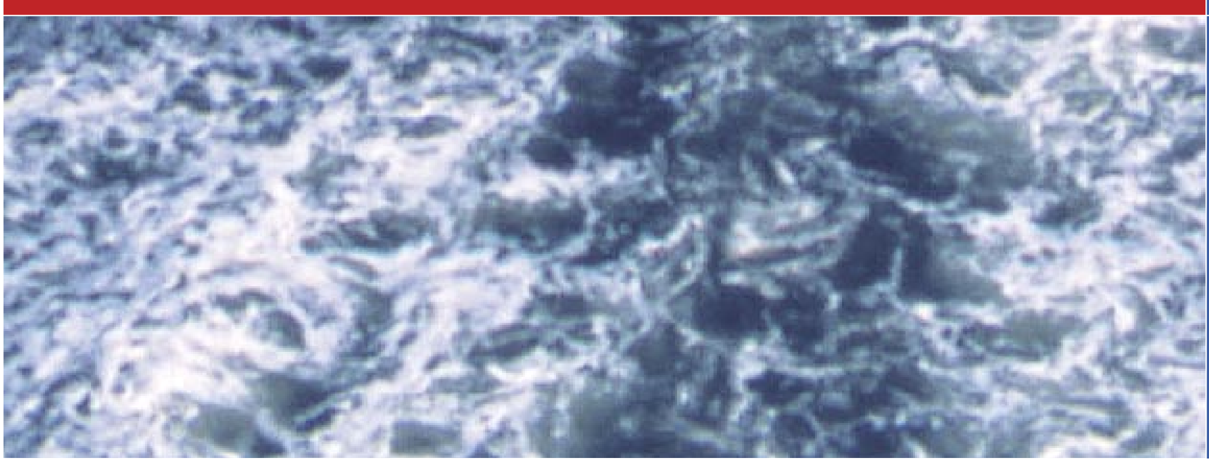
ChevronTexaco

Powering Performance

2003 Supplement to the Annual Report



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Specially designed tankers carry liquefied natural gas from Australia's North West Shelf to markets in Japan and other parts of Asia. Growth in demand for natural gas is expected to outpace crude oil over the next two decades. With our large natural gas holdings, we are well positioned to help supply fast-growing markets in North America and Asia.

ChevronTexaco

OUR VISION: TO BE *THE* GLOBAL ENERGY COMPANY MOST ADMIRED FOR ITS PEOPLE, PARTNERSHIP AND PERFORMANCE.

» 2003 At a Glance

FINANCIAL HIGHLIGHTS

- **Sales and other operating revenues** – $120.0 billion
- **Net income** – $7.2 billion; $6.96 per share – diluted
- **Return on average capital employed** – 15.7%
- **Return on average stockholders' equity** – 21.3%
- **Cash dividends** – $2.86 per share
- **Total stockholder return** – 35.2%

ACCOMPLISHMENTS

GLOBAL UPSTREAM – EXPLORATION AND PRODUCTION

- **Crude oil and natural gas reserves** – Addition of 1 billion net oil-equivalent barrels; equal to 108 percent of 2003 production; 11th consecutive year reserve additions exceeded annual production.
- **Crude oil and natural gas production** – 2.5 million net oil-equivalent barrels per day.
- **Exploration** – Deepwater discoveries in the Gulf of Mexico at Saint Malo, Tubular Bells, Perseus and Sturgis, and in Nigeria at Nsiko; successful appraisal drilling for earlier discoveries at Tahiti and Great White in Gulf of Mexico, Io-Jansz offshore Australia, and Aparo and Usan in Nigeria.
- **Major project start-ups** – Production from Chad crude oil fields transported by pipeline to coast of Cameroon for export; integrated operation of the mine and upgrader at the Athabasca Oil Sands Project in western Canada.

GLOBAL GAS

- **North America** – Deepwater port license for construction of Port Pelican liquefied natural gas (LNG) terminal offshore Louisiana; filing of permits for construction of LNG terminal offshore Baja California, Mexico, to supply North American market.
- **Australia** – Approval in principle for Gorgon Joint Venture's construction of natural gas processing facility on Barrow Island; agreement with China National Offshore Oil Corporation to negotiate purchase of Gorgon gas and acquisition of ownership equity in the Gorgon project.
- **Nigeria** – Agreement with partners to advance plans to conduct front-end engineering and design for a new LNG facility at Brass River.

GLOBAL DOWNSTREAM – REFINING, MARKETING AND TRANSPORTATION

- **Worldwide reorganization** – Realignment of businesses along global functional lines from previous geographic orientation; objective is to improve operating efficiencies and overall financial performance.
- **Clean fuels** – Completion of projects at refineries in Pascagoula, Mississippi; Pembroke, United Kingdom; and Rotterdam, Netherlands, to increase yields and enable the manufacture of low-sulfur fuels.

CHEMICALS

- **New manufacturing facilities** – Commissioning by 50 percent-owned Chevron Phillips Chemical Company LLC of world-scale polyolefins complex in Qatar and high-density polyethylene plant at Cedar Bayou, Texas.

CORPORATE OBJECTIVES

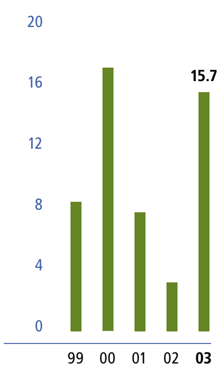
- **Achieve sustained financial returns** that will enable ChevronTexaco to outperform its competitors.
- **Generate the highest total stockholder return** among a designated peer group of the 3 largest competitors for the 5-year period 2000–2004; the company had the highest return among the peer group for the 2000–2003 period.

FINANCIAL INFORMATION

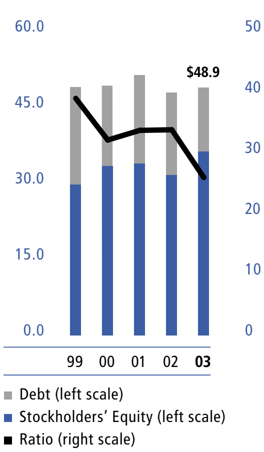
» Financial Highlights

ANNUAL CASH DIVIDENDS
Dollars per share

RETURN ON AVERAGE CAPITAL EMPLOYED
Percentage



TOTAL DEBT TO TOTAL DEBT-PLUS-EQUITY RATIO
Billions of dollars/Percent



REVIEW OF OPERATIONS 1999–2003[1]

FINANCIAL HIGHLIGHTS

Millions of Dollars, Except Per-Share Amounts	2003	2002	2001	2000	1999
Net Income	**$ 7,230**	$ 1,132	$ 3,288	$ 7,727	$ 3,247
Sales and Other Operating Revenues	**120,032**	98,691	104,409	117,095	84,004
Cash Dividends – Common Stock	**3,033**	2,965	2,733	2,664	2,589
Capital and Exploratory Expenditures	**7,363**	9,255	12,028	9,520	10,137
Cash Provided by Operating Activities	**12,315**	9,943	11,475	13,467	7,771
At December 31 Working Capital	**3,315**	(2,100)	(2,327)	1,252	(640)
Total Assets	**81,470**	77,359	77,572	77,621	75,380
Total Debt and Capital Lease Obligations	**12,597**	16,269	17,418	15,915	19,208
Stockholders' Equity	**36,295**	31,604	33,958	33,369	29,791
Common Shares Outstanding at December 31 (Millions)[2]	**1,062.1**	1,061.1	1,060.1	1,057.6	1,075.2
Per-Share Data					
Net Income – Basic	**$ 6.97**	$ 1.07	$ 3.10	$ 7.23	$ 3.01
– Diluted	**6.96**	1.07	3.09	7.21	3.00
Cash Dividends[3]	**2.86**	2.80	2.65	2.60	2.48
Stockholders' Equity at December 31[2]	**34.17**	29.78	32.03	31.55	27.71
Market Price at December 31[3]	**86.39**	66.48	89.61	84.44	86.63
– High[3]	**86.99**	91.60	98.49	94.88	104.94
– Low[3]	**61.31**	65.41	78.44	69.94	73.13
Financial Ratios[4]					
Current Ratio	**1.2**	0.9	0.9	1.1	1.0
Interest Coverage	**24.3**	7.6	9.6	12.5	6.0
Total Debt/Total Debt-Plus-Equity	**25.8%**	34.0 %	33.9%	32.3%	39.2%
Return on Average Stockholders' Equity	**21.3%**	3.5 %	9.8%	24.5%	11.1%
Return on Average Capital Employed	**15.7%**	3.2 %	7.8%	17.3%	8.5%
Return on Average Total Assets	**9.1%**	1.5 %	4.2%	10.1%	4.5%
Return on Sales	**6.4%**	1.2 %	3.4%	7.0%	4.2%
Cash Dividends/Net Income (Payout Ratio)	**42.0%**	261.9 %	83.3%	34.7%	80.6%
Cash Dividends/Cash from Operations	**24.6%**	29.8 %	23.9%	19.9%	33.7%
Total Stockholder Return[3]	**35.2%**	(23.1)%	9.2%	0.5%	7.3%

[1] 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.
[2] Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.
[3] Chevron Corporation dividend and share price pre-merger.
[4] Refer to page 59 for Financial Ratios definitions.

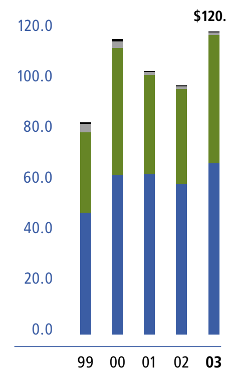
Consolidated Statement of Income and Comprehensive Income

CONSOLIDATED STATEMENT OF INCOME

Millions of Dollars	2003	2002	2001	2000	1999
					Year Ended December 31
REVENUES AND OTHER INCOME					
SALES AND OTHER OPERATING REVENUES					
Gasolines	**$ 22,545**	$ 18,363	$ 19,788	$ 20,164	$ 14,477
Jet Fuel	**6,916**	6,242	7,110	7,762	4,258
Gas Oils and Kerosene	**13,632**	11,430	11,471	13,050	8,509
Residual Fuel Oils	**5,144**	4,135	5,393	5,732	4,219
Other Refined Products	**3,703**	2,911	3,836	700	1,559
TOTAL REFINED PRODUCTS	**51,940**	43,081	47,598	47,408	33,022
Crude Oil and Condensate	**40,173**	29,822	26,981	37,698	24,151
Natural Gas	**8,426**	5,959	10,534	9,545	5,472
Natural Gas Liquids	**2,208**	1,732	1,901	3,147	2,199
Other Petroleum Revenues	**2,551**	2,674	2,926	2,164	1,566
Petroleum Taxes and Duties	**6,252**	7,014	6,473	6,914	7,072
Petroleum Excise Taxes	**7,086**	6,996	6,534	6,574	6,544
TOTAL PETROLEUM	**118,636**	97,278	102,947	113,450	80,026
Chemicals	**1,000**	961	1,005	2,686	3,477
Chemicals Excise Taxes	**9**	10	12	27	30
TOTAL CHEMICALS	**1,009**	971	1,017	2,713	3,507
ALL OTHER	**387**	442	445	932	471
TOTAL SALES AND OTHER OPERATING REVENUES	**120,032**	98,691	104,409	117,095	84,004
INCOME (LOSS) FROM EQUITY AFFILIATES	**1,029**	(25)	1,144	1,077	896
GAIN FROM EXCHANGE OF DYNEGY PREFERRED STOCK	**365**	–	–	–	–
OTHER INCOME	**335**	247	692	958	813
TOTAL REVENUES AND OTHER INCOME	**121,761**	98,913	106,245	119,130	85,713
COSTS AND OTHER DEDUCTIONS					
Purchased Crude Oil and Products	**71,583**	57,249	60,549	69,814	46,256
Operating Expenses	**8,553**	7,848	7,650	8,323	7,773
Selling, General and Administrative Expenses	**4,440**	4,155	3,984	3,626	3,222
Exploration Expenses	**571**	591	1,039	949	1,072
Depreciation, Depletion and Amortization[1]	**5,384**	5,231	7,059	5,321	4,934
Write-Down of Investments in Dynegy Inc.	**–**	1,796	–	–	–
Merger-Related Expenses[2]	**–**	576	1,563	–	–
Interest and Debt Expense	**474**	565	833	1,110	1,132
Taxes Other Than on Income					
Excise Taxes	**7,095**	7,006	6,546	6,601	6,029
Other Taxes	**10,811**	9,683	8,610	9,226	9,412
Minority Interests	**80**	57	121	111	71
TOTAL COSTS AND OTHER DEDUCTIONS	**108,991**	94,757	97,954	105,081	79,901
INCOME BEFORE INCOME TAX EXPENSE	**12,770**	4,156	8,291	14,049	5,812
Income Tax Expense	**5,344**	3,024	4,360	6,322	2,565
Net Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	**$ 7,426**	$ 1,132	$ 3,931	$ 7,727	$ 3,247
Extraordinary Loss, Net of Income Tax[3]	**–**	–	(643)	–	–
Cumulative Effect of Changes in Accounting Principles, Net of Income Tax[4]	**(196)**	–	–	–	–
NET INCOME	**$ 7,230**	$ 1,132	$ 3,288	$ 7,727	$ 3,247
NET INCOME	**$ 7,230**	$ 1,132	$ 3,288	$ 7,727	$ 3,247
Net Unrealized Holding Gain (Loss) on Securities	**80**	44	3	(43)	2
Net Derivatives Gain on Hedge Transactions	**75**	34	3	–	–
Minimum Pension Liability Adjustment	**2**	(785)	9	(19)	(10)
Currency Translation Adjustment	**32**	15	(11)	(14)	(35)
OTHER COMPREHENSIVE GAIN (LOSS), NET OF TAX	**189**	(692)	4	(76)	(43)
COMPREHENSIVE INCOME	**$ 7,419**	$ 440	$ 3,292	$ 7,651	$ 3,204
RETAINED EARNINGS AT JANUARY 1	**$ 30,942**	$ 32,767	$ 32,206	$ 27,148	$ 26,503
Net Income	**7,230**	1,132	3,288	7,727	3,247
Cash Dividends	**(3,033)**	(2,965)	(2,739)	(2,681)	(2,617)
Tax Benefit from Dividends Paid on Unallocated ESOP Shares	**6**	8	12	12	15
Exchange of Dynegy Securities[5]	**170**	–	–	–	–
RETAINED EARNINGS AT DECEMBER 31	**$ 35,315**	$ 30,942	$ 32,767	$ 32,206	$ 27,148

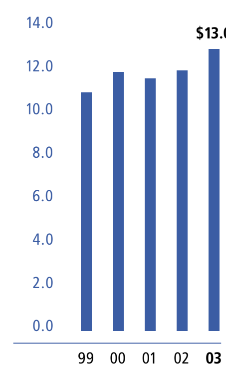
[1] Includes $319, $331, $2,296, $707 and $422 in 2003, 2002, 2001, 2000 and 1999, respectively, for asset impairment charges.
[2] Includes employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility-closure costs, and other incremental costs to effect the merger.
[3] Represents loss on asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.
[4] Includes a net loss of $200 for the adoption of FAS 143 and a gain of $4 for the company's share of Dynegy's cumulative effect for the adoption of EITF No. 02-3.
[5] Represents the company's share of a capital stock transaction of Dynegy, which, under the applicable accounting rules, was recorded directly to retained earnings.

SALES & OTHER OPERATING REVENUES
Billions of dollars

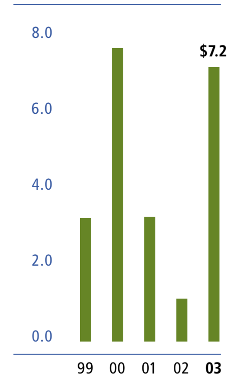


- Other Revenues
- Chemicals
- Crude Oil & Condensate, Natural Gas, & Natural Gas Liquids
- Petroleum Products

OPERATING, SELLING & ADMINISTRATIVE EXPENSES
Billions of dollars

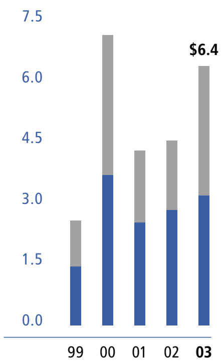


NET INCOME
Billions of dollars



» Net Income by Major Operating Area and Special Items

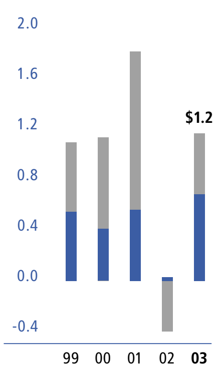
WORLDWIDE EXPLORATION & PRODUCTION EARNINGS*
Billions of dollars



■ United States
■ International

**Before the cumulative effect of changes in accounting principles*

WORLDWIDE REFINING, MARKETING & TRANSPORTATION EARNINGS*
Billions of dollars



■ United States
■ International

**Equilon and Motiva earnings included in Refining, Marketing and Transportation earnings until the assets were sold in February 2002*

NET INCOME BEFORE CHANGES IN ACCOUNTING PRINCIPLES BY MAJOR OPERATING AREA

Millions of Dollars		Year Ended December 31				
		2003	2002	2001	2000	1999
Exploration and Production	– United States	**$ 3,183**	$ 1,717	$ 1,779	$ 3,453	$ 1,133
	– International	**3,220**	2,839	2,533	3,702	1,450
	– Total	**6,403**	4,556	4,312	7,155	2,583
Refining, Marketing and Transportation	– United States[1]	**482**	(398)	1,254	721	551
	– International	**685**	31	560	414	546
	– Total	**1,167**	(367)	1,814	1,135	1,097
Chemicals		**69**	86	(128)	40	109
All Other[2]		**(213)**	(3,143)	(2,710)	(603)	(542)
Income Before Cumulative Effect of Changes in Accounting Principles		**7,426**	1,132	3,288[3]	7,727	3,247
Cumulative Effect of Changes in Accounting Principles		**(196)**	–	–	–	–
NET INCOME		**$ 7,230**	$ 1,132	$ 3,288	$ 7,727	$ 3,247

[1] Includes the company's share of Equilon and Motiva earnings until the sale of the assets in February 2002.
[2] Includes corporate administrative costs, worldwide cash management and debt financing activities, the company's investment in Dynegy, coal mining operations, power and gasification businesses, technology investments, insurance operations, real estate activities, and expenses and net losses associated with the merger.
[3] Net of $(643) "Extraordinary Loss, Net of Income Tax," classified as a special item in the table below.

SPECIAL ITEMS

Millions of Dollars – Gains (Charges)	Year Ended December 31				
	2003	2002	2001	2000	1999
Dynegy-Related	**$ 325**	$ (2,306)	$ –	$ 77	$ –
Asset Dispositions	**122**	–	49	72	111
Tax Adjustments	**118**	60	(5)	107	228
Asset Impairments and Revaluations	**(340)**	(485)	(1,709)	(378)	(377)
Restructurings and Reorganizations	**(146)**	–	–	–	(257)
Environmental Remediation Provisions	**(132)**	(160)	(78)	(264)	(40)
Merger-Related Expenses[1]	**–**	(386)	(1,136)	–	–
Litigation Provisions	**–**	(57)	–	(62)	104
Extraordinary Loss on Merger-Related Asset Sales[2]	**–**	–	(643)	–	–
Tax Benefits on Asset Sales	**–**	–	–	70	40
TOTAL SPECIAL ITEMS	**$ (53)**	$ (3,334)	$ (3,522)	$ (378)	$ (191)

[1] Includes employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility-closure costs, and other incremental costs to effect the merger.
[2] Asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

Millions of Dollars	2003	2002	2001	2000	1999
					At December 31
ASSETS					
Cash and Cash Equivalents	**$ 4,266**	$ 2,957	$ 2,117	$ 2,328	$ 1,997
Marketable Securities	**1,001**	824	1,033	913	971
Accounts and Notes Receivable	**9,722**	9,385	8,279	10,763	9,205
Inventories					
Crude Oil and Petroleum Products	**2,003**	2,019	2,207	1,969	2,133
Chemicals	**173**	193	209	200	526
Materials, Supplies and Other	**472**	551	532	485	548
Total Inventories	**2,648**	2,763	2,948	2,654	3,207
Prepaid Expenses and Other Current Assets	**1,789**	1,847	1,769	1,255	1,663
Assets Held for Sale – Merger-Related	**–**	–	2,181	–	–
TOTAL CURRENT ASSETS	**19,426**	17,776	18,327	17,913	17,043
Long-Term Receivables, Net	**1,493**	1,338	1,225	1,218	1,234
Investments and Advances	**12,319**	11,097	12,252	11,764	8,482
Properties, Plant and Equipment, at Cost	**100,556**	105,231	99,860	95,217	100,640
Less: Accumulated Depreciation, Depletion and Amortization	**56,018**	61,076	56,978	51,249	54,504
Net Properties, Plant and Equipment	**44,538**	44,155	42,882	43,968	46,136
Deferred Charges and Other Assets	**2,594**	2,993	2,886	2,758	2,485
Assets Held for Sale	**1,100**	–	–	–	–
TOTAL ASSETS	**$ 81,470**	$ 77,359	$ 77,572	$ 77,621	$ 75,380
LIABILITIES AND STOCKHOLDERS' EQUITY					
Short-Term Debt	**$ 1,703**	$ 5,358	$ 8,429	$ 3,094	$ 6,063
Accounts Payable	**8,675**	8,455	6,427	7,563	6,812
Accrued Liabilities	**3,172**	3,364	3,399	3,014	2,582
Federal and Other Taxes on Income	**1,392**	1,626	1,398	1,864	1,017
Other Taxes Payable	**1,169**	1,073	1,001	1,126	1,209
TOTAL CURRENT LIABILITIES	**16,111**	19,876	20,654	16,661	17,683
Long-Term Debt and Capital Lease Obligations	**10,894**	10,911	8,989	12,821	13,145
Deferred Credits and Other Noncurrent Obligations	**7,758**	4,474	4,394	4,303	4,251
Noncurrent Deferred Income Taxes	**6,417**	5,619	6,132	6,687	6,712
Reserves for Employee Benefit Plans	**3,727**	4,572	3,162	3,034	3,065
Minority Interests	**268**	303	283	746	733
TOTAL LIABILITIES	**45,175**	45,755	43,614	44,252	45,589
STOCKHOLDERS' EQUITY	**36,295**	31,604	33,958	33,369	29,791
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 81,470**	$ 77,359	$ 77,572	$ 77,621	$ 75,380

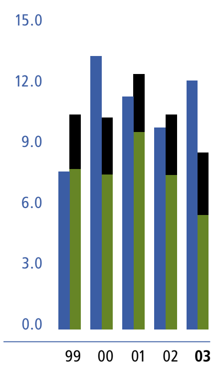
SEGMENT ASSETS

Millions of Dollars					
Exploration and Production	**$ 41,021**	$ 37,843	$ 36,895	$ 37,679	$ 35,009
Refining, Marketing and Transportation	**26,981**	27,380	25,328	29,152	28,798
Chemicals	**2,827**	2,852	2,760	3,077	4,223
All Other*	**10,641**	9,284	12,589	7,713	7,350
TOTAL SEGMENT ASSETS	**$ 81,470**	$ 77,359	$ 77,572	$ 77,621	$ 75,380

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

Consolidated Statement of Cash Flows

CASH FROM OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES & DIVIDENDS
Billions of dollars



CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of Dollars	2003	2002	2001	2000	1999
	Year Ended December 31				
OPERATING ACTIVITIES					
Net Income	**$ 7,230**	$ 1,132	$ 3,288	$ 7,727	$ 3,247
Adjustments					
Cumulative Effect of Changes in Accounting Principles	**196**	–	–	–	–
Write-Down of Investments in Dynegy, Before Tax	**–**	1,796	–	–	–
Depreciation, Depletion and Amortization	**5,384**	5,231	7,059	5,321	4,934
Dry Hole Expense	**256**	288	646	462	583
Distributions (Less) More Than Income from Equity Affiliates	**(383)**	510	(489)	(26)	(288)
Net Before-Tax Gains on Asset Retirements and Sales	**(194)**	(33)	(116)	(371)	(542)
Gain from Exchange of Dynegy Preferred Stock	**(365)**	–	–	–	–
Net Foreign Currency Losses (Gains)	**199**	5	(122)	(130)	58
Deferred Income Tax Provisions	**164**	(81)	(768)	521	23
Extraordinary Before-Tax Loss on Merger-Related Asset Dispositions	**–**	–	787	–	–
Net Decrease in Operating Working Capital Composed of					
(Increase) Decrease in Accounts and Notes Receivable	**(265)**	(1,135)	2,472	(2,162)	(2,057)
Decrease (Increase) in Inventories	**115**	185	(294)	120	32
Decrease (Increase) in Prepaid Expenses and Other Current Assets	**261**	92	(211)	73	(61)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	**242**	1,845	(742)	1,327	1,718
(Decrease) Increase in Income and Other Taxes Payable	**(191)**	138	(582)	733	634
Net Decrease in Operating Working Capital	**162**	1,125	643	91	266
Minority Interest in Net Income	**80**	57	121	111	68
(Decrease) in Cities Service Provision	**–**	–	–	–	(149)
Cash Settlement of Cities Service Litigation	**–**	–	–	–	(775)
Decrease (Increase) in Long-Term Receivables[1]	**12**	(39)	(9)	(12)	(18)
Decrease (Increase) in Other Deferred Charges[1]	**1,646**	428	61	(129)	382
Cash Contributions to Employee Pension Plans	**(1,417)**	(246)	(107)	(100)	(110)
Other[1]	**(655)**	(230)	481	2	92
NET CASH PROVIDED BY OPERATING ACTIVITIES	**12,315**	9,943	11,475	13,467	7,771
INVESTING ACTIVITIES					
Capital Expenditures	**(5,625)**	(7,597)	(9,713)	(7,629)	(7,895)
Proceeds from Asset Sales	**1,107**	2,341	298	1,229	1,578
Proceeds from Redemption of Dynegy Securities	**225**	–	–	–	–
Net Sales (Purchases) of Marketable Securities[2]	**153**	209	(183)	80	597
Net Sales (Purchases) of Other Short-Term Investments	**–**	–	56	(84)	–
Payments of Debt by Equity Affiliates	**68**	–	–	–	101
Distribution from Chevron Phillips Chemical Company LLC	**–**	–	–	835	–
Other	**–**	–	–	(73)	9
NET CASH USED FOR INVESTING ACTIVITIES	**(4,072)**	(5,047)	(9,542)	(5,642)	(5,610)
FINANCING ACTIVITIES					
Net (Payments) Borrowings of Short-Term Obligations	**(3,628)**	(1,810)	3,830	(3,254)	542
Proceeds from Issuances of Long-Term Debt	**1,034**	2,045	412	1,293	2,383
Repayments of Long-Term Debt and Other Financing Obligations	**(1,347)**	(1,356)	(2,856)	(1,241)	(1,491)
Redemption of Market Auction Preferred Shares	**–**	–	(300)	–	–
Redemption of Preferred Stock by Subsidiaries	**(75)**	–	(463)	–	–
Issuance of Preferred Stock by Subsidiaries	**–**	–	12	–	–
Cash Dividends	**(3,070)**	(2,991)	(2,858)	(2,789)	(2,672)
Net Sales (Purchases) of Treasury Shares	**57**	41	110	(1,498)	108
NET CASH USED FOR FINANCING ACTIVITIES	**(7,029)**	(4,071)	(2,113)	(7,489)	(1,130)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**95**	15	(31)	(5)	(30)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,309**	840	(211)	331	1,001
CASH AND CASH EQUIVALENTS AT JANUARY 1	**2,957**	2,117	2,328	1,997	996
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**$ 4,266**	$ 2,957	$ 2,117	$ 2,328	$ 1,997

[1] Balance sheet category for pre-merger periods 1999 and 2000 not conformed to 2001–2003 presentation.
[2] Net (Purchases) Sales of Marketable Securities consist of the following gross amounts:

	2003	2002	2001	2000	1999
Marketable Securities Purchased	**$ (3,563)**	$ (5,789)	$ (2,848)	$ (6,671)	$ (3,255)
Marketable Securities Sold	**3,716**	5,998	2,665	6,751	3,852
Net Sales (Purchases) of Marketable Securities	**$ 153**	$ 209	$ (183)	$ 80	$ 597

Capital and Exploratory Expenditures

CAPITAL AND EXPLORATORY EXPENDITURES
(Includes Equity Share of Affiliates)

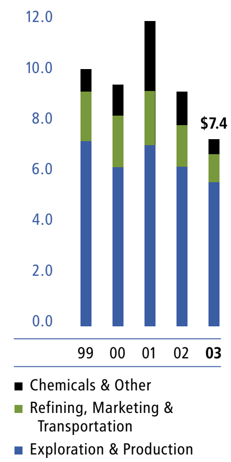
Millions of Dollars	**2003**	2002	2001	2000	1999
					Year Ended December 31
UNITED STATES					
Exploration	**$ 548**	$ 658	$ 730	$ 713	$ 589
Production	**1,093**	1,230	1,690	1,641	1,222
Refining	**236**	407	355	305	426
Marketing	**106**	122	372	538	432
Transportation	**56**	136	146	76	88
Other Downstream	**5**	85	–	–	–
Chemicals	**173**	272	145	135	326
All Other	**371**	855	2,570[1]	891	311
TOTAL UNITED STATES	**2,588**	3,765	6,008	4,299	3,394
INTERNATIONAL					
Exploration	**538**	550	917	975	1,219[2]
Production	**3,496**	3,845	3,792	2,922	4,260[2]
Refining	**219**	192	314	235	185
Marketing	**258**	256	464	474	631
Transportation	**163**	245	446	380	187
Other Downstream	**57**	189	47	32	–
Chemicals	**24**	37	34	51	136
All Other	**20**	176	6	152	125
TOTAL INTERNATIONAL	**4,775**	5,490	6,020	5,221	6,743
WORLDWIDE					
Exploration	**1,086**	1,208	1,647	1,688	1,808
Production	**4,589**	5,075	5,482	4,563	5,482
Refining	**455**	599	669	540	611
Marketing	**364**	378	836	1,012	1,063
Transportation	**219**	381	592	456	275
Other Downstream	**62**	274	47	32	–
Chemicals	**197**	309	179	186	462
All Other	**391**	1,031	2,576	1,043	436
TOTAL WORLDWIDE	**$ 7,363**	$ 9,255	$ 12,028	$ 9,520	$ 10,137
Memo: Equity Share of Affiliates' Expenditures Included Above	**$ 1,137**	$ 1,353	$ 1,712	$ 1,229	$ 1,105

EXPLORATION EXPENSES[3]

Millions of Dollars	**2003**	2002	2001	2000	1999
Geological and Geophysical	**$ 162**	$ 230	$ 188	$ 267	$ 294
Unproductive Wells Drilled	**256**	230	646	462	583
Other[4]	**153**	131	205	220	195
TOTAL EXPLORATION EXPENSES	**$ 571**	$ 591	$ 1,039	$ 949	$ 1,072
Memo: United States	**$ 193**	$ 216	$ 395	$ 378	$ 401
International	**378**	375	644	571	671

[1] Includes $1.5 billion investment in Dynegy Inc. redeemable, convertible preferred stock.
[2] 1999 international exploration and production includes $1.7 billion for acquisitions of Rutherford-Moran Oil Corporation in Thailand and Petrolero Argentina San Jorge S.A. in Argentina.
[3] Consolidated companies only. Excludes amortization of undeveloped leaseholds.
[4] Other exploration expenses include expensed well contributions, oil and gas lease rentals, and research and development costs.

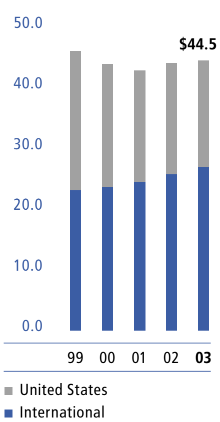
CAPITAL & EXPLORATORY EXPENDITURES*
Billions of dollars



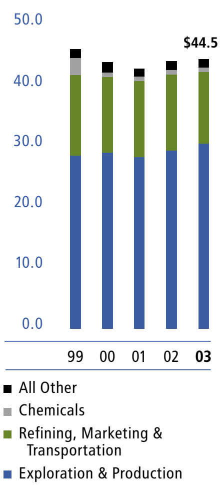
Includes equity in affiliates

» Properties, Plant and Equipment

NET PROPERTIES, PLANT & EQUIPMENT BY GEOGRAPHIC AREA
Billions of dollars



NET PROPERTIES, PLANT & EQUIPMENT BY FUNCTION
Billions of dollars



PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES

	Year Ended December 31				
Millions of Dollars	**2003**	2002	2001	2000	1999
NET PROPERTIES, PLANT AND EQUIPMENT AT JANUARY 1	**$ 44,155**	$ 42,882	$ 43,968	$ 46,136	$ 43,512
ADDITIONS AT COST					
Exploration and Production[1]	**5,022**	5,001	4,873	4,950	6,317
Refining, Marketing and Transportation	**777**	1,082	1,192	941	1,165
Chemicals	**36**	53	41	120	385
All Other[2]	**177**	285	174	202	181
TOTAL ADDITIONS AT COST	**6,012**	6,421	6,280	6,213	8,048
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE					
Exploration and Production	**(4,504)**	(3,938)	(5,593)	(3,925)	(3,478)
Refining, Marketing and Transportation	**(1,148)**	(1,100)	(1,031)	(1,167)	(1,081)
Chemicals	**(59)**	(42)	(41)	(95)	(194)
All Other[2]	**(160)**	(151)	(394)	(134)	(181)
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE	**(5,871)**[3]	(5,231)	(7,059)	(5,321)	(4,934)
NET RETIREMENTS AND SALES					
Exploration and Production	**(376)**	52	26	(765)	(228)
Refining, Marketing and Transportation	**(395)**	(90)	(123)	(417)	(376)
Chemicals	**(5)**	(6)	(7)	(11)	(9)
All Other[2]	**(20)**	(20)	(70)	(79)	(168)
TOTAL NET RETIREMENTS AND SALES	**(796)**	(64)	(174)	(1,272)	(781)
NET INTERSEGMENT TRANSFERS AND OTHER CHANGES[4]					
Exploration and Production[5]	**1,018**	(53)	(34)	273	213
Refining, Marketing and Transportation	**(15)**	128	5	(152)	86
Chemicals[6]	**(2)**	6	(4)	(2,084)	–
All Other[2]	**37**	66	(100)	175	(8)
TOTAL NET INTERSEGMENT TRANSFERS AND OTHER CHANGES	**1,038**	147	(133)	(1,788)	291
NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31					
Exploration and Production[7]	**30,525**	29,365	28,303	29,031	28,498
Refining, Marketing and Transportation	**11,825**	12,606	12,586	12,543	13,338
Chemicals	**707**	737	726	737	2,807
All Other[2]	**1,481**	1,447	1,267	1,657	1,493
TOTAL NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31	**$ 44,538**	$ 44,155	$ 42,882	$ 43,968	$ 46,136
Memo: Gross Properties, Plant and Equipment	**$100,556**	$105,231	$ 99,860	$ 95,217	$100,640
Accumulated Depreciation, Depletion and Amortization	**(56,018)**	(61,076)	(56,978)	(51,249)	(54,504)
Net Properties, Plant and Equipment	**$ 44,538**	$ 44,155	$ 42,882	$ 43,968	$ 46,136

1 Net of exploratory well write-offs.
2 Principally includes real estate, power and gasification assets, coal assets, and management information systems.
3 Difference between the total 2003 DD&A of ($5,871) and the total DD&A expense of ($5,384) as shown on the income statement results from $619 cumulative effect for the implementation of FAS 143 and ($132) in accretion expense.
4 Includes reclassifications to/from other asset accounts.
5 In 2003, includes reclassification adjustments for Assets Held for Sale.
6 In 2000, includes net property, plant and equipment contributed to Chevron Phillips Chemical Company LLC.
7 Includes net investment in unproved oil and gas properties:

7 Includes net investment in unproved oil and gas properties:	**$ 1,485**	$ 1,677	$ 2,027	$ 2,546	$ 2,669

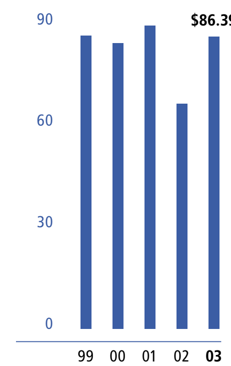
Miscellaneous Data

MISCELLANEOUS DATA

	2003	2002	2001	2000	1999
COMMON STOCK					
Number of Shares Outstanding at December 31 (Millions)[1]	**1,062.1**	1,061.1	1,060.1	1,057.6	1,075.2
Weighted Average Shares Outstanding for the Year (Millions)[1]	**1,061.6**	1,060.7	1,059.3	1,066.6	1,067.7
Number of Stockholders of Record at December 31 (Thousands)	**241**	248	248	294	317
Cash Dividends on Common Stock					
Millions of Dollars	**$ 3,033**	$ 2,965	$ 2,733	$ 2,664	$ 2,589
Per Common Share[2]	**$ 2.86**	$ 2.80	$ 2.65	$ 2.60	$ 2.48
Net Income (Loss) Per Common Share – Diluted[3]					
First Quarter	**$ 1.81**	$ 0.68	$ 2.29	$ 1.50	$ 0.48
Second Quarter	**1.50**	0.39	1.99	1.62	0.58
Third Quarter	**2.02**[4]	(0.85)	1.19	2.17	0.90
Fourth Quarter	**1.63**	0.85	(2.38)	1.92	1.04
Year	**$ 6.96**	$ 1.07	$ 3.09	$ 7.21	$ 3.00
Stockholders' Equity Per Common Share at December 31[1]	**$ 34.17**	$ 29.78	$ 32.03	$ 31.55	$ 27.71
PERSONNEL, PAYROLL AND BENEFITS[5]					
Number of Employees at December 31					
Excluding Service Station Employees	**50,582**	53,014	55,698	57,327	
Service Station Employees	**10,951**	13,024	13,718	13,323	
Total	**61,533**	66,038	69,416	70,650	
Payroll Costs (Millions of Dollars)[6]	**$ 2,816**	$ 2,958	$ 3,071	$ 2,934	
Employee Benefit Costs (Millions of Dollars)[7]	**$ 1,957**	$ 1,192	$ 920	$ 798	
Investment Per Employee at December 31 (Thousands of Dollars)[8]	**$ 799**	$ 730	$ 744	$ 708	
Average Sales Per Employee (Thousands of Dollars)[9]	**$ 1,771**	$ 1,354	$ 1,397	$ 1,617	
Average Monthly Wage Per Employee	**$ 3,679**	$ 3,639	$ 3,654	$ 3,578	
CAPITAL EMPLOYED (Millions of Dollars)[10]					
Exploration and Production – United States	**$ 7,310**	$ 7,740	$ 8,765	$ 9,315	
Exploration and Production – International	**18,580**	18,345	16,855	14,895	
Exploration and Production – Total	**25,890**	26,085	25,620	24,210	
Refining, Marketing and Transportation – United States	**4,960**	4,995	5,580	8,195	
Refining, Marketing and Transportation – International	**12,145**	12,570	11,990	12,250	
Refining, Marketing and Transportation – Total	**17,105**	17,565	17,570	20,445	
Chemicals	**2,125**	2,160	1,990	2,215	
All Other[11]	**4,040**	2,365	6,480	3,160	
TOTAL CAPITAL EMPLOYED	**$ 49,160**	$ 48,175	$ 51,660	$ 50,030	

[1] Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.
[2] Chevron Corporation dividend pre-merger.
[3] Before the cumulative effect of changes in accounting principles in 2003 and extraordinary item in 2001.
[4] Includes a benefit of $0.16 for the company's share of a capital stock transaction of Dynegy, which, under the applicable accounting rules, was recorded directly to the company's retained earnings and not included in net income for the period.
[5] Consolidated companies only. Data not readily available in this format for 1999.
[6] Excludes incentive bonuses.
[7] Includes pension costs, employee severance benefits, savings and profit sharing plans, other postemployment benefits, and social insurance plans.
[8] Investment = Total Year End Capital Employed.
[9] Average Sales Per Employee = Sales and Other Operating Revenues (Net of Excise Taxes) / Average Number of Employees (Beginning and End of Year).
[10] Data not available in this format for 1999.
[11] Includes $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



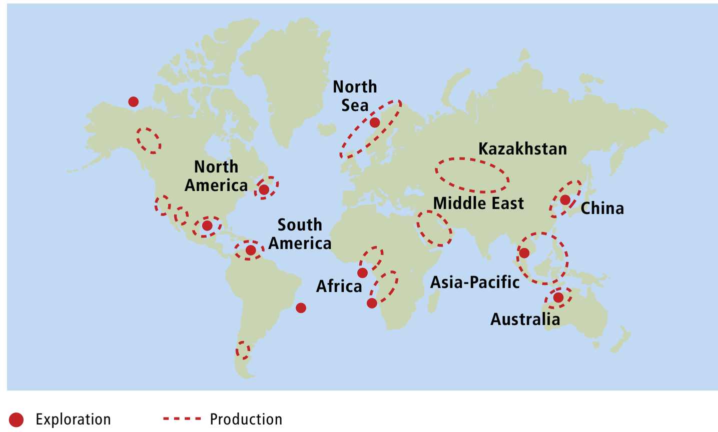
Chevron – 1999 and 2000

» Global Upstream Highlights

BUSINESS STRATEGIES

Grow profitability in core areas and build new legacy positions by:

- Maximizing and growing the value of the base business.
- Leading the industry in the selection and execution of major capital projects.
- Achieving superior exploration success.
- Coordinating with the Global Gas organization to commercialize the company's natural gas resource base by targeting North American and Asian markets.



2003 ACCOMPLISHMENTS

WORLDWIDE

- Increased the company's proved reserves for the 11th consecutive year by adding approximately 1 billion oil-equivalent barrels, or 108 percent of production, for the year.
- Announced plans to improve the competitive performance and operating efficiency of the company's upstream asset portfolio, by reducing costs and disposing of nonstrategic properties. All of the company's interests in Papua New Guinea and Bangladesh were sold, along with the North Buzachi Field in Kazakhstan and certain U.S. properties.

UNITED STATES

- Reported net income of $3.2 billion, excluding a $350 million charge for the cumulative effect of a change in accounting principle.
- Announced four new deepwater discoveries in the Gulf of Mexico: Perseus, Sturgis, Tubular Bells and Saint Malo.
- Validated the presence of high-quality reservoir sand from a two-well appraisal program at the Tahiti discovery in the deepwater Gulf of Mexico.
- Achieved a drilling record at Tonga, Green Canyon 727, for the deepest well drilled in the Gulf of Mexico, at a total vertical depth of 31,824 feet (9,700 m).
- Received a number of health, environment and safety awards including the U.S. Environmental Protection Agency *Natural Gas Star Award*, the U.S. Fish and Wildlife Service *Centennial Award*, the National Ocean Industry Association *Safety in the Seas Award* and the Minerals Management Service (Gulf of Mexico, Houma District) *Safety Award for Excellence* (SAFE).

INTERNATIONAL

- Reported net income of $3.2 billion, excluding a benefit of $145 million for the cumulative effect of a change in accounting principle.
- Achieved deepwater drilling successes in Nigeria at Aparo, Nsiko and Usan.
- Added significant new acreage positions, including Plataforma Deltana Block 2 offshore Venezuela and in the Orphan Basin off the east coast of Canada.
- Loaded the company's first cargo of crude oil from fields in southern Chad for export to world markets.
- Agreement reached by the company's 50 percent-owned affiliate, Tengizchevroil, with the government of Kazakhstan to expand operations at the Tengiz and Korolev fields.
- Completed a 400-mile (644-km) pipeline, which when fully operational in mid-2004, will enable production from the Karachaganak Field to be exported to world markets via the Caspian Pipeline.
- Participated in the drilling of a successful appraisal well, Jansz-3, in the Io-Jansz natural gas field in Australia, which provided verification of the field's extensive production potential.

Global Upstream Highlights

- Began integrated operations of the mine and upgrader at the Athabasca Oil Sands Project in western Canada.
- Reached agreement with partners governing future operations in the offshore Block 216 in Nigeria. The agreement is expected to enable the continued advancement of plans to develop the Agbami Field.
- Extended concession contracts in Colombia and Denmark.
- Received the U.S. Department of State *2003 Award for Corporate Excellence* in recognition of the company's corporate citizenship in Nigeria.

GLOBAL NATURAL GAS PROJECTS

- Received in-principle approval from the Western Australian government for the Gorgon Joint Venture's restricted use of Barrow Island to construct a multibillion dollar liquefied natural gas (LNG) facility. The venture also reached an agreement with the China National Offshore Oil Corporation, subject to the completion of formal contracts, for the sale of Gorgon LNG to the People's Republic of China and to acquire equity in the Gorgon project.
- Received approval for a deepwater port license to build and operate the Port Pelican import terminal and regasification facility about 40 miles (64 km) offshore Louisiana.
- Reached agreement with the company's partners in the Brass River Consortium to advance plans for the front-end engineering and design work for a new LNG facility at Brass River in Nigeria.
- Filed permits for the construction of an LNG receiving and regasification terminal offshore Baja California, Mexico.
- Coordinated with a new U.S. wholesale natural gas marketing unit to conduct the marketing and trading of the company's equity and third-party natural gas.

2004 OUTLOOK

- Portfolio Upgrade – Complete the sales of a large number of U.S. properties and 3 U.K. fields with relatively low production volumes; evaluate the sale of mature western Canada properties.
- Profitable Growth – Continue major U.S. initiative to improve operating efficiencies and lower costs.
- Exploration – Follow up on 2003 successes in Gulf of Mexico and Nigeria deepwater drilling; begin initial drilling at Plataforma Deltana Block 2 offshore Venezuela.
- Gorgon Joint Venture in Australia – Advance front-end engineering and design and obtain commercial agreements.
- Escravos Gas-to-Liquids Project in Nigeria – Award construction contracts.

GLOBAL UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS[1]

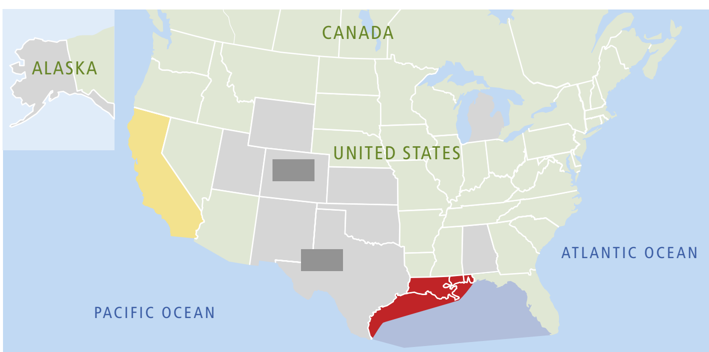
Dollars in Millions	United States		International	
	2003	2002	**2003**	2002
Segment Income	**$ 2,833**	$ 1,717	**$ 3,365**	$ 2,839
Gross Liquids Production (Thousands of Barrels Per Day)[2]	**602**	657	**1,681**	1,765
Net Liquids Production (Thousands of Barrels Per Day)[2]	**562**	602	**1,246**	1,295
Gross Natural Gas Production (Millions of Cubic Feet Per Day)[2]	**2,603**	2,945	**2,203**	2,120
Net Natural Gas Production (Millions of Cubic Feet Per Day)[2]	**2,228**	2,405	**2,064**	1,971
Gross Proved Liquids Reserves (Millions of Barrels)[2]	**2,237**	2,305	**8,311**	8,439
Net Proved Liquids Reserves (Millions of Barrels)[2]	**2,058**	2,117	**6,541**	6,551
Gross Proved Natural Gas Reserves (Billions of Cubic Feet)[2]	**6,260**	7,543	**15,919**	13,963
Net Proved Natural Gas Reserves (Billions of Cubic Feet)[2]	**5,353**	6,417	**14,838**	12,918
Natural Gas Sales (Millions of Cubic Feet Per Day)	**3,871**	5,463	**1,951**	3,131
Natural Gas Liquids Sales (Thousands of Barrels Per Day)	**194**	241	**107**	131
Net Exploratory Oil and Gas Wells Completed[3,4]	**27**	57	**12**	17
Net Development Oil and Gas Wells Completed[3,4]	**697**	638	**736**	637
Net Wells Productive at Year End[3,4,5]	**38,021**	40,270	**10,134**	10,050
Net Proved and Unproved Acreage (Thousands of Acres)[3]	**9,950**	10,054	**48,237**	50,024
Exploration Expenditures	**$ 548**	$ 658	**$ 538**	$ 550
Production Expenditures	**$ 1,093**	$ 1,230	**$ 3,496**	$ 3,845

1 Includes equity share of affiliates unless otherwise noted.
2 Gross production or gross reserves are the company's share of total production or total reserves after deducting partners' equity share, but before deducting royalties. Net production or net reserves are after deducting royalties.
3 Consolidated companies only.
4 Net wells include all those wholly owned and the sum of the fractional interests in those that are joint ventures, unit operations or similar wells.
5 Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce crude oil and natural gas are classified as oil wells.

United States

ChevronTexaco is the third-largest hydrocarbon producer in the United States, with a product mix of approximately 60 percent liquids and 40 percent natural gas. The U.S. exploration and production business is anchored by mature assets providing sustained earnings performance and quality cash flow that funds the development of longer-term growth programs. The asset base is diverse, with a No. 1 or No. 2 producing position in many of the areas of operation. These activities are concentrated primarily in the Gulf of Mexico, California, Louisiana, Texas, New Mexico and the Rocky Mountains.

As part of the ongoing effort to improve competitive performance and increase operating efficiency, the company announced plans in 2003 to sell its interests in nonstrategic producing properties in the United States. The majority of U.S. properties for sale are located in 15 states and the Outer Continental Shelf of the Gulf of Mexico. The company expects to retain about 400 core fields and anticipates the divestment program will be substantially completed in 2004.



Business Units: GOM Shelf; GOM Deepwater; San Joaquin Valley; Mid-Continent; Permian

GULF OF MEXICO – SHELF

ChevronTexaco is the largest producer of crude oil and natural gas on the Gulf of Mexico Shelf. The company drilled 129 wells during 2003 and maintained daily average net production rates of 118,000 barrels of crude oil, 945 million cubic feet of natural gas and 17,700 barrels of natural gas liquids.

Deep Gas Capitalizing on a significant acreage position and infrastructure in the trends that are proving to be successful in the exploration of deep gas, the company is using a combination of sole exploration and leveraged partnerships in efforts to mitigate risk and maximize value. One such effort in progress involves a leveraged partnership in the drilling of at least nine deep gas shelf wells, with the potential of up to 18 more wells. If successful, these types of initiatives will help ChevronTexaco maintain a leadership position in the multiple deep gas trends in the Gulf of Mexico Shelf. Other deep gas initiatives include:

Jim Bob Mountain and Mound Point The Jim Bob Mountain project was undertaken in 2003 to drill four deep (depths greater than 15,000 feet, or 4,572 meters) delineation wells and install associated facilities. Total recoverable reserves are estimated to be 125 billion cubic feet of natural gas and 11 million barrels of crude oil, with incremental reserves likely to be added in the subsequent development phase. Two Jim Bob Mountain wells, located in the South Marsh Island Block 223, were completed in 2003 and a third well is expected to be completed in 2004. Total 2004 daily production from the three Jim Bob Mountain wells is expected to average 3,500 barrels of crude oil and 50 million cubic feet of natural gas (approximately 5,000 net barrels of oil-equivalent). ChevronTexaco has a 45 percent interest in the property and operates the production.

The State Lease 340 Mound Point well, also located in the South Marsh Island area, was completed in 2003. Additional follow-up appraisal drilling is planned for 2004. Total 2004 daily production is expected to average 600 barrels of crude oil and 20 million cubic feet of natural gas (approximately 1,200 net barrels of oil-equivalent). The company has a 43 percent interest in the Mound Point development and operates the production.

West Cameron Block 54 In this Gulf of Mexico deep natural gas discovery in West Cameron Block 54, results from the exploratory well indicate the presence of six reservoir sands with combined net pay exceeding 300 feet (91 m) and total recoverable reserves exceeding 60 billion cubic feet of natural gas and 600,000 barrels of crude oil. The discovery well came online during the fourth quarter 2003. Total 2004 production is expected to average 35 million cubic feet of natural gas and 700 barrels of crude oil per day (approximately 5,400 net barrels of oil-equivalent). Two successful appraisal wells have been drilled, the second of which is currently being prepared for production. ChevronTexaco is the operator with a 100 percent interest.

South Timbalier 189 ChevronTexaco has a 100 percent-operated interest in the South Timbalier Block 189 CA-7 well, which had 2003 total average daily production of 13 million cubic feet of natural gas and 1,300 barrels of condensate (approximately 2,900 net barrels of oil-equivalent). The company also has a 100 percent interest in the CA-5 well, a follow-up development well to the CA-7. CA-5 was completed and brought online in December 2003 and was producing 43 million cubic feet of natural gas and 6,300 barrels of condensate per day (approximately 11,200 net barrels of oil-equivalent).

United States

GULF OF MEXICO – DEEPWATER

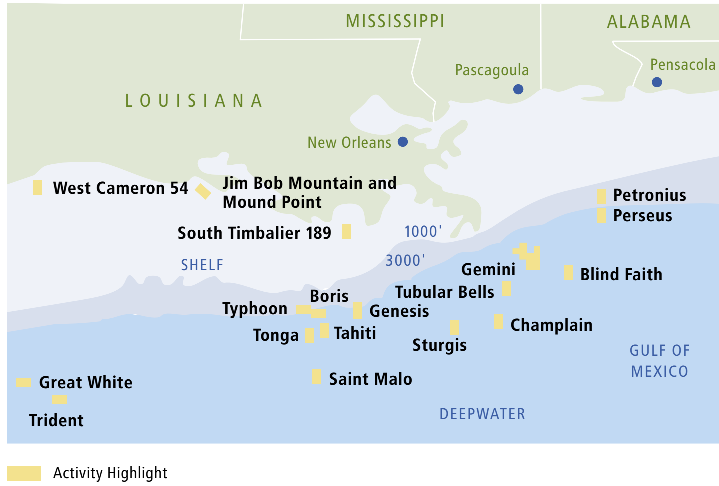
ChevronTexaco is the operator of 478 lease blocks, the second-largest number of blocks in the deepwater Gulf of Mexico. During the year, the company maintained average daily net production of 51,000 barrels of crude oil, 91 million cubic feet of natural gas and 2,000 barrels of natural gas liquids. Among the company's successes in 2003 was the achievement of an industry record for the deepest well ever drilled in the Gulf of Mexico, which was located at Tonga, Green Canyon 727, and drilled to a total vertical depth of 31,824 feet (9,700 m).

Genesis Total daily production during 2003 averaged 32,000 barrels of crude oil and 43 million cubic feet of natural gas (approximately 20,000 barrels of net oil-equivalent). ChevronTexaco is operator with a 57 percent interest. A new 4-dimension (4-D) seismic survey was acquired in 2003, and a satellite drilling program is planned for 2004 through 2006. Into early 2004, the operations team had worked 5 years without a company-employee or core-contractor recordable safety incident. Due in part to the Genesis operation, the company received a Mineral Management Service *SAFE Award* in 2003 and also earned in conjunction with a key business partner the prestigious National Ocean Industries Association *Safety in the Seas Award*.

Petronius Total daily production in 2003 averaged 53,000 barrels of crude oil and 97 million cubic feet of natural gas (approximately 30,000 barrels of net oil-equivalent). The company is the operator with a 50 percent interest. In early 2004, additional potential reservoirs within the field and potential satellite drilling tie-back opportunities were under evaluation. Into early 2004, the operations team had worked 4 years without a company-employee or core-contractor recordable safety incident.

A discovery at the Perseus prospect in Viosca Knoll Block 830 was announced in August 2003. The discovery well is located in 3,376 feet (1,029 m) of water, approximately 5 miles (8 km) from the existing Petronius platform. Development options involving extended-reach drilling, subsea development or a combination of the two were being evaluated in early 2004. Production is expected to commence in 2005.

Typhoon Total daily production from Typhoon in 2003, along with volumes processed at Typhoon from the Boris Field (discussed below), averaged 28,000 barrels of crude oil and 41 million cubic feet of natural gas. Net daily production from the 50 percent-owned Typhoon Field averaged 9,200 barrels of crude oil and natural gas liquids and 11 million cubic feet of natural gas. Into early 2004, the operations team had worked more than 2 years without a company-employee or core-contractor recordable safety incident.



Boris Facilities for this 25 percent-owned and partner-operated field are located in water depths of 2,400 feet (732 m) approximately 5 miles (8 km) southeast of Typhoon (Green Canyon 236 and 237). Boris Field was developed with a subsea manifold tied back by a single production flowline to the Typhoon production facility. The South Boris well (Green Canyon 282 #1) started production in February 2003, followed by the North Boris well (Green Canyon 282 #2) starting production in October 2003. Into early 2004, Boris was producing at capacity, with total daily production of approximately 20,000 barrels of crude oil and about 30 million cubic feet of natural gas (approximately 6,200 net oil-equivalent barrels).

Tahiti The company announced a successful discovery in 2002 at Tahiti, which is located in Green Canyon 640, 641, 596 and 597. In 2003, two appraisal wells were drilled, a project team was staffed and development alternatives were being evaluated.

ChevronTexaco reprocessed the original vendor's 3-D seismic data for Tahiti using a proprietary subsalt depth imaging technique that dramatically improved the seismic image, allowing for more accurate positioning of the exploratory and delineation wells. This technique, Gaussian Beam Depth migration, is being applied to all of the deepwater assets, including Great White and Blind Faith.

Appraisal results validated the presence of high-quality reservoir sand and provided verification of the company's initial estimates of 400 million to 500 million barrels of ultimately recoverable oil-equivalent reserves. The development concept was selected in early 2004, with front-end engineering and design (FEED) expected to begin in the second quarter of 2004. Project execution is expected to begin in the second quarter of 2005. ChevronTexaco is operator of the development with a 58 percent interest.

United States

Blind Faith ChevronTexaco earned the right to operate the Blind Faith discovery, located in Mississippi Canyon 696, and increased its ownership to 50 percent. Drilling of an appraisal well commenced in early 2004.

Great White ChevronTexaco has a 33 percent working interest in this nonoperated exploratory opportunity in the western Gulf of Mexico. An appraisal well was completed in December 2003 on Alaminos Canyon Block 857. The data from this well was being evaluated in early 2004.

Exploration Summary In 2003, the company participated in a total of 12 exploratory wells (eight wildcat and four appraisal wells) in the deepwater Gulf of Mexico. The 2003 program resulted in four discoveries and four successful appraisal wells. The discoveries included Saint Malo (Walker Ridge 678, ChevronTexaco – 12.5 percent interest), Tubular Bells (Mississippi Canyon 725, ChevronTexaco – 30 percent interest), Perseus (Visoca Knoll 830, ChevronTexaco – 50 percent interest) and Sturgis (Atwater Valley 183, ChevronTexaco – 50 percent interest). As discussed at the beginning of this section, the Tonga prospect was also drilled in 2003 and data evaluation continued into early 2004.

ChevronTexaco successfully acquired 44 new tracts in Lease Sales 185 and 187 in 2003.

MID-CONTINENT

The Mid-Continent business unit manages production operations extending from the Rockies to South Texas across eight states (Wyoming, Utah, Colorado, Oklahoma, Kansas, New Mexico, Texas and Alabama) and oversees nonoperated production in these and various other states. Building on a strong safety culture, employees in the business unit had worked nearly three years without a lost workday incident.

In 2003, net production of natural gas averaged 822 million cubic feet per day through development drilling activity combined with a strong focus on maintaining base production with workovers, artificial lift and facility optimization. Net production of crude oil and natural gas liquids averaged 32,000 barrels per day in 2003.

Capital spending focused on natural gas development with major programs in the Rockies, East Texas and South Texas. A total of 102 wells were drilled in 2003, and the business unit participated in approximately 250 nonoperated wells. The incorporation of new technologies into the drilling program in East Texas led to significant time and cost benefits by reducing the average well drilling time from 26 days in prior years to just 9 days in 2003.

PERMIAN

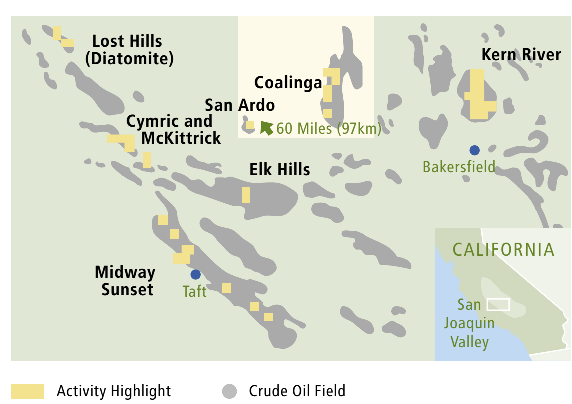
The Permian business unit is the second-largest hydrocarbon producer in the Permian Basin, with production predominantly in West Texas and southeastern New Mexico. During 2003, net daily production averaged 110,500 barrels of crude oil and natural gas liquids and 257 million cubic feet of natural gas (approximately 153,000 net barrels of oil-equivalent). The business unit drilled 149 wells and participated in the drilling of an additional 198 wells in the nonoperated and farmed-out portion of the business. State-of-the-art horizontal drilling technology was used in 25 percent of the new wells drilled in 2003. Capital spending was focused primarily on crude oil development in southeastern New Mexico and West Texas.

Focus remains on minimizing the base production decline in existing fields through improving operational reliability and utilizing best practices. One example of this success is the re-energizing of the McElroy unit, a mature field, where an active capital program continued in 2003. Fifty new wells were successfully drilled, resulting in reserves additions exceeding production for the second consecutive year. Also as a result of 2003 drilling activities, field production surpassed 2002 levels, averaging 10,500 oil-equivalent barrels per day. Prior to 2002, field production had been declining at a rate of 7 percent per year.

Numerous safety milestones were achieved in Permian, among them surpassing 11 million miles driven without a motor vehicle accident during 2003.

SAN JOAQUIN VALLEY

ChevronTexaco ranks No. 1 in oil-equivalent production in California. In 2003, average net daily production was 225,500 barrels of crude oil, 112 million cubic feet of natural gas and 4,800 barrels of natural gas liquids. Approximately 85 percent of the oil production is considered heavy oil (API gravity of 22° or below). Heat management continued to be a major focus for the oil assets, enabling greater recovery of this resource.



United States

The three major San Joaquin Valley crude oil fields (Kern River, Midway Sunset and Cymric) contributed combined production of 177,100 net barrels of oil-equivalent per day in 2003. The Kern River Field is a mature steamflood operation, with net oil-equivalent production exceeding 100,000 barrels per day. In 2003, activity focused on additional well perforations associated with the steamflood, an accelerated infill drilling program and a water-impacted-reserves pilot project that placed 24 recompletion wells on injection. There were additional well perforations in nearly 530 wells, increasing net crude oil production by 430 barrels per day in 2003, while growing to their maximum expected rates in 2004. Thirty infill production wells were also drilled late in the third quarter of 2003, with an increase in net crude oil production into early 2004 of 200 barrels per day. An additional 200 infill production wells are planned for 2004.

Diatomite Reservoirs Diatomite, characterized by high porosity and very low permeability, is formed from skeletal remains of diatoms and other micro-organisms. Producing heavy oil from this type of rock presents unique technical challenges. In the central Lost Hills Field waterflood area, ChevronTexaco drilled 56 new wells and continued field development. Additionally, there were 17 wells drilled in the North Lost Hills expansion area. A stimulation fracture salvage program was responsible for restoring a number of wells that had been considered lost. The North Lost Hills waterflood will be a major 2004 capital project, with 90 injection wells and 40 producing wells planned. ChevronTexaco's proprietary technology is being employed in the region to improve recovery of the field's light oil. Lost Hills production in 2003 averaged 18,400 net barrels of oil-equivalent per day.

ChevronTexaco also has heavy oil resources in diatomite reservoirs in three other locations, the Cymric, McKittrick and Midway Sunset fields. A recovery technique used to tap this resource at the Cymric Field, with demonstrated significant results, utilizes a high-pressure cyclic steaming process. The 1Y Antelope project at Cymric has been highly successful, increasing net oil-equivalent production from 7,400 barrels per day in 1997 to 21,000 barrels in 2003. An expansion project commenced in late 2003 with 10 wells, and an additional 20 wells are planned for 2004. Pilot testing programs are planned or in progress in the McKittrick Field and in the Midway Sunset Field. Proven pilot testing in the latter have accelerated a new diatomite development project into 2004. ChevronTexaco's ownership in these diatomite areas is almost 100 percent.

Elk Hills An active development program continued in the nonoperated Elk Hills Field, with the drilling of 151 development wells and the redrilling of 89 existing wells to restrict the decline of crude oil and natural gas production to 7 percent annually from a base level of 15 percent. ChevronTexaco's average interest in the Shallow Oil, Dry Gas, Stevens and Deep Unit Zones was 23 percent. During 2003, ChevronTexaco's share of net daily production was 13,100 barrels of light crude oil, 70 million cubic feet of natural gas and 3,800 barrels of natural gas liquids. Pilot projects for carbon dioxide, ethane and water injection were also initiated in 2003. Polymer injection, nitrogen injection and fireflood are additional enhanced oil-recovery processes being evaluated for future use at Elk Hills.

Canada

In 2003, Chevron Canada Resources (CCR) continued the evaluation of its existing position in Canada's East Coast offshore region and acquired a significant acreage position in eight new exploration parcels in the Orphan Basin; started integrated operations of the mine and upgrader at the Athabasca Oil Sands Project in Alberta; maintained focus on core production areas in western Canada; and pursued opportunities in the Mackenzie Delta region in northern Canada.

EASTERN CANADA

Off the east coast of Canada, six additional development wells were completed in the Hibernia Field, in which CCR owns a 27 percent nonoperated working interest. The new development wells and continued high operating efficiency increased total daily average production to 197,900 barrels of crude oil (53,200 net barrels) in 2003. Planning efforts continued on the subsea development phase of the Ben-Nevis Avalon reservoir in the Hibernia Field. A technical team continues to work on the Hebron pre-feasibility studies, which the company views as a significant resource with future development potential.

Canada

In December 2003, ChevronTexaco was the successful bidder on a 50 percent working interest in eight new exploration licenses totaling 5.2 million acres (21,044 sq. km) in the Orphan Basin offshore Newfoundland. The technical evaluation of exploration licenses offshore Nova Scotia continued in 2003 with results from the 2002 Newburn well becoming fully integrated into the regional interpretation. The South Flemish Pass exploration blocks offshore Newfoundland were released at year-end 2003.

ATHABASCA OIL SANDS PROJECT

The Athabasca Oil Sands Project (AOSP) began integrated operations in April 2003 when the Scotford Upgrader started processing bitumen from Train 1 of the Muskeg River Mine to manufacture synthetic crude oil products. The bitumen is extracted from oil sands and upgraded into synthetic crude oil using hydroprocessing technology. ChevronTexaco has a 20 percent nonoperated working interest in the project, which went into full operation in June 2003 with processing trains operating at both facilities. Total bitumen production in the fourth quarter of 2003 averaged approximately 130,000 barrels per day (25,700 net barrels). At full capacity, AOSP is expected to reach rates of 155,000 barrels per day. 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 bitumen production of approximately 500,000 barrels per day.

MACKENZIE DELTA

A promising exploration test opportunity has been defined in the Mackenzie Delta region in northern Canada. ChevronTexaco and its partners have the largest onshore land holdings in the region, totaling more than 1 million acres (4,047 sq. km). During 2003, an exploration discovery at North Langley K-30 successfully tested natural gas, with further exploration drilling and 3-D seismic planned for 2004.

WESTERN CANADA

Net daily production from western Canada fields was approximately 18,700 barrels of crude oil and natural gas liquids and 105 million cubic feet of natural gas. As part of ChevronTexaco's portfolio optimization process, the company announced its intention to evaluate opportunities to divest selected mature producing fields and midstream assets in western Canada in 2004, which currently produce about 35,000 net barrels of oil-equivalent production per day. This decision does not affect strategically significant assets in Canada, which include AOSP, Mackenzie Delta exploration and East Coast Canada exploration, development and production activities.

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 (8,903 sq. km), predominantly in the onshore 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 (2,428 sq. km). TOPCON operates the six concessions under a joint venture agreement with the NNPC, which owns the remaining 60 percent interest.

ChevronTexaco received the U.S. Department of State *2003 Award for Corporate Excellence* for its corporate citizenship in Nigeria.

Production In 2003, total daily production from the 33 CNL-operated fields averaged 347,700 barrels of crude oil (113,100 net barrels), 124 million cubic feet of natural gas (50 million net cubic feet) and 6,100 barrels of liquefied petroleum gas (LPG) (2,400 net barrels). During 2003, total daily production from the five TOPCON-operated fields averaged 22,100 barrels of crude oil (7,200 net barrels).

Onshore operations in the Niger Delta, including the Olero Creek development, were suspended in March 2003 as a result of civil unrest. Total onshore production of about 140,000 barrels of crude oil per day (45,000 net barrels) remained shut-in at year-end while the company continued to evaluate options for safe and secure restoration of production.

Exploration In 2003, ChevronTexaco was granted a license to operate and have sole ownership in Block 249. This increased the company's already leading acreage position in the Nigerian deepwater trend. The Aparo-3 appraisal well in Oil Prospecting License (OPL) 249 was drilled in July 2003 and encountered a substantial amount of net hydrocarbon sand. The successful Aparo drilling and subsurface program on OPL-249 and OPL-213 (100 percent ChevronTexaco interest) indicate that Aparo shares a common structure with the Oil Mining Lease (OML) 118 Bonga SW discovery, in which the company has no ownership interest. Discussions are under way regarding a joint oil development by the operators for the three deepwater blocks.

The Aparo discovery on OPL-249 was followed by the drilling of Nsiko-1, a rank wildcat well, in August 2003. A substantial amount of net hydrocarbon sand was also encountered in multiple zones. One zone was tested in the well and flowed at 6,300 barrels of light high-quality crude oil per day under restricted flow conditions. Appraisal drilling will commence on the Nsiko discovery during the first half of 2004.

OPL-222 activities in 2003 included the successful completion of appraisal programs involving Usan-3, Usan-4 and Ukot-2. As a result of crude oil discoveries associated with the appraisal drilling program, development options are being actively pursued by the partnership, in which ChevronTexaco holds a 30 percent interest.

Exploration activities on the shelf included the completion of the Okagba-2 appraisal well (OML-49) along with the successful Sonam-4 appraisal well (OML-91). Sonam well results indicate larger reserves potential than had previously been estimated in a natural gas condensate pay. Reservoir performance evaluations have been conducted, and a project team is currently evaluating development options.

Deepwater Development – Agbami This development lies in 4,800 feet (1,463 m) of water, 70 miles (113 km) off the coast in the Central Niger Delta. The geologic structure spans an area of 45,000 acres (182 sq. km) across Blocks 216 and 217. The appraisal program, completed in 2001, confirmed potential recoverable reserves of approximately 800 million barrels of oil-equivalent.

In 2003, a pre-unitization agreement was completed between Blocks 216 and 217, in which Star Deep Water Petroleum Limited, a ChevronTexaco affiliate, was named as pre-unit operator. Terms were also agreed upon with NNPC, on its entry into Block 216. The contractor group for the two blocks agreed to a field development plan to be submitted to the government for approval. The bidding process for a floating production, storage and offloading (FPSO) unit commenced with a contract award date expected in the third quarter of 2004. Initial production is expected in 2007 for the two blocks. A maximum daily production of 250,000 barrels of crude oil (155,000 net barrels) is expected to be reached within 6 to 12 months following start-up. ChevronTexaco's share of contractor's rights to production and funding obligations in Block 216 is 80 percent and in Block 217, 46.2 percent.

Deepwater Development – Nnwa A joint development study between participants in OPL-218, in which the company holds a 46.2 percent interest, and OPL-219 was completed in 2003. The work was suspended pending the resolution of deepwater gas fiscal terms.

Nigeria Liquefied Natural Gas (LNG) In 2003, ChevronTexaco and its partners in the Brass LNG Consortium advanced plans to perform FEED for a world-scale LNG development project located in Nigeria. This plant would have 2 processing trains with a potential processing capacity of 5 million metric tons each. ChevronTexaco and two other international oil companies would each own a 17 percent share, with NNPC holding the other 49 percent. The natural gas resources of the CNL and TOPCON joint ventures are expected to supply a major amount of feed gas to the project.

Escravos Gas Project Phase 3 (EGP-3) The onshore and offshore engineering, procurement and construction bids were received for this project in 2003. A re-engineering effort was under way at year-end to more narrowly focus the project scope in order to reduce costs and to reissue the bid packages in 2004 for engineering, procurement and construction. Start-up is expected in 2007 and includes adding a second gas plant with 395 million cubic feet of capacity, expanding total 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.

Africa

Gas-to-Liquids (GTL) Project Front-end engineering and site preparations have been completed for the 33,000-barrel-per-day GTL plant at Escravos, in which CNL owns a 75 percent interest. The lump-sum "Engineering, Procurement and Construction" tender package was issued for bid and results were expected before the end of the second quarter 2004. The project is the first to use the technology and operational expertise of the Sasol Chevron Global Joint Venture. The 50-50 Sasol Chevron Global Joint Venture was established in October 2000 to develop a worldwide GTL business. Sasol also is providing risk-based financing to the project in support of the use of the joint venture's technologies. Project start-up is planned in 2007.

West Africa Gas Pipeline The regional project will supply Nigerian natural gas to customers in Benin, Togo and Ghana for industrial applications and power generation. ChevronTexaco is participating with a consortium that includes the NNPC, Shell and Takoradi Power. Upon completion of commercial negotiations and licensing in 2004, the consortium plans to construct a 373-mile (600-km) pipeline and commence full operations in 2006. ChevronTexaco, the managing sponsor, has a 41.9 percent interest in West African Gas Pipeline Company Limited, which will construct, own and operate the pipeline.

ANGOLA

ChevronTexaco ranks No. 1 in oil-equivalent production in Angola and was the first to produce in the deepwater. The company has an interest in four concessions totaling approximately 4,700 square miles (12,173 sq. km). During 2003, average total crude oil production exceeded 526,000 barrels per day (153,800 net barrels). The company is embarking on a major development program to significantly increase production after 2005.

Cabinda Gulf Oil Company Limited (CABGOC), a wholly owned subsidiary of ChevronTexaco, is the operator of two concessions, Blocks 0 and 14, off the west coast of Angola, north of the Congo River. Block 0 is a 2,155-square-mile (5,581-sq.-km) 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 (4,092-sq.-km) deepwater concession located west of Block 0. Texaco Panama Angola Limited (TEXPAN), a wholly owned subsidiary of ChevronTexaco, is the operator and has a 20 percent interest in Block 2, a 160-square-mile (414-sq.-km) 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 (1,554-sq.-km) onshore Fina Sonangol Texaco concession.

Production – Block 0 The block is divided into three areas – Areas A, B and C – with total production of 407,500 barrels of liquids per day (128,000 net barrels) in 2003. Area A daily total production was 262,000 barrels of crude oil (82,000 net barrels) and 2,500 barrels of LPG (1,000 net barrels) from 16 fields. Area B includes three fields that produced 118,000 total barrels of crude oil per day (37,000 net barrels). Area C averaged 25,000 total barrels of crude oil per day (8,000 net barrels) from two fields.

Development – Block 0 In Area C, the $1.9 billion Sanha condensate gas utilization and Bomboco oil project continued detailed design, procurement and fabrication. When operational, this project is expected to eliminate 50 percent of the associated gas flaring in Block 0 and will have maximum daily production exceeding 100,000 barrels of oil-equivalent per day (40,000 net barrels) by 2006. LPG will be exported via the world's largest LPG floating production, storage and offloading vessel. In addition, the adjacent Bomboco Field development will be tied to the Sanha Field infrastructure.

In Area A, development of the Banzala Field is continuing. Banzala A is on production and Banzala B is in FEED. Other projects in FEED include the Greater Takula infrastructure project that involves the renewal and debottlenecking of four offshore platforms and onshore treating facilities to increase production and water treatment capacity. The Area A gas management project will eliminate the remaining associated gas flares by collecting and reinjecting excess natural gas.

Feasibility studies in Block 0 projects, including Banzala C, Mafumeira and Nemba enhanced recovery, are moving forward. Other small field discoveries are currently being evaluated for commerciality.

Production – Block 2 This block includes 15 fields that produced an average of 45,000 barrels of crude oil per day (5,400 net barrels) in 2003.

Production – Block 14 The Kuito Field, Angola's first deepwater development, produced 74,000 barrels of crude oil per day (19,000 net barrels) in 2003. Production at the Kuito Field is by subsea well clusters that flow into an FPSO unit. The fourth phase of development, Kuito Phase 2A, was completed in early 2003 and was successful in increasing fluid throughput capacities and improving reliability.

Development – Block 14 Initially awarded in 1995, Block 14 has undergone an aggressive exploration program resulting in nine commercial discoveries. ChevronTexaco is focusing on a number of $1 billion-plus development projects to significantly increase production in the near- to mid-term.

The development plans for Benguela Belize-Lobito Tomboco were approved in early 2003. Phase 1 of the $2.2 billion project involves the installation of an integrated drilling and production platform and the development of the Benguela and Belize fields, projected to start up by late 2005. Phase 2 of the project involves the installation of subsea systems, pipelines and wells for the Lobito and Tomboco field developments. FEED for Lobito Tomboco was completed in late 2003. When both phases are completed, maximum daily production is estimated at more than 200,000 barrels of crude oil per day (62,000 net barrels) in 2007.

Feasibility studies will be completed in 2004 for the Tombua-Landana development, targeted as the next major capital project for Block 14, with estimated capital expenditures over $2 billion and maximum daily production of approximately 180,000 barrels of crude oil (56,000 net barrels) late this decade.

Exploration – Block 14 The 2003 exploration program appraised the Negage prospect that was discovered in 2002. This prospect is under evaluation for commerciality. Feasibility studies continued for the Gabela heavy oil field, which was also discovered in 2002.

Angola LNG The LNG project is an integrated gas utilization effort that is in the planning stages. In addition to commercializing Angola's gas resources, this project would continue to facilitate offshore crude oil development by reducing flaring of the natural gas associated with crude oil production and providing a long-term market for this associated gas. ChevronTexaco and Sonangol, the state oil company of Angola, are co-leading the project, providing ChevronTexaco an opportunity to grow its international natural gas business and operate a world-class LNG project. ChevronTexaco's interest is 36.4 percent.

REPUBLIC OF CONGO

ChevronTexaco has a 30 percent interest in the Nkossa, Nsoko and Moho-Bilondo exploitation permits and a 29 percent interest in the Marine VII Kitina and Sounda exploitation permits. Average total production from the Republic of Congo was 51,000 barrels of crude oil per day (13,300 net barrels) in 2003. Assessment of the Moho and Bilondo discoveries progressed and a development decision, potentially employing subsea tie-back technology to the Nkossa Field, is expected in 2004.

DEMOCRATIC REPUBLIC OF CONGO

ChevronTexaco has a 50 percent interest in and operates a 390-square-mile (1,010-sq.-km) concession off the coast of the Democratic Republic of Congo.

Production Total crude oil production from eight offshore fields averaged 17,600 barrels per day (8,800 net barrels) in 2003.

CHAD / CAMEROON

The Chad/Cameroon project is developing landlocked crude oil fields in southern Chad and transporting the crude oil more than 600 miles (966 km) 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 crude oil and cost approximately $3.9 billion. Early production from the Miandoum Field, one of three fields in the crude oil development area, began in July 2003. Maximum production, estimated at 225,000 barrels of crude oil per day (56,000 net barrels), is projected by mid-2004. First sales from Chad occurred early in the fourth quarter of 2003. ChevronTexaco has a 25 percent interest in the oil field's operation and approximately a 23 percent interest in the pipeline companies.

Africa

At the end of 2003, the project was substantially complete, with pipeline and export facilities fully operational. Drilling continued on the Miandoum, Kome and Bolobo fields.

NIGERIA-SÃO TOMÉ E PRINCIPE JOINT DEVELOPMENT ZONE (JDZ)

In October 2003, ChevronTexaco submitted the highest bid for Block 1 in the newly opened deepwater JDZ. At year-end 2003, bids were being reviewed by the governments involved (Nigeria 60 percent and São Tomé e Principe 40 percent), with winning-bid announcements expected in the first half of 2004.

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.

In 2003, Chevron Equatorial Guinea Ltd. assigned 20 percent of its equity in Block L to Energy Africa. ChevronTexaco is the operator with a 45 percent equity interest. The partnership completed drilling of the Ballena-1 well in April 2003 and is currently progressing with the evaluation of the block.

Europe

ChevronTexaco holds producing interests in 26 fields in Denmark, Norway and the United Kingdom, which had a combined net daily production in 2003 of 167,900 barrels of crude oil and 477 million cubic feet of natural gas.

UNITED KINGDOM

ChevronTexaco has interests in 11 producing fields in the United Kingdom, which had net daily production in 2003 of 115,600 barrels of crude oil and 378 million cubic feet of natural gas.

Production

Alba ChevronTexaco is operator of and holds a 21.2 percent interest in Alba, which had total daily production in 2003 of 82,800 barrels of crude oil (17,500 net barrels) and 17 million cubic feet of natural gas (4 million net cubic feet) in 2003. New natural gas facilities were commissioned on both Alba and Britannia platforms during 2003, improving environmental performance through reduced gas flaring. Drilling of new wells and infill opportunities from the main platform was planned to continue in 2004. Three more subsea wells associated with the Alba Extreme South Phase 2 project are planned in 2004. Production is scheduled to start in the fourth quarter 2004, with estimated average volumes in 2005 of 8,000 barrels of crude oil per day (1,700 net barrels).

Britannia ChevronTexaco holds a 32.4 percent interest in this field and shares operatorship. Total daily production averaged 31,900 barrels of crude oil (10,300 net barrels) and 630 million cubic feet of natural gas (204 million net cubic feet). Britannia has an estimated life of approximately 30 years from its initial production in 1998, with expected total recoverable reserves of approximately 3 trillion cubic feet of natural gas and 130 million barrels of condensate. Development of the field will continue through late 2006 with continued platform and subsea drilling and development.

Caledonia The Caledonia Field commenced production in February 2003. Phase 1 of the project consists of a single production well tied back to the Britannia Platform by a 3.5-mile (5.6-km) pipeline. After start-up, total daily crude oil production averaged 8,800 barrels (2,400 net barrels) during 2003. ChevronTexaco is operator with a 27.4 percent interest in the field.

Captain Total production averaged 54,800 barrels of crude oil per day (46,600 net barrels) during 2003. ChevronTexaco is operator and holds an 85 percent interest. Completion of three additional Area B development wells in 2003 concluded the Captain expansion project. Studies are progressing on the future development of Area C, primarily in the eastern portion of the block, with potential commencement of production in 2006.

Europe

Strathspey Total daily production in 2003 averaged 9,000 barrels of crude oil (6,000 net barrels) and 27 million cubic feet of natural gas (18 million net cubic feet). ChevronTexaco is operator and holds a 67 percent interest.

High-Pressure/High-Temperature (HP/HT) Gas Fields The Elgin/Franklin Field, in which ChevronTexaco holds a 3.9 percent interest, is one of the largest HP/HT developments ever undertaken. Total daily production averaged 132,300 barrels of crude oil (5,200 net barrels) and 485 million cubic feet of natural gas (19 million net cubic feet). The Erskine Field was the first HP/HT gas condensate field developed in the North Sea. During 2003, total daily production averaged 18,900 barrels of crude oil (9,400 net barrels) and 103 million cubic feet of natural gas (52 million net cubic feet). ChevronTexaco is operator and holds a 50 percent interest. Total daily production from the Jade development, in which ChevronTexaco holds a 19.9 percent interest, averaged 21,100 barrels of crude oil (4,200 net barrels) and 194 million cubic feet of natural gas (39 million net cubic feet) in 2003.

Portfolio Rationalization Three U.K. assets were offered for sale in 2003: a 67.4 percent working interest in the operated Galley Field, a 50 percent working interest in the nonoperated Orwell Field and a 4.8 percent working interest in the nonoperated Statfjord Field. Daily 2003 net production from these assets was 14,000 barrels of crude oil and 37 million cubic of natural gas. The sale of the Galley Field was completed in January 2004, and the disposition of the Orwell and Statfjord fields were expected to be finalized during the second quarter 2004.

Development

Clair ChevronTexaco holds a 19.4 percent interest in this development, which contains total estimated recoverable crude oil of nearly 250 million barrels. Platform construction is continuing and a crude oil export pipeline has been successfully laid. Initial production is anticipated for late 2004 and is expected to reach an average total daily production of 60,000 barrels of crude oil (11,700 net barrels) and 15 million cubic feet of natural gas (3 million net cubic feet).

Callanish and Brodgar In the 16.5 percent-owned Callanish crude oil and natural gas field and the 25 percent-owned Brodgar natural gas field, activities are focused on the subsea development of both fields simultaneously tieing back both of them to a new process facilities platform, bridge-linked to the Britannia platform. The combined project has received joint venture management and government approval to develop. First crude oil and natural gas production is expected in late 2006.

Exploration

ChevronTexaco participated in three United Kingdom Continental Shelf exploration/appraisal wells in 2003. Gas condensate was discovered in the West Franklin Field where ChevronTexaco has 3.9 percent interest. West Franklin will be tied back to the Elgin/Franklin facilities. Four to six wells will be drilled in the Atlantic Margin and North Sea in 2004.

DENMARK

ChevronTexaco holds a 15 percent interest in the Danish Underground Consortium (DUC), producing crude oil and natural gas from 14 fields in the Danish North Sea and involving 12 percent to 26.7 percent interests in five exploration licenses. An agreement was announced in October 2003 between the concessionaire and the Danish government to extend the concession term from 2012 to 2042 and revise other terms of the concession. The agreement was ratified by the Danish parliament in December 2003.

Production During 2003, average daily total production from the DUC was 279,900 barrels of crude oil (42,000 net barrels) and 660 million cubic feet of natural gas (99 million net cubic feet).

Europe

Development Development of the Halfdan Field continued in 2003 with the installation of process and accommodation modules and the drilling of 10 development wells. Development wells were also drilled in Dan, Skjold and Tyra SE fields. A new gas export pipeline was laid from the Tyra gas complex to a host platform in the Dutch sector of the North Sea to place increased volumes into a new market and satisfy European Union competition laws. The gas export system is scheduled for commissioning in 2004.

Exploration The Boje appraisal well discovered hydrocarbons and well evaluation was continuing in early 2004. An appraisal well confirmed the presence of hydrocarbons in the northern Halfdan field area.

NORWAY

Production In 2003, average daily production from the Draugen Field totaled 135,900 barrels of crude oil (10,300 net barrels). ChevronTexaco holds a 7.6 percent equity interest in the field.

Exploