¹Consolidated companies only. Excludes property acquisitions.

²Net wells include all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce oil and gas are classified as oil wells.

³Data not readily available in this format for 2000 and 1999.

ChevronTexaco is a major global competitor in all segments of the downstream industry – refining, marketing, transportation and trading – with multiple product brands and millions of customers. The company operates in more than 180 countries on six continents, primarily marketing under the Chevron, Texaco and Caltex brands.

The worldwide downstream organization is structured into the following business units:

GLOBAL REFINING AND MARKETING

- ✧ North America Products – Refining and Marketing, Pipeline
- ✧ Asia, Middle East, Africa Products – Refining and Marketing
- ✧ Europe, West Africa Products – Refining and Marketing
- ✧ Latin America Products – Marketing

GLOBAL BUSINESSES

- ✧ Global Lubricants
- ✧ Global Aviation
- ✧ Global Trading / Fuel and Marine Marketing
- ✧ Shipping

DOWNSTREAM INDUSTRY CONDITIONS

Throughout 2002, refining and marketing industry margins were at historical low levels in many regions of the world – especially in the North America, Asia-Pacific and Northern Europe markets. Crude oil prices increased steadily during the year while demand for distillate products remained low, as a result of the events that occurred on September 11, 2001.

MAJOR OBJECTIVES

The primary objective of the downstream organization is to fully integrate its assets into a single, highly efficient network that returns superior results. To achieve this goal, the downstream organization intends to:

- ✧ achieve world-class performance in safety, efficiency and reliability;
- ✧ focus on attractive markets by leveraging capabilities through competitive supply and a strong brand position;
- ✧ grow global businesses profitably through scale and reach;
- ✧ optimize the global refining system and leverage best practices to achieve lowest supply-chain costs;
- ✧ achieve a reduction in cost structure;
- ✧ rationalize the portfolio to improve financial performance.

ChevronTexaco's downstream businesses are administered from San Ramon, California; Houston, Texas; Coral Gables, Florida; Singapore; and London.

WORLDWIDE DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS

	2002	2001
Segment (Loss) Income (Millions of Dollars)	\$ (367)	\$ 1,814
Fuel Refinery Crude Oil Inputs (Thousands of Barrels Per Day) ^{1,2}	2,024	2,069
Fuel Refinery Capacity at Year End (Thousands of Barrels Per Day) ^{1,2}	2,179	2,252
U.S. Gasoline and Jet Yields (Percent of Wholly Owned U.S. Refinery Production)	63%	63%
Refined Products Sales (Thousands of Barrels Per Day) ^{2,3}	3,868	4,137
Motor Gasoline Sales (Thousands of Barrels Per Day) ^{2,3}	1,252	1,242
Number of Marketing Outlets at December 31 ⁴	20,485	21,311
Total Number of Controlled Seagoing Vessels at December 31	31	30
Cargo Transported by Controlled Vessels (Millions of Barrels)	282	269
Refining Capital Expenditures (Millions of Dollars)	\$ 599	\$ 669
Marketing Capital Expenditures (Millions of Dollars)	\$ 378	\$ 836
Transportation Capital Expenditures (Millions of Dollars)	\$ 451	\$ 592
Other Downstream Capital Expenditures (Millions of Dollars)	\$ 204	\$ 47

¹Refinery input and capacity represent volumes at fuel refineries only.

²Excludes Equilon and Motiva pre-merger.

³Includes equity in affiliates.

⁴Consolidated companies only.

GLOBAL REFINING

ChevronTexaco's strategic network of fuel refineries are located in the Pacific and Atlantic basins and comprise 23 wholly owned and affiliated refineries. The company's worldwide refining capacity at year-end 2002 was 2.3 million barrels of crude oil per day.

BUSINESS STRATEGIES

- Become a recognized leader for the industry in the areas of safety, reliability and incident-free operations at all facilities.
- Produce quality products that consistently meet or exceed the required specifications in each market.
- Increase earnings by increasing the yields of the highest-valued products.
- Reduce operating expenses by sharing best practices throughout the refining system.
- Maximize supply-chain efficiencies in the Atlantic and Pacific basins.
- Comply with all environmental regulations and standards.
- Maintain strong community relationships.

2002 ACCOMPLISHMENTS

NORTH AMERICA

- Achieved best-ever safety record at the El Segundo Refinery.
- Implemented behavioral safety training and achieved record safety performance at the Burnaby Refinery.
- Achieved record refinery production of motor gasoline and diesel fuel, approximately 682,000 barrels per day, through continued focus on operational excellence.
- Completed facility modifications at the El Segundo Refinery to produce cleaner-burning gasoline without the oxygenated blending component MTBE. Ether-free gasoline production commenced in Southern California in January 2003.
- Continued construction on a major project at the Pascagoula Refinery to produce lower-sulfur motor gasoline and diesel. The upgraded facilities will become fully operational during the second quarter of 2003.
- Modified the 50 percent-owned Alberta Envirofuels oxygenate plant for the production of iso-octane, a gasoline blending component, and completed modifications to the terminaling facilities at the Burnaby Refinery, enabling the export of gasoline blending components to the company's California refineries.

ASIA-PACIFIC AND AFRICA

- Achieved 2.8 million hours worked without a company lost-time incident at the Batangas Refinery.
- Initiated behavioral safety training at the Cape Town Refinery, focusing on safe and reliable operations.
- Utilized internal-sourcing arrangements for ultra-low sulfur diesel fuel to meet new specifications in Hong Kong, realizing system synergies in 2002.
- Realized significant savings through crude optimization efforts at the Asia-Pacific refineries.
- Increased gasoline production by 3,000 barrels per day at the wholly owned Batangas Refinery in the Philippines through the installation of a new naphtha splitter, on time and on budget.
- Processed the first equity Malampaya condensate at the Singapore Refining Company Refinery.

UNITED KINGDOM AND NORTHERN EUROPE

- Continued to improve safety performance at the Pembroke Refinery, realizing a 52 percent reduction in recordable incidents for contractors.
- Upgraded the Pembroke and Nerefco refineries to meet or exceed current motor fuel sulfur specifications.

NORTH AMERICA FUEL REFINERIES

Pascagoula, Mississippi The Pascagoula Refinery, with a refining capacity of 295,000 barrels per day, is among ChevronTexaco's largest wholly owned refineries. It continues to be one of the premier heavy crude processing facilities in the world, with the capability to efficiently convert low-cost, low-quality crude oil into valuable refined products. The refinery's competitive position is enhanced by a strong value-added relationship with the 50 percent-owned Chevron Phillips Chemical Company and its petrochemical production facilities at the refinery, which produce high-value benzene, ethylbenzene and paraxylene from

lower-value refining feedstocks. In early 2003, Pascagoula completed construction of facility upgrades to produce mandated lower-sulfur fuels and to improve operating efficiency. The upgraded facilities will become fully operational during the second quarter of 2003.

El Segundo, California The El Segundo Refinery is a modern, complex, highly efficient coking refinery with a rated capacity of 260,000 barrels per day. It is located in the Los Angeles Basin, the world's largest gasoline market. The refinery is configured to produce high volumes of California cleaner-burning motor gasoline and diesel fuels.

Richmond, California The Richmond Refinery is able to process 225,000 barrels per day of crude oil into premium, high-value products. State-of-the-art lubricant oil facilities allow the manufacture of both high-quality conventional lubricant oil base stocks as well as new leading-edge base oil formulations. Similar to El Segundo, the refinery is also configured to efficiently produce high volumes of California cleaner-burning motor gasoline and diesel fuels.

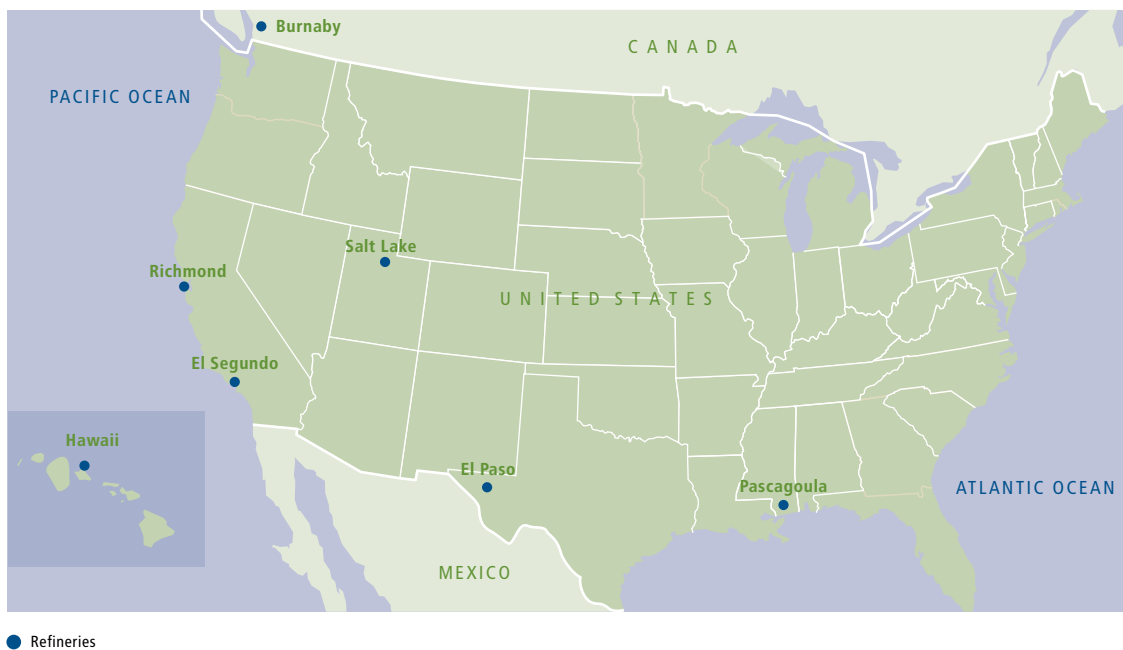
El Paso, Texas The El Paso Refinery has a capacity of 90,000 barrels per day through integration with the former El Paso Refining Company facilities (the company's share is 65,000 barrels per day). The facility's reliability, operational efficiency, safety and environmental performance have continued to improve.

Honolulu, Hawaii The Hawaii Refinery has a 54,000-barrel-per-day capacity and supplies 60 percent of Hawaii's gasoline market. Refinery upgrades in recent years have made the facility energy self-sufficient and reduced its operating costs.

Salt Lake City, Utah The Salt Lake Refinery has a rated capacity of 45,000 barrels per day. Recent projects have improved the efficiency and reliability of the crude unit and the fluid catalytic cracking unit. Of the 17 refineries competing in the region, the Salt Lake Refinery is one of only five to operate coking facilities. Coking and treating facilities enable the refinery to process relatively low-cost raw materials and produce in excess of 90 percent premium products from total input.

Burnaby, British Columbia The Burnaby Refinery has a crude oil capacity of 52,000 barrels per day, which is processed into motor gasoline, diesel fuel, jet fuel and asphalt for export and for the British Columbia markets. Safe, reliable operations and a focus on energy efficiency will continue to make this refinery a low-cost producer of high-value products. In late 2002, new facilities were commissioned to allow the refinery to receive and prepare high octane gasoline blending stock by pipeline from Alberta for export to California.

The 50 percent-owned Alberta Envirofuels, located in Edmonton, Alberta, became the first facility in the world to convert from producing oxygenates to producing iso-octane, a high octane gasoline blending component shipped to California to make cleaner-burning gasoline. Production commenced in late 2002 at the 13,000-barrel-per-day facility.



INTERNATIONAL REFINERIES

ASIA-PACIFIC AND AFRICA REFINERIES

WHOLLY OWNED REFINERIES

Batangas, Philippines The Batangas Refinery is one of three integrated refineries in the Philippines. It has a capacity of 76,000 barrels per day and the ability to upgrade fuel oil to gasoline and diesel.

Cape Town, South Africa The Cape Town Refinery is an integrated cracking refinery with a capacity of 112,000 barrels per day.

JOINT VENTURE REFINERIES – EXCEEDING 30 PERCENT EQUITY

LG-Caltex Facility – Yosu, South Korea The LG-Caltex Refinery, the largest refinery in the Asia-Pacific and Africa system, has a total capacity of 650,000 barrels per day. The refinery is owned and operated by the LG-Caltex Oil Corporation, a 50-50 joint venture between ChevronTexaco and the LG group. In addition to producing refined products, this refinery has the capability to convert low-value refinery output into high-value chemical products such as polypropylene, benzene and paraxylene.

Star Refinery – Map Ta Phut, Thailand The refinery is owned by the Star Petroleum Refining Company, a joint venture between ChevronTexaco, with a 64 percent equity interest, and the Petroleum Authority of Thailand, with the remaining 36 percent equity interest. The Star Refinery is operated by the Alliance Refining Company, an operating alliance between Star Petroleum Refining Company and the nearby Rayong Refining Company. The combined plants have a capacity of more than 300,000 barrels per day, making it one of the most efficient refining complexes in Southeast Asia.

Singapore Refinery – Singapore The refinery is owned and operated by the Singapore Refining Company, a joint venture among ChevronTexaco, with a one-third equity interest, BP and the Singapore Petroleum Company. The refinery has a capacity of 285,000 barrels per day and operates predominantly as an export refinery.

Kurnell Refinery – Sydney, Australia and Lytton Refinery – Brisbane, Australia The Kurnell and Lytton refineries are owned and operated by Caltex Australia Limited, the largest oil company in Australia. ChevronTexaco has a 50 percent equity interest in Caltex Australia Limited. Total capacity at the two refineries is 216,000 barrels per day.

UNITED KINGDOM AND NORTHERN EUROPE REFINERIES

Pembroke, United Kingdom The Pembroke Refinery, wholly owned and operated, has a capacity of 210,000 barrels per day. The refinery operates to maximize motor gasoline production and is a top quartile refinery in the United Kingdom with a pace-setting safety record.

Nerefco Refinery – Rotterdam, Netherlands The Nerefco Refinery, located on two sites in the Rotterdam Harbor area, has a refining capacity of 400,000 barrels per day. ChevronTexaco has a 31 percent interest in the refinery and the remaining 69 percent is held by BP.



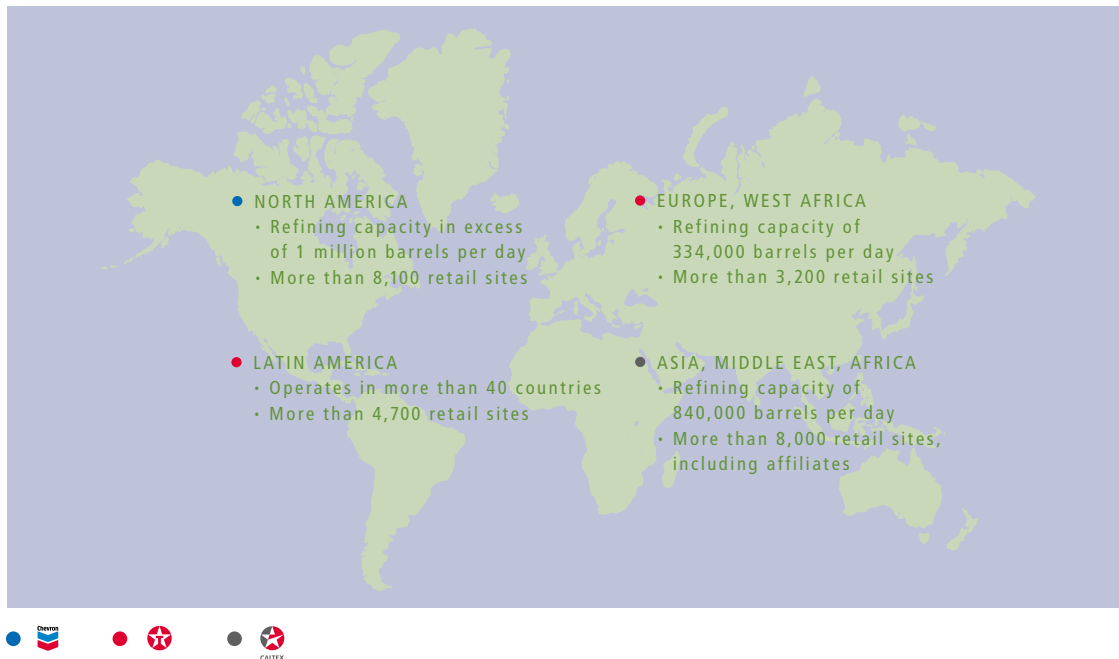
GLOBAL MARKETING

ChevronTexaco's global marketing business is a leading worldwide marketer of refined petroleum products with core marketing areas in the United States, western Canada, Asia-Pacific, Northern Europe, Africa and Latin America. Three well-known and highly recognized consumer brands are the Chevron brand in North America; the Texaco brand in Europe, West Africa and Latin America; and the Caltex brand in Asia, the Middle East and southern Africa.

The company has a worldwide marketing network of more than 24,000 retail sites. Regional convenience stores, including Extra Mile in the United States, Town Pantry in British Columbia and StarMart in Europe, Thailand and Latin America, are located at many service station sites where store selections are tailored to individual customer preferences.

In early 2003, ChevronTexaco selected Young & Rubicam to handle all of the company's worldwide advertising under the Chevron, Texaco and Caltex brands.

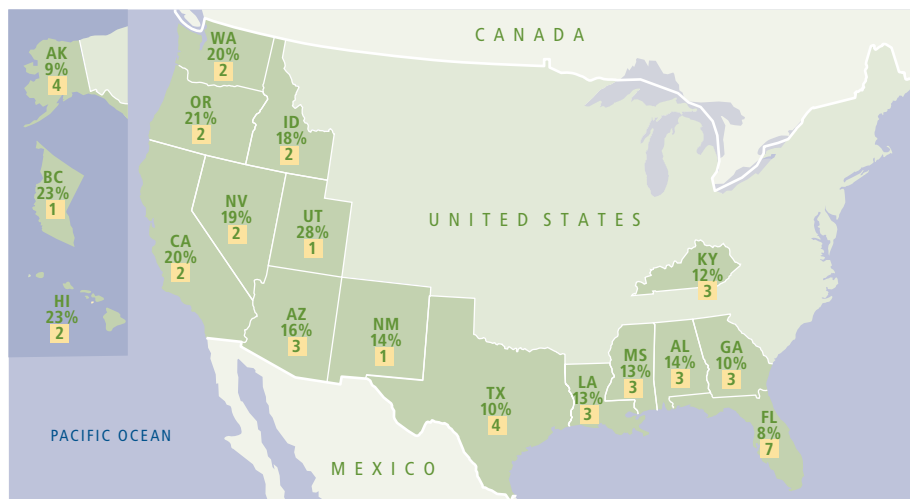
Global Refining and Marketing



BUSINESS STRATEGIES

- Earn the respect of customers, suppliers and community members by achieving superior performance in the area of safety, reliability and incident-free operations.
- Maximize returns from existing assets by focusing on operational excellence and superior execution capability.
- Deliver a “superior experience” to customers in terms of product quality, service and convenience.
- Leverage global size and scale to gain a competitive cost advantage.
- Reduce costs and improve capital efficiency by streamlining support and front-end business processes.
- Continue to increase nonfuel revenue by expanding convenience store operations.

ChevronTexaco North America Motor Gasoline Sales – Market Share Percentage and Ranking



Market Share

Rank

Source: U. S. – Lundberg Share of Market Report Taxable Mogas Sales
Canada – Kent Marketing Services, Ltd.**2002 ACCOMPLISHMENTS****NORTH AMERICA**

ChevronTexaco's marketing is focused on the West Coast and Sun Belt areas – regions with growing populations and increasing income. The company ranks among the top three gasoline marketers in 14 states across the United States and is the No. 1 gasoline marketer in British Columbia.

- ✧ Achieved improvement in the employee repetitive stress injury safety performance rate.
- ✧ Restructured the U.S. marketing organization.
- ✧ Increased branded motor gasoline sales by 4 percent and convenience store sales by 8 percent in the United States.
- ✧ Relocated a majority of the credit card support from California to Manila, lowering transaction costs by 74 percent.
- ✧ Deployed a new electronic point of sales system, which delivers transactional efficiencies to the retail network.
- ✧ Implemented an integrated financial and management information system in early 2003 that provides greater transactional efficiency and better business information and reporting.
- ✧ Established new contracts for commercial carriers.
- ✧ Continued to expand branded, quick-serve restaurants to enhance retail offerings in British Columbia.
- ✧ Increased sales revenues and strengthened federal and institutional market positions through the company's Chevron Energy Solutions (CES) division. CES provides energy efficiency, power quality, power reliability and energy management services to businesses and institutions nationwide.

ASIA, MIDDLE EAST, AFRICA

ChevronTexaco has operated in the region for more than 65 years as Caltex, a 50-50 joint venture between Chevron and Texaco that is now wholly owned.

- ✧ Deployed operational excellence initiatives, including the implementation of a retail security program, storage tank management program and UDrive, Caltex's best practices retail program.
- ✧ Increased consumer marketing accounts by more than 15 percent.
- ✧ Signed a shareholders agreement with a consortium of black economic empowerment partners that provides a 25 percent interest in all aspects of Caltex's operations in South Africa.
- ✧ Expanded LPG operations in Shantou, China.
- ✧ Implemented Caltex Fingerprint Business Solutions, which provides customized fuel solutions to commercial and industrial customers.
- ✧ Awarded military fuel contract by the U.S. Department of Defense in two Middle East countries.

EUROPE, WEST AFRICA PRODUCTS

ChevronTexaco markets in regionally focused operations in northwest Europe and West Africa. In the United Kingdom, Ireland and the Netherlands, the company's market share exceeds 11 percent. In West Africa, where it has maintained a marketing presence for more than 50 years, the company has a strong market share, exceeding 15 percent in Cameroon, the Canary Islands and Togo.

- Implemented new exchange contracts in the United Kingdom, providing significant savings through optimization of the U.K., Ireland and export supply infrastructure and the reduction of working capital.
- Achieved a 7 percent increase in convenience store sales and a 4 percent increase in fuel volumes in Europe.
- Initiated a pilot program for dealer franchise opportunities in the United Kingdom that began operations in early 2003.
- Continued expansion of the Advantage marketing initiative in the United Kingdom, a successful communication and business enhancement program for dealers and business partners.
- Launched the successful RelayStar initiative in the United Kingdom, a delivery solution for online retailers and businesses that uses the physical network of service stations as pickup and drop-off points for packages.
- Established a 33 percent market share in the Republic of Congo in less than one year.

LATIN AMERICA PRODUCTS

For more than 90 years, the Texaco brand has had a major presence in Latin America. Overall, ChevronTexaco ranks second in the retail fuels market, with a market share of 13 percent.

- Improved safety performance by lowering the recordable incident rate by 35 percent.
- Ranked No. 1 or No. 2 in retail market share in a majority of its operating areas.
- Ranked as the No. 1 brand that consumers mention as their first service station choice in Latin America.
- Launched four key operational excellence initiatives in the areas of motor vehicle accident prevention, contractor safety, inventory management and facility forecasting.

GLOBAL BUSINESSES

ChevronTexaco's global businesses – Global Lubricants, Global Trading / Fuel and Marine Marketing, Global Aviation, and Shipping – complement the company's refining and marketing businesses and have the scale to reach customers globally.

Global Businesses



GLOBAL LUBRICANTS

ChevronTexaco is among the four largest global marketers of lubricants, with operations in more than 180 countries – and more than 4,000 employees – that manage 62 blending facilities and four technology centers. The company is a leader in providing lubrication products and solutions to retail, commercial and industrial customers. ChevronTexaco markets a complete line of lubrication and coolant products under well-known brands that include Havoline, Delo, Ursa, Revtex and Texaco Xpress Lube.

BUSINESS STRATEGIES

- ✧ Achieve superior performance in safety and reliability.
- ✧ Provide a global solution to worldwide accounts – lubricants, coolants technology, greases, fuel additives and total fluid management to the market.
- ✧ Build upon the successful acquisition of the Texaco brand in North America and leverage the brand portfolio to grow the business worldwide.
- ✧ Leverage global focus that consistently delivers a low-cost and high-value advantage.
- ✧ Optimize the supply chain to lower costs.
- ✧ Develop diverse leaders for a global business.

2002 ACCOMPLISHMENTS

- ✧ Reinforced the position of the Havoline brand as the leading performance technology in automotive engine oils through participation in NASCAR and CART in the United States; World Rally Car, Ascar and Champ in Europe; Vodacom Power Series in South Africa; Super V8 in Australia; and Rally and Supertrack in Brazil.
- ✧ Delo 400 Multigrade was the first automotive engine oil to meet the latest American Petroleum Institute specification in Asia, API CI- 4, setting a standard for the industry.
- ✧ Ursa recognized by The Institute of Transportation Management in Europe as “Best Heavy Duty Engine Oil”.
- ✧ Achieved significant growth in North America through the expansion of the Texaco Xpress Lube network.
- ✧ Strengthened the company’s leadership position in base oils in the U.S. West Coast.
- ✧ Integrated the four regional technology centers to act as a “virtual” technology center.

GLOBAL AVIATION

ChevronTexaco’s Global Aviation is a leading supplier of jet fuel and aviation gasoline to commercial airlines, general aviation and military customers. Global Aviation markets 450,000 barrels of aviation fuels per day in 80 countries. ChevronTexaco is the No. 1 aviation fuel marketer in the United States and has a 12 percent worldwide market share.

BUSINESS STRATEGIES

- ✧ Continue to deploy operational excellence initiatives supporting world-class safety and reliability.
- ✧ Strengthen long-term business relationships with customers.
- ✧ Optimize direct delivery to aircraft operations through joint operations and other partnership opportunities.
- ✧ Maximize joint general and commercial aviation business development activities at regional airports.
- ✧ Communicate strengths and global reach of the newly formed organization.

2002 ACCOMPLISHMENTS

- ✧ Achieved a strong safety and product inspection record.
- ✧ Combined the best practices from Chevron, Texaco and Caltex to form a strong global organization.
- ✧ Improved systems to increase efficiency in work processes that further enhance relationships with business partners, customers and suppliers.
- ✧ Functionalized the aviation business worldwide, enabling Global Aviation to move closer to achieving its vision of becoming the aviation fuel supplier most admired for its people, partnership and performance.
- ✧ Deployed a successful communication strategy that created a global, cohesive image for Global Aviation.

GLOBAL TRADING / FUEL AND MARINE MARKETING

In early 2002, ChevronTexaco combined its Global Trading / Fuel and Marine Marketing groups under one leadership team to further capture synergies between these two global businesses.

Global Trading comprises four commercial business segments that include international crude, North America crude, international products and risk management. Operating in more than 65 countries and trading more than 170 different grades of crude oil, it buys and sells more than 6 million barrels of crude oil and refined products per day on behalf of ChevronTexaco and actively trades additional third-party barrels.

Fuel and Marine Marketing sells and distributes more than 500,000 barrels of residual fuel oil and marine lubricants per day. The residual fuel oil business includes the worldwide sale and distribution of residual fuel oil for use by vessels, for land-based applications and at marine terminals. The marine lubricants business includes the worldwide sale and distribution of lubricants and coolants to vessels and for use in land-based engines that use marine lubricant technology.

BUSINESS STRATEGIES

- ✧ Optimize crude oil supplies to the company's refining systems by balancing company-produced barrels and third-party acquisitions.
- ✧ Aggressively compete for profitable market share by leveraging the company's integrated strengths.
- ✧ Provide quality fuel and lubricant products that meet customer specifications and delivery times in a safe and environmentally responsible manner.
- ✧ Strengthen long-term relationships with customers by supplying superior service at low cost.
- ✧ Be the supplier of choice for fuel and lubricant products in the expanding Asia-Pacific markets.

2002 ACCOMPLISHMENTS

- ✧ Integrated the trading divisions from the former Chevron, Texaco and Caltex companies.
- ✧ Achieved ISO 9001:2000 certification for 80 percent of the marine lubricants team activities.
- ✧ Coordinated supply chain optimization efforts to manage crude oil and refined product inventories.

SHIPPING

ChevronTexaco Shipping provides marine transportation and services for the ChevronTexaco group of companies. In addition to the company's San Ramon, California, headquarters, regional offices are maintained in the major trading centers of Houston, Texas, London, and Singapore.

The company manages more than 2,000 voyages per year, delivering crude oil and refined products to ChevronTexaco refineries and customers worldwide. These voyages are managed through a combination of single-voyage charters, short-term time-charters and a company-controlled fleet of 31 vessels.

ChevronTexaco Shipping maintains a modern fleet. In 2002, the company operated 19 double-hull tankers and expects to take delivery of three additional double-hull tankers in 2003, to be operated under long-term bareboat charters.

BUSINESS STRATEGIES

- ✧ ChevronTexaco Shipping's goal is to meet the company's marine transportation requirements. To achieve this goal, ChevronTexaco Shipping is committed to:
 - delivering safe, incident-free transportation;
 - providing flexibility to adapt quickly to changing requirements;
 - reducing the total cost of transportation.

2002 ACCOMPLISHMENTS

- ✧ Achieved world-class safety performance relative to peers for the second consecutive year.
- ✧ Supervised the construction and commenced the operation of a second very large gas carrier (VLGC).
- ✧ Provided marine operations and technical support for various upstream projects.

DOWNSTREAM OPERATING DATA VESSELS AND PIPELINES

VESSELS

	Year Ended December 31							
	2002		2001		2000		1999	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
COMPANY-CONTROLLED SEAGOING								
VESSELS BY SIZE, DEAD WEIGHT TONNAGE^{1,2}								
COMPANY-OPERATED³								
25,000–65,000	3	1	3	1	3	3	3	3
65,000–120,000	–	3	–	4	1	2	1	2
120,000–160,000	–	8	–	9	–	12	–	15
VLCCs: 160,000–320,000	–	7	–	8	–	9	–	9
ULCCs: Above 320,000	–	1	–	1	–	1	–	1
TOTAL COMPANY-OPERATED	3	20	3	23	4	27	4	30
TIME-CHARTERED								
25,000–65,000	–	3	–	1	–	–	–	–
65,000–120,000	–	4	–	–	–	1	–	1
120,000–160,000	–	–	–	3	–	–	–	–
VLCCs: 160,000–320,000	–	1	–	–	–	–	–	–
TOTAL TIME-CHARTERED	–	8	–	4	–	1	–	1
TOTAL COMPANY-CONTROLLED SEAGOING VESSELS	3	28	3	27	4	28	4	31

CARGO TRANSPORTED^{2,4}

Millions of Barrels	31	251	42	227	42	193	44	203
Thousands of Barrels Per Day	85	688	115	621	115	527	120	557
Billions of Ton-Miles	5	213	5	196	5	184	5	201

¹Consolidated companies only.

²Excludes vessels jointly owned/operated by ChevronTexaco and partners: eight LNG vessels employed in the Australian North West Shelf Project, one vessel at Hibernia and two vessels chartered by Tengizchevroil.

³Includes owned and bareboat-chartered.

⁴Includes cargo carried by company-operated and time-chartered vessels; excludes single-voyage charters.



NET PIPELINE MILEAGE^{1,2}

Includes Equity in Affiliates (except Dynegy Inc.)		At December 31
		2002
CRUDE OIL LINES		
United States		2,334
International		288
WORLDWIDE – CRUDE OIL LINES		2,622
NATURAL GAS LINES		
United States		2,016
International		56
WORLDWIDE – NATURAL GAS LINES		2,072
PRODUCT LINES		
United States		4,322
International		329
WORLDWIDE – PRODUCT LINES		4,651
TOTAL PIPELINE MILEAGE		9,345

¹Partially owned pipelines are included at the company's equity percentage of total pipeline mileage.

²Includes net pipeline mileage under transportation function. Excludes gathering pipelines relating to U.S. and international crude oil and natural gas production function.

REFINING CAPACITIES AND CRUDE OIL INPUTS (Includes Equity in Affiliates)

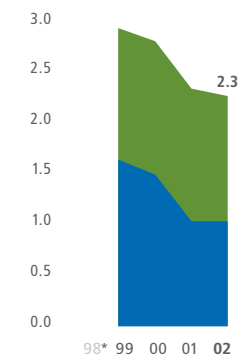
Year Ended December 31

Thousands of Barrels Per Day	Capacity		Refinery Inputs		
	At December 31, 2002	2002	2001	2000	1999
UNITED STATES – FUEL REFINERIES					
CHEVRONTExACO REFINERIES					
El Paso, Texas ¹	65	61	61	60	65
El Segundo, California	260	251	213	219	211
Honolulu, Hawaii	54	53	54	51	51
Pascagoula, Mississippi	295	329	332	313	328
Richmond, California	225	187	229	203	207
Salt Lake City, Utah	45	43	44	44	43
TOTAL CHEVRONTExACO UNITED STATES – FUEL REFINERIES	944	924	933	890	905
EQUILON AREA REFINERIES²	–	–	138	185	317
MOTIVA AREA REFINERIES²	–	–	215	262	262
TOTAL EQUILON AND MOTIVA REFINERIES	–	–	353	447	579
TOTAL UNITED STATES – FUEL REFINERIES	944	924	1,286	1,337	1,484
UNITED STATES – ASPHALT PLANTS					
Perth Amboy, New Jersey	80	50	46	46	39
Portland, Oregon	16	5	4	6	7
Richmond Beach, Washington ³	–	–	–	1	4
TOTAL UNITED STATES – ASPHALT PLANTS	96	55	50	53	50
TOTAL UNITED STATES	1,040	979	1,336	1,390	1,534
INTERNATIONAL – WHOLLY OWNED					
Burnaby, British Columbia, Canada	52	51	52	51	52
Guatemala ⁴	–	11	16	16	17
Panama ⁴	–	27	54	44	49
Philippines–Batangas	76	59	65	65	70
South Africa–Cape Town	112	74	71	65	73
United Kingdom	210	204	202	215	195
TOTAL INTERNATIONAL – WHOLLY OWNED	450	426	460	456	456
INTERNATIONAL – AFFILIATES					
Australia–Brisbane [50%]	50	43	40	45	43
Australia–Sydney [50%]	58	50	52	54	56
Ivory Coast [3.7%]	2	2	2	2	2
Japan–Marifu [50%] ⁵	–	–	–	–	35
Japan–Osaka [50%] ⁵	–	–	–	–	25
Kenya–Mombasa [16%]	14	5	6	6	6
Martinique [11.5%]	2	2	1	2	2
Netherlands [31%]	124	89	99	100	104
New Zealand–Whangarei [12.69%]	13	12	12	12	12
Pakistan–Karachi [12%]	6	5	5	2	3
Singapore–Pualau Merlimau [33.3%] ⁶	95	68	72	73	79
South Korea–Yosu [50%]	325	308	301	307	310
Thailand–Map Ta Phut [64%]	96	90	86	91	98
Thailand–Sriracha [4.75%] ⁷	–	–	–	–	4
TOTAL INTERNATIONAL – AFFILIATES	785	674	676	694	779
TOTAL INTERNATIONAL	1,235	1,100	1,136	1,150	1,235
TOTAL WORLDWIDE	2,275	2,079	2,472	2,540	2,769

¹Refinery capacity and input represent only the ChevronTexaco share.²Includes investments in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, prior to disposition in February 2002.³The Richmond Beach Asphalt Plant ceased processing operations in May 2000.⁴ChevronTexaco ceased refining operations at the Panama and Guatemala refineries on July 21, 2002, and September 12, 2002, respectively. The Guatemala facility was converted to a terminal operation in 2002. The Panama facility will be converted to a terminal in 2003.⁵Equity share sold in 1999.⁶Equity reflects 33.3 percent interest in original refinery capacity (220,000 barrels per day) and 50 percent interest in the residuum fluid cracking unit capacity (65,000 barrels per day).⁷Equity share abandoned in 2000.

REFINERY CAPACITY AT DECEMBER 31

Millions of barrels per day

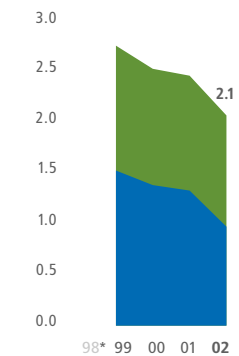


■ United States
■ International

* Data not available in this format

REFINERY CRUDE OIL INPUTS

Millions of barrels per day

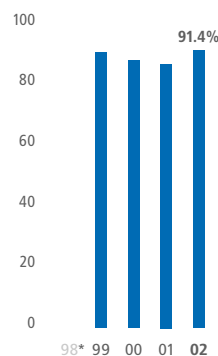


■ United States
■ International

* Data not available in this format

WORLDWIDE REFINERY UTILIZATION

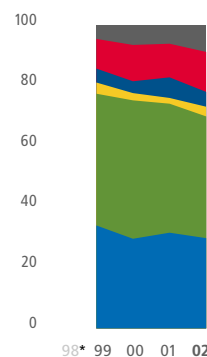
Percentage of capacity



* Data not available in this format

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES (WHOLLY OWNED)

Percentage



- United States
- Middle East
- Indonesia
- South America
- Mexico
- Other International

* Data not available in this format

REFINERY CRUDE UTILIZATION¹

Percentage of Capacity

	Year Ended December 31			
	2002	2001	2000	1999
United States – Fuel Refineries ²	97.9	90.0	90.6	94.8
Europe	87.7	89.5	96.3	96.1
Asia-Pacific	84.8	84.4	84.9	87.1
Other	98.1	93.2	86.5	92.4
Worldwide ³	91.4	87.1	88.1	90.9

UTILIZATION OF CRACKING AND COKING FACILITIES⁴

Percentage of Capacity

United States	85.3	84.2	80.3	78.3
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SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES (WHOLLY OWNED)

Percentage of Total Input

Middle East	40.2	42.6	45.7	43.5
United States – Excluding Alaska North Slope	17.3	17.6	17.3	16.7
Mexico	13.2	11.1	12.0	9.8
United States – Alaska North Slope	12.5	14.0	12.3	17.3
South America	4.9	6.8	3.9	4.6
Indonesia	3.2	1.9	2.4	3.7
Other International	8.7	6.0	6.4	4.4
TOTAL	100.0	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS (WHOLLY OWNED)

Thousands of Barrels Per Day

Gasoline	463	449	431	431
Jet Fuel	200	205	200	180
Gas Oil	181	181	171	182
Fuel Oil	41	54	43	62
Other	162	148	149	148
TOTAL	1,047	1,037	994	1,003

SOURCES OF CRUDE OIL INPUT FOR U.K. REFINERY (WHOLLY OWNED)

Percentage of Total Input

North Sea	86.9	84.5	88.0	91.0
Africa	10.5	14.5	12.0	9.0
Other International	2.6	1.0	–	–
TOTAL	100.0	100.0	100.0	100.0

U.K. REFINERY PRODUCTION OF FINISHED PRODUCTS (WHOLLY OWNED)

Thousands of Barrels Per Day

Gasoline	104	97	113	101
Jet Fuel	24	25	27	27
Gas Oil	66	61	81	66
Fuel Oil	25	24	28	25
Other	26	35	17	22
TOTAL	245	242	266	241

¹Percentage of capacity utilized is based on average capacity (beginning and end of year) adjusted for sales and closures of refineries.²Includes investments in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, prior to disposition in February 2002.³Includes asphalt plants.⁴Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.

SOURCES OF CRUDE OIL INPUT FOR ASIA-PACIFIC REFINERY (WHOLLY OWNED)^{1,2}

Percentage of Capacity	Year Ended December 31			
	2002	2001	2000	1999
Middle East	66.0	82.3	82.7	73.2
Africa	25.2	13.1	13.0	18.0
Other International	8.8	4.6	4.3	8.8
TOTAL	100.0	100.0	100.0	100.0

ASIA-PACIFIC REFINERY PRODUCTION OF FINISHED PRODUCTS (WHOLLY OWNED)

Thousands of Barrels Per Day				
Gasoline	38	38	34	37
Jet Fuel	13	15	16	15
Gas Oil	45	43	42	45
Fuel Oil	21	23	22	28
Other	12	13	13	13
TOTAL	129	132	127	138

PETROLEUM INVENTORIES

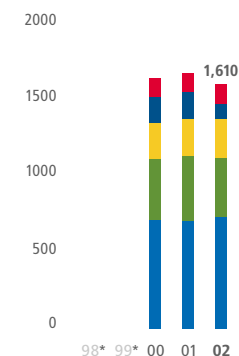
Millions of Barrels ^{1,2}				
Raw Stocks	62	72	62	62
Unfinished Stocks	18	24	19	27
Finished Products	57	51	51	45
TOTAL	137	147	132	134

REFINED PRODUCTS SALES^{3,4,5}

Thousands of Barrels Per Day				
UNITED STATES				
Gasoline	733	709	717	
Jet Fuel	389	424	402	
Gas Oils and Kerosene	262	245	237	
Residual Fuel Oil	94	183	167	
Other Petroleum Products	132	122	128	
TOTAL UNITED STATES	1,610	1,683	1,651	
INTERNATIONAL				
Gasoline	519	533	455	
Jet Fuel	164	185	156	
Gas Oils and Kerosene	619	702	629	
Residual Fuel Oil	413	503	573	
Other Petroleum Products	543	531	708	
TOTAL INTERNATIONAL	2,258	2,454	2,521	
WORLDWIDE				
Gasoline	1,252	1,242	1,172	
Jet Fuel	553	609	558	
Gas Oils and Kerosene	881	947	866	
Residual Fuel Oil	507	686	740	
Other Petroleum Products	675	653	836	
TOTAL WORLDWIDE	3,868	4,137	4,172	

¹ Consolidated companies only.² On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others).³ Includes equity in affiliates.⁴ Excludes Equilon and Motiva pre-merger.⁵ Information in this format not readily available for 1999.**U.S. REFINED PRODUCTS SALES**

Thousands of barrels per day

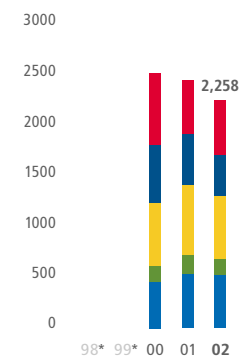


■ Gasoline
■ Jet Fuel
■ Gas Oils and Kerosene
■ Residual Fuel Oil
■ Other Petroleum Products

* Data not available in this format

INTERNATIONAL REFINED PRODUCTS SALES

Thousands of barrels per day



■ Gasoline
■ Jet Fuel
■ Gas Oils and Kerosene
■ Residual Fuel Oil
■ Other Petroleum Products

* Data not available in this format

MARKETING OUTLETS^{1,2}

	At December 31							
	2002		2001		2000		1999	
	Company	Other	Company	Other	Company	Other	Company	Other
United States	1,239	6,750	1,338	6,865	1,389	6,664	1,517	6,420
Canada	166	—	168	—	168	—	177	—
Kazakhstan	5	—	5	—	5	—	4	—
United Kingdom	1,008	296	995	432	965	475	621	469
Other International	5,698	5,323	5,693	5,815	5,498	6,244	5,441	6,393
TOTAL MARKETING OUTLETS	8,116	12,369	8,199	13,112	8,025	13,383	7,760	13,282

¹Consolidated companies only.²Company investment outlets are motor vehicle outlets that are company owned or leased. These outlets may be either company operated or leased to a dealer. Other outlets consist of all remaining branded outlets that are owned by others and supplied with branded products.**LIGHT PRODUCTS SALES^{1,2,3}**

	Year Ended December 31	
	2002	2001
SALES REVENUES (Millions of Dollars)		
United States	\$ 16,858	\$ 19,301
International	19,026	19,068
TOTAL SALES REVENUES	\$ 35,884	\$ 38,369
SALES VOLUMES (Thousands of Barrels Per Day)		
United States	1,384	1,378
International	1,302	1,420
TOTAL SALES VOLUMES	2,686	2,798

TOTAL REFINED PRODUCTS REALIZATIONS⁴

	Year Ended December 31	
	2002	2001
Dollars Per Barrel		
United States	\$ 34.33	\$ 36.26

U.S. MAJOR REFINED PRODUCTS REALIZATIONS⁴

	Year Ended December 31	
	2002	2001
Dollars Per Barrel		
Gasoline	\$ 36.40	\$ 40.53
Jet Fuel	30.18	33.12
Gas Oils and Kerosene	29.57	32.26
Residual Fuel Oil	24.35	18.80

¹Consolidated companies only; excludes Equilon and Motiva.²Light products sales include motor gasoline, jet fuel, aviation gasoline and mid-distillates.³Information in this format not readily available for 2000 and 1999.⁴Consolidated companies only; excludes excise taxes.

Located in its new headquarters in The Woodlands, Texas, Chevron Phillips Chemical Company LLC (CPChem) is one of the world's top producers of commodity petrochemicals. CPChem is a 50-50 joint venture established in 2000 by combining the chemicals businesses of Chevron and Phillips and is the entity through which ChevronTexaco participates in petrochemicals. ChevronTexaco's Oronite division, separate from CPChem, is a global fuel and lubricants additive business organized into three geographical regions – the Americas, Asia-Pacific and Europe/Africa/Middle East.

CHEVRON PHILLIPS CHEMICAL COMPANY LLC

BUSINESS STRATEGIES

- Become the industry pacesetter in safety.
- Deliver top financial performance through innovation, technology and a low cost-structure.
- Leverage best practices from ChevronTexaco and ConocoPhillips to enhance operational excellence, improve costs, and allow better selection and execution of capital projects.
- Develop new world-scale chemical plants with a focus on accessing secure, low-cost feedstocks and establishing proximity to large growing markets around the world.
- Add value to parent refinery operations by upgrading streams to higher-value chemical products.
- Manage assets efficiently through synergies made possible by the joint venture.

CHEMICAL INDUSTRY CONDITIONS

The business climate for petrochemicals was challenging in 2002. CPChem realized volume improvements in many of its businesses when compared with 2001 levels; however, margin results were mixed. Margins in olefins, CPChem's largest asset base, decreased from 2001 levels as product prices failed to keep pace with increasing feedstock prices during 2002. CPChem's continued focus on synergy capture, cost reduction, and maintaining safe and reliable operations led to improved financial performance in 2002, despite the depressed business environment.

2002 ACCOMPLISHMENTS

- Improved upon its 2001 industry top-quartile performance in lowest Occupational Safety and Health Administration (OSHA) recordable incident rate frequency, with close to a 30 percent reduction in the number of recordable incidents. Safety performance included 10 facilities that had zero employee injuries – seven recording zero injuries for the second consecutive year – and six facilities designated as Star sites through OSHA's Voluntary Protection Program.
- Began implementation of the recommendations of the American Chemistry Council's new security code, established after September 11, 2001, to enhance security at CPChem facilities.
- Completed the relocation of the CPChem headquarters to The Woodlands, Texas.
- Resumed the manufacture and sale of all commercial grades of K-Resin styrene-butadiene copolymers (SBC) at CPChem's Houston Chemical Complex in Pasadena, Texas.
- Completed the modernization and expansion of the St. James, Louisiana, styrene facility.
- Progressed construction of a world-scale olefins complex in Qatar (Q-Chem I) and a polyethylene plant at Cedar Bayou, Texas, both of which are currently undergoing commissioning.

MAJOR BUSINESS SEGMENTS

Olefins and Polyolefins Primary products manufactured in these operations include ethylene, propylene, polyethylene, alpha olefins, polypropylene and polyethylene pipe. CPChem ranks among the world's largest producers of ethylene, high-density polyethylene (HDPE) and alpha olefins with net capacities of 7.6 billion, 4.1 billion and 1.3 billion pounds, respectively. In addition, the company ranks as North America's largest producer of polyethylene pressure pipe.

A 700 million-pounds per-year HDPE plant, located at CPChem's Cedar Bayou facility in Baytown, Texas, owned equally by CPChem and BP Solvay Polyethylene North America (BP Solvay), is currently undergoing commissioning. CPChem and BP Solvay will each market their own share of production from the plant.

The Q-Chem I project, a world-scale olefins and polyolefins complex in Mesaieed Industrial City, Qatar, was dedicated in early 2003 and is currently undergoing commissioning. Annual production capabilities at the complex include 1.1 billion pounds of ethylene, 1 billion pounds of polyethylene and 100 million pounds of 1-hexene. The complex is owned and operated by Qatar Chemical Company, Ltd., (Q-Chem), which is a joint venture between CPChem, with a 49 percent interest, and Qatar General Petroleum, with the remaining 51 percent.

CPChem and Qatar Petroleum have signed agreements to develop a second petrochemical complex in Qatar. The project will include a world-scale olefins facility in Ras Laffan, along with derivatives units co-located with existing facilities in Mesaieed Industrial City, Qatar. Products will include polyethylene and normal alpha olefins. Final approval of the project is anticipated in mid-2004.

Aromatics & Styrenics Major products include benzene, cyclohexane, paraxylene, cumene, styrene and K-Resin SBC. CPChem ranks as one of the world's top producers of styrene, with a net capability of 2.1 billion pounds and the world's largest cyclohexane marketer, with a capability of 1.4 billion pounds.

Initial plans to form a joint venture with the Saudi Industrial Investment Group to produce styrene and propylene were announced in 2002. The Jubail Chevron Phillips joint venture (JCP) would be owned 50 percent by CPChem and located adjacent to the Saudi Chevron Phillips (SCP) facility in Al Jubail, Saudi Arabia. CPChem would market volumes outside the Arab Gulf region. Plans call for the JCP plant to be closely integrated with the existing SCP Aromax facility. Final approval of the project is anticipated in the fourth quarter of 2003, with operational start-up expected in 2006.

Specialty Products Specialty chemicals include organosulfur chemicals used in rubber manufacturing and agricultural chemicals; extractive chemicals used in drilling muds in oil and gas wells and in mineral processing as solvents and flotation agents; and Ryton polyphenylene sulfide (PPS) polymers and compounds, a high-performance engineering thermoplastic.

MANUFACTURING LOCATIONS

CPChem manufactures products at 32 locations in eight countries.

United States		International	
Location	Products/Services	Location	Products/Services
St.James, LA	Styrene	Kallo-Beveren, Belgium	Ryton Compounds
Pascagoula, MS	Paraxylene, Benzene	Tessenderlo, Belgium	Organosulfur Chemicals
Marietta, OH	Polystyrene	Shanghai, China (40%)	HDPE
Cedar Bayou Facility, Baytown, TX	Ethylene, Propylene, HDPE, Alpha Olefins, LLDPE, LDPE	Zhangjiagang, China	Polystyrene
Borger, TX	Specialty Chemicals, Ryton PPS	Queretaro, Mexico	Polyethylene Pipe
Conroe, TX	Drilling Specialty Chemicals	Guayama, Puerto Rico ¹	Paraxylene
La Porte, TX	Ryton Compounds	Mesaieed, Qatar (49%) ²	Ethylene, HDPE, 1-Hexene
Sweeny Facility, Old Ocean, TX	Ethylene, Propylene		Benzene, Cyclohexane
Orange, TX	HDPE	Al Jubail, Saudia Arabia (50%)	
Houston Chemical Complex, Pasadena, TX	HDPE, K-Resin SBC, Polypropylene	Singapore (50%)	HDPE
Port Arthur, TX	Ethylene, Propylene, Benzene, Cumene Cyclohexane	Singapore	Ryton Compounds
Various Other Locations	Polyethylene Pipe	Yochon, South Korea (60%)	K-Resin SBC

¹Facility idled because of market conditions.

²Facility undergoing commissioning in early 2003.

CHEVRON ORONITE COMPANY

Chevron Oronite is a leading developer, manufacturer and marketer of performance additives for fuels and lubricating oils. Oronite additives are blended with refined oil or fuel and used in a variety of diesel, gasoline and gas engines.

As a global business, Chevron Oronite is organized into three geographic regions around the world, with major manufacturing facilities and technology centers within each region to provide superior service and value to their customers. The Americas, Asia-Pacific and Europe/Africa/Middle East regions independently provide sales, logistics and technical support to their customers.

BUSINESS STRATEGIES

- ✧ Focus on improving financial performance.
- ✧ Develop new ways to add value to our customers' businesses.
- ✧ Improve organizational effectiveness and cost structure.
- ✧ Selectively grow the core portfolio and invest in profitable new opportunities.

2002 ACCOMPLISHMENTS

- ✧ Continued to be a leader in safety performance, with an incident rate of 0.59 incidents per 200,000 hours worked.
- ✧ Exceeded merger synergy targets for integration of the Texaco International Fuel Additives business into the Oronite Fuel Additives business unit.
- ✧ Achieved record sales volumes, increasing by 2 percent from the prior year.
- ✧ Continued to grow market share in the automotive and viscosity index improver markets.

MAJOR BUSINESS SEGMENTS

Chevron Oronite has two major global business segments – Lubricating Oil Additives and Fuel Additives. These businesses are managed globally to improve efficiency, facilitate global strategies, avoid duplication, minimize regional sub-optimization and monitor the global marketplace.

The Lubricating Oil Additives business segment provides additives for lubricating oil in most engine applications, such as automotive, marine, two-cycle and railroad engines. Each engine type has different needs and industry specifications, requiring different additive packages to properly protect the engines from premature wear and corrosion. Several additive components, such as dispersants, detergents, viscosity improvers and inhibitors, are blended together to meet the desired performance standard. Additives are also marketed for other oil applications, such as power transmission fluid and hydraulic oils.

The Fuel Additives business segment provides additives for fuels to improve engine performance and extend the life of the engines. The major additive applications are for gasoline and diesel fuels. Many additive packages are unique and are blended specifically for a single customer. Fuel performance standards vary for customers throughout the world, and each region provides specific packages for its area.

MANUFACTURING LOCATIONS

United States		International	
Location	Products/Services	Location	Products/Services
Richmond, CA	Components Tech Center	São Paulo, Brazil	Lube Additives
Belle Chasse, LA	Fuel and Lube Additives	Gonfreville, France	Fuel and Lube Additives Tech Center
Beacon, NY	Research and Development	Chennai, India (50%)	Lube Additives
Houston, TX	Global Headquarters	Omaezaki, Japan	Lube Additives Tech Center
San Antonio, TX	Research and Development	San Juan del Rio, Mexico (40%)	Lube Additives
		Rotterdam, Netherlands	Tech Center
		Palau Sakra, Singapore	Lube Additives

TECHNOLOGY

The merger has created a “broader and deeper” technology platform for ChevronTexaco. A powerful combination of talent, experience, best practices and intellectual property delivers increased performance in investment decisions, capital project development and operational excellence across the company’s portfolio of assets.

BUSINESS STRATEGIES

The four major elements supporting the broader and deeper technology capabilities include: core hydrocarbon technologies, a strategic research portfolio, NetReady and the Technology Ventures Company.

- ✧ Core hydrocarbon technologies – support and align with key elements of the upstream, downstream and power business portfolios, including heavy oil recovery and upgrading; deepwater exploration and production; shallow-water production operations; gas-to-liquids processing; hydrocarbon gasification to power; and safe, incident-free plant operations.
- ✧ Strategic research portfolio – incorporates both key proprietary developments and joint development programs with research partners. The research portfolio consists of major program directions and connects the company’s current and future businesses to high-impact advances in science and technology.
- ✧ NetReady – a world-class industrial information technology infrastructure for ChevronTexaco encompassing computing, data management, security and connectivity of partners, suppliers and employees. The architecture is designed to provide the foundation for the company to rapidly integrate advances in computing and network-based technology.
- ✧ Technology Ventures Company – focuses on the identification, growth and commercialization of emerging technologies for new energy applications. Advanced batteries, hydrogen production and infrastructure, and storage businesses are represented in the current commercialization portfolio.

2002 ACCOMPLISHMENTS

- ✧ Deployed NetReady worldwide, reaching the 80 percent completion level at year-end, with approximately 40,000 desktops installed on time and under budget.
- ✧ Proprietary catalyst Research and Development continued to enable the company to be a leader in delivering high-performance base oils and lubricants.
- ✧ Deployed into operational development large-scale technical computing “clusters,” creating a new cost floor for advanced 3-D and 4-D seismic imaging.
- ✧ Continued development of the next generation of reservoir simulation and optimization technology, a joint project with Schlumberger, expected to be deployed in 2005.
- ✧ Established “The Center of Research Excellence in Production Fluid Flow” at the University of Tulsa, which will provide a unique operating partnership between the university and ChevronTexaco for research, education and international work-force development.
- ✧ A new generation of separation and membrane technologies is being jointly developed by ChevronTexaco, industrial partners and the U.S. Department of Energy.
- ✧ ChevronTexaco Ovonic Battery Systems, a 50 percent joint venture with Energy Conversion Devices, broke ground on a state-of-the-art manufacturing plant to deliver commercial scale production of nickel-metal hydride batteries and systems in 2003.
- ✧ Commenced commercial production for the Halias fuel processor to supply hydrogen fuel to the emerging stationary fuel cell market.
- ✧ ChevronTexaco research scientists discovered higher-order, molecular-scale diamonds in naturally occurring hydrocarbons, representing a potentially significant new class of molecular building blocks for the emerging nanotechnology industry.

ChevronTexaco Worldwide Power & Gasification (WP&G), with more than 50 years experience in power generation and gasification technology, develops, owns and operates gasification, cogeneration, independent power and integrated gasification combined-cycle (IGCC) projects for the electric power, refining and chemical industries worldwide. Projects in operation generate more than 4,500 megawatts of electric power.

WP&G is the global market leader in the commercial application of gasification technology. This proprietary technology is the cleanest commercial technology for new power plants and converts a variety of hydrocarbon feedstocks into clean synthesis gas or syngas. Syngas, consisting primarily of hydrogen and carbon monoxide, can be used as a feedstock for basic chemicals such as ammonia or as a clean fuel source for use in advanced gas turbines to generate electricity.

WP&G has licensed its gasification technology to more than 70 plants worldwide. WP&G operates the world's most advanced gasification technology research facility, located in Southern California.

BUSINESS STRATEGIES

- ✧ Maintain focus on safe and reliable operations.
- ✧ Leverage technology and processes with company assets, focusing on markets where the company has a presence, knowledge and growth plans.

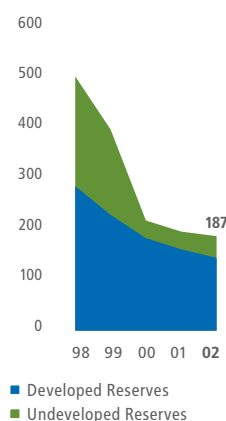
2002 ACCOMPLISHMENTS

- ✧ Commenced construction activities on the 240-megawatt cogeneration facility adjacent to the Total Refinery in Gonfreville, France. Construction is expected to be completed in late 2003.
- ✧ Continued construction on Phase 2 of the Sunrise Power Project in Kern County, California, jointly owned by the company and Edison Mission Energy. When completed, in the second half of 2003, the capacity of the combined cycle plant will be approximately 580-megawatts.
- ✧ Completed the acquisition of the Singapore Syngas Project, a gasification plant.
- ✧ Completed the start-up activities at a gasification license in China, designed to operate on mixed feedstocks.
- ✧ Finalized a gasification license agreement in China.
- ✧ Completed construction and commenced operations at the 22.5-megawatt wind farm at the Nerefco oil refinery near Rotterdam, in the Netherlands.

COAL

COAL RESERVES

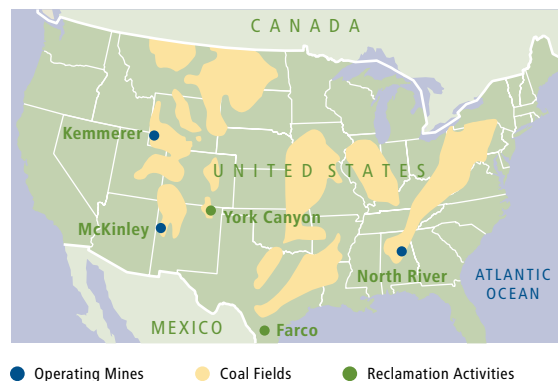
Millions of tons



The Pittsburgh & Midway Coal Mining Co. (P&M), ChevronTexaco's wholly owned coal mining and marketing subsidiary, owns four surface mines and one underground mine in the United States. Two of the surface mines and the underground mine are currently in operation. In addition, final reclamation activities were under way at two mines prior to their planned closure. P&M also owns approximately 30 percent interest in Inter-American Coal Holding N.V., which has interests in coal mining operations in Venezuela.

U. S. COAL BUSINESS ENVIRONMENT

- U.S. coal markets are dominated by electric utilities, which consumed approximately 90 percent of the coal produced in 2002. Competition in the electric utility industry places a premium on low-cost coal-fired power generation.
- A weak economy in 2002, which curtailed power growth, higher coal inventories and new natural gas-fired power plants, lowered overall demand for coal.
- At the end of 2002, coal inventories were approaching near-normal levels, resulting in more coal solicitations from power producers.



BUSINESS STRATEGIES

- P&M's goal is to maximize cash return to the corporation. To achieve this goal, P&M is committed to:
 - continuing to mine coal in a safe and environmentally responsible manner;
 - continuing to improve productivity and reduce costs while minimizing capital expenditures;
 - strengthening long-term relationships with customers;
 - reducing capital employed.

2002 ACCOMPLISHMENTS

- Achieved the best safety record companywide for the fourth consecutive year and leads key competitors in safety performance.
- Reached record productivity at P&M's operating mines.
- Reached agreement with the North River and York Canyon represented work forces to extend labor agreements.
- Reduced draglines to match market conditions at the McKinley mine, resulting in a 30 percent work-force reduction.
- Neared completion on a land-for-coal exchange with the federal government in the northern Powder River Basin.

P&M OPERATIONS

Mine Name	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity ¹	Annual Sales ¹			
					2002	2001	2000	1999
Kemmerer	WY	Truck-and-Shovel	Low	5.0	4.2	4.5	3.7	4.3
McKinley	NM	Dragline/T&S	Low	6.0	6.0	6.7	5.2	7.2
North River	AL	Longwall	Medium	3.5	3.2	3.2	2.6	2.4
Inter-American Coal (30%) ²	Venezuela	Truck-and-Shovel	Low	1.0	0.8	0.6	0.9	0.8
Farco/Port Services ^{3,4}	TX	Dragline	Medium	0.1	—	0.1	0.2	0.2
York Canyon ^{3,4}	NM	Truck-and-Shovel	Low	—	0.7	1.1	1.2	1.1
TOTAL SALES				15.6	14.9	16.2	13.8	16.0

¹Millions of tons.

²Sales and capacity represent P&M's share.

³Ceased production at year-end 2002.

⁴Reclamation activities under way.

ChevronTexaco owns approximately 26 percent of the common stock of its Dynegy affiliate, an energy merchant engaged in power generation, natural gas liquids and regulated energy delivery. The company also holds \$1.5 billion aggregate principal amount of Dynegy preferred stock, which is due to be redeemed at par in November 2003.

As a result of a collapse of the U.S. merchant-energy sector during 2002, Dynegy experienced a significant reduction in the value of its common stock, as well as a marked reduction in available liquidity. This resulted in limited access by Dynegy to the capital markets and an increasing use of its assets as collateral for its liabilities. Dynegy's ability to meet its obligations in a timely manner depends in part on completion of its announced plans for recapitalization and restructuring of the business. ChevronTexaco does not currently anticipate that Dynegy will have sufficient liquidity to redeem the preferred stock when due.

Dynegy is in the process of restructuring its company in response to events that had a negative impact on the merchant energy industry over the past year. The primary elements of this restructuring are Dynegy's previously announced exits from third-party risk management aspects of the marketing trading business and the communications business.

ChevronTexaco natural gas purchase and sale agreements with Dynegy were terminated at the end of January 2003. Under the transition agreements, Dynegy is to act in an agency role for the company until the contracts become managed by ChevronTexaco Natural Gas – a new wholesale natural gas marketing unit that is expected to be fully operational during the second quarter of 2003. The contract terminations followed Dynegy's decision to exit the gas trading and marketing business as part of its companywide restructuring plan.

Dynegy's focus is to be a low-cost producer of physical products and provider of services in three primary operating divisions – power generation, natural gas liquids and regulated energy delivery.

ENERGY TERMS

ACREAGE Land leased for oil and gas exploration and production.

ADDITIVES Chemicals to control deposits and improve lubricating performance.

BARRELS OF OIL-EQUIVALENT (BOE) A term used to quantify oil and natural gas amounts using the same measurement. Gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas*.

CONDENSATES Liquid hydrocarbons produced with natural gas, separated by cooling and other means.

DEVELOPMENT Drilling, construction and related activities following discovery that are necessary to begin production of oil or natural gas.

ENHANCED RECOVERY Techniques used to increase or prolong production from oil and natural gas fields.

EXPLORATION Searching for oil and/or natural gas, including geologic studies; topographical, geophysical and seismic surveys; and well drilling.

GAS-TO-LIQUIDS (GTL) A process that converts natural gas to low-emission liquid fuels.

GASIFICATION Commercially proven process that converts low-value hydrocarbons into clean synthesis gas.

INTEGRATED PETROLEUM COMPANY A company engaged in all aspects of the industry – from exploration and production of crude oil and natural gas (*upstream*) to refining, marketing and transporting of crude oil and refined products (*downstream*).

LIQUEFIED NATURAL GAS (LNG) Natural gas that is liquefied under extremely cold temperatures and high pressure to facilitate storage or transportation in specially designed vessels.

LIQUEFIED PETROLEUM GAS (LPG) Light gases, such as butane and propane, that can be maintained as liquids while under pressure.

NATURAL GAS LIQUIDS (NGL) Separated from natural gas, these include natural gasoline, ethane, propane and butanes.

OIL-EQUIVALENT GAS (OEG) The volume of natural gas that can be burned to give the same amount of heat as a barrel of oil. Six thousand cubic feet of natural gas is equivalent to one barrel of oil.

OIL SANDS Naturally occurring mixture of *bitumen* – a heavy viscous form of crude oil – water, sand and clay. After mining of the oil sands and extraction of the bitumen, a hydroprocessing technology is used to yield synthetic crude oils.

OXYGENATE An oxygen blending component, such as ethanol, MTBE, ether or alcohol, that reduces exhaust emissions during winter.

PETROCHEMICALS Derived from petroleum, they include: *aromatics* – used to make plastics, adhesives, synthetic fibers and household detergents – and *olefins* – used to make packaging, plastic pipes, tires, batteries, household detergents and synthetic motor oils.

PRODUCTION *Total production* refers to all the oil and gas produced from a property. *Gross production* is the company's share of total production before deducting royalties. *Net production* is gross production minus royalties paid to landowners.

REFINERY UTILIZATION RATE Represents average crude oil consumed in fuel and asphalt refineries for the year expressed as a percentage of the refineries' crude unit capacity at year end.

REFORMULATED GASOLINE Gasoline changed in chemical makeup to reduce volatility and aromatics content and adding oxygenates.

RESERVES Oil or natural gas contained in underground rock formations called *reservoirs*. *Proved reserves* are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Estimates change as additional information becomes available. *Recoverable reserves* are those that can be produced using all known primary and enhanced recovery methods.

U.S. Securities and Exchange Commission (SEC) rules permit oil and gas companies to disclose only proved reserves in their filings with the SEC. Certain terms, such as "probable," "possible" or "recoverable" reserves or "resources," may be used to describe certain oil and gas properties in sections of this document that are not filed with the SEC.

WELLS Oil and gas wells are classified as either exploratory or development wells. *Exploratory* wells are wildcat wells drilled in an unproved area where no oil or gas production exists. *Appraisal* wells are exploratory wells drilled out from the side of a discovery well to determine the area of a new field. *Delineation* wells are exploratory wells drilled to determine the boundaries of a productive formation or to delineate the extent of a find. *Development* wells are wells drilled in an existing reservoir in a proved oil-or gas-producing area. *Completed* wells are wells in which drilling work has been completed and that are capable of producing. *Dry* wells are wells completed as dry holes – wells not capable of producing in commercial quantities.

FINANCIAL TERMS

CAPITAL EMPLOYED Stockholders' equity plus total debt plus capital lease obligations plus minority interest. *Average capital employed* is computed by averaging the sum of capital employed at the beginning and end of the year.

CASH FLOW FROM OPERATING ACTIVITIES Cash generated from the company's businesses; an indicator of a company's ability to pay dividends and fund capital programs. Excludes cash flows related to the company's financing and investing activities.

EARNINGS Total revenues, less total expenses (including taxes and the extraordinary item). Used interchangeably with net income.

EXTRAORDINARY ITEM In 2001, the net after-tax effect on income associated with asset dispositions mandated by the U.S. Federal Trade Commission and other assets that were duplicative to the combined company.

MARGIN The difference between the cost of purchasing, producing or marketing a product and its sales price.

MERGER-RELATED EXPENSES The incremental expenses necessary to effect the combination of Chevron and Texaco. The amount shown on the Income Statement is before income tax. Examples are employee termination expenses; professional service fees for investment bankers, attorneys and public accountants; employee and office relocation costs; expenses associated with closure of redundant facilities; and reconfiguration of information technology, telecommunications and accounting systems.

SPECIAL ITEMS Transactions not considered representative of the company's ongoing operations. These transactions, as defined by management, can obscure the underlying results of operations and affect comparability between years.

STOCKHOLDERS' EQUITY The owners' share of the company; this is the difference between total assets and total liabilities.

FINANCIAL RATIOS

CURRENT Current assets divided by current liabilities.

INTEREST COVERAGE Income before income tax expense plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs.

RETURN ON AVERAGE CAPITAL EMPLOYED Net income (adjusted for interest expense after tax and minority interest) divided by *average capital employed*.

RETURN ON AVERAGE STOCKHOLDERS' EQUITY Net income divided by average stockholders' equity. Average stockholders' equity is computed by averaging the sum of the beginning-of-year and end-of-year balances.

RETURN ON AVERAGE TOTAL ASSETS Net income divided by average total assets. Average total assets is computed by averaging the sum of the beginning-of-year and end-of-year balances.

RETURN ON SALES Net income divided by sales and other operating revenues (net of excise taxes).

TOTAL DEBT/TOTAL DEBT PLUS EQUITY Total debt, including capital lease obligations, divided by total debt plus stockholders' equity.

TOTAL STOCKHOLDER RETURN The return to stockholders from price appreciation and reinvested dividends for a period of time. Stock price appreciation, plus reinvested dividends, divided by stock price (beginning of the year).

CHEVRONTEXACO MAJOR ORGANIZATIONS

ORGANIZATIONS	PRINCIPAL BUSINESS	PRINCIPAL AREAS OF ACTIVITY
OPERATING		
Amoseas Indonesia Inc.	Exploration and Production	Indonesia
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Refining and Marketing	Western Canada
Chevron Canada Resources	Exploration and Production	Canada
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron Oil Company Nigeria Limited	Exploration and Production	Nigeria
Chevron Oronite Company	Chemicals Additives	Worldwide
Chevron Pipe Line Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron Products Company	Refining and Marketing; Sale/Trading of Crude Oil and Refined Products	Worldwide
Chevron San Jorge S.R.L.	Exploration and Production	Argentina
Chevron Transport Corporation Limited	Marine Transportation and Commercial Paper Issuer	Worldwide
ChevronTexaco Global Energy Inc.	Refining and Marketing	International
ChevronTexaco Malampaya LLC	Exploration and Production	Philippines
ChevronTexaco North America Upstream	Exploration and Production	North America
ChevronTexaco Overseas Petroleum Inc.	Exploration and Production	International
ChevronTexaco Shipping Company LLC	Marine Management	Worldwide
ChevronTexaco U.K. Limited	Exploration and Production	North Sea
ChevronTexaco Worldwide Power and Gasification Inc.	Power Generation and Gasification	Worldwide
The Pittsburg & Midway Coal Mining Co.	Coal	Worldwide
P.T. Caltex Pacific Indonesia	Exploration and Production	Indonesia
Texaco Overseas Nigeria Petroleum Company Unlimited	Exploration and Production	Nigeria
Texaco Panama Angola Inc.	Exploration and Production	Angola
AFFILIATES		
Caltex Australia Limited (50%)	Refining and Marketing	Australia
Caspian Pipeline Consortium (15%)	Crude Oil Transportation	Eurasia
Chevron Phillips Chemical Company LLC (50%)	Industrial Chemicals	Worldwide
Dynegy Inc. (26.1%)	Midstream Operations	Worldwide
LG-Caltex Oil Corporation (50%)	Refining and Marketing	International
Star Petroleum Refining Company Limited (64%)	Refining	Thailand
Tengizchevroil (50%)	Exploration and Production	Kazakhstan
SERVICES		
Chevron Energy Solutions	Midstream Services	United States
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Services Company	Administrative Services	Worldwide
ChevronTexaco Business and Real Estate Services	Property Management	Worldwide
ChevronTexaco Energy Research and Technology Company	Engineering, Research, Development and Technical Services	Worldwide
ChevronTexaco Exploration and Production Technology Company	Oil Field Technical Services and Research and Development	Worldwide
ChevronTexaco Information Technology Company	Communications and Data Processing	Worldwide
ChevronTexaco Technology Ventures LLC	Emerging Technologies	United States
FINANCE		
Chevron Canada Capital Company	Commercial Paper Issuer	Worldwide
Chevron Capital U.S.A. Inc.	Debt Financing	Worldwide
Chevron U.K. Investment PLC	Commercial Paper Issuer	Worldwide
Chevron U.S.A. Inc.	Debt Financing	Worldwide
ChevronTexaco Capital Company	Debt Financing	Worldwide
Texaco Capital Inc.	Debt Financing	Worldwide

ChevronTexaco Corporation has ownership interests in more than 1,000 subsidiaries, branches, divisions, partnerships and affiliates operating in more than 180 countries. The above listing represents the most significant of the company's operations. ChevronTexaco's interest is 100 percent unless otherwise noted in parentheses.

1879	Incorporated in San Francisco, California as the Pacific Coast Oil Company.
1900	Acquired by the West Coast operations of John D. Rockefeller's original Standard Oil Company.
1911	Emerged as an autonomous entity – Standard Oil Company (California) – following U.S. Supreme Court decision to divide Standard Oil into 34 independent companies.
1926	Merged with Pacific Oil Company to become Standard Oil Company of California.
1920s - 1930s	Began exploring in Indonesia and South America. Major exploratory successes followed, with discoveries of vast reserves of crude oil in Bahrain and Saudi Arabia. Established production and refining operations in Canada.
1936	Formed Caltex Group of Companies, jointly owned with Texaco, to manage exploration and production interests in the Middle East and Indonesia and provide an outlet for crude oil through Texaco's European markets.
1940s - 1960s	Continued expansion that eventually led to a number of major discoveries, such as the North West Shelf in Australia, the Ninian Field in the North Sea and development of the Gulf of Mexico.
1961	Acquired Standard Oil Company (Kentucky), a major petroleum products marketer in five southeastern states, to provide outlets for crude oil from southern Louisiana and the Gulf of Mexico, where the company was a major producer.
1984	Acquired Gulf Corporation – nearly doubling the size of oil and gas activities – and gained significant presence in industrial chemicals, natural gas liquids and coal. Changed name to Chevron Corporation to identify with the name under which most products were marketed.
1988	Purchased Tenneco Inc.'s Gulf of Mexico oil and gas properties, becoming one of the largest U.S. natural gas producers.
1993	Formed a joint venture with the Republic of Kazakhstan to develop and produce the giant Tengiz Field, estimated to hold at least 6 billion barrels of recoverable crude oil.
1999	Acquired Rutherford-Moran Oil Corporation and Petrolera Argentina San Jorge S.A. These acquisitions provided inroads to Asian natural gas markets and built on the company's Latin America business foundation.
2000	Chevron and Texaco reached agreement to combine the two companies into an integrated global energy company.
2001	Merged with Texaco Inc. and changed name to ChevronTexaco Corporation. ChevronTexaco is the second-largest U.S.-based energy company and ranks among the world's largest and most competitive global energy companies.
2002	Relocated corporate headquarters from San Francisco, California, to San Ramon, California.

ADDITIONAL INFORMATION

This report has been issued (April 2003) solely for the purpose of providing additional ChevronTexaco financial and statistical data. It is not a circular or prospectus regarding any security or stock of the company, nor is it issued in connection with any sale, offer for sale of, or solicitation of any offer to buy any securities.

As used in this report, the term "ChevronTexaco" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to ChevronTexaco Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole, but unless the context clearly indicates otherwise, should not be read to include "affiliates" of ChevronTexaco, i.e., those companies accounted for by the equity method (generally owned 50 percent or less) or investments accounted for by the cost method. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

Additional information relating to ChevronTexaco is contained in its Annual Report to stockholders and its Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed with the Securities and Exchange Commission. For copies of these reports, stockholders and others may write to the Comptroller's Department, 6001 Bollinger Canyon Road, Building A, Room A3201, San Ramon, California 94583-2324.

If you have any questions regarding the data included herein, please write to Investor Relations, 6001 Bollinger Canyon Road, Building A, Room A3090, San Ramon, California 94583-2324; or telephone 925 842 5690; or send an e-mail to invest@chevrontexaco.com.

FORWARD-LOOKING STATEMENTS

This Supplement to the 2002 Annual Report of ChevronTexaco Corporation contains forward-looking statements relating to ChevronTexaco's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "estimates" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict.

Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, ChevronTexaco undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that could cause actual results to differ materially are crude oil and natural gas prices; refining and marketing margins; chemicals prices and competitive conditions affecting supply and demand for aromatics, olefins and additives products; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the ability of the company's Dynegy equity affiliate to successfully execute its recapitalization and restructuring plans and the results of Dynegy's re-audit of its 1999-2001 financial statements; inability or failure of the company's joint venture partners to fund their share of operations and development activities; potential failure to achieve expected production from existing and future oil and gas development projects; potential delays in the development, construction or start-up of planned projects; potential disruption or interruption of the company's production or manufacturing facilities due to accidents, political events, severe weather or war; potential liability for remedial actions under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental regulations (including, particularly, regulations and litigation dealing with gasoline composition and characteristics); potential liability resulting from pending or future litigation; and the possibility of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed herein also could have material adverse effects on forward-looking statements.

The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company demonstrated by actual or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this document such as "probable," "possible" or "recoverable" reserves among others that the SEC's guidelines do not permit being included in filings with the SEC. U.S. investors should refer to disclosures in our Annual Report on Form 10-K.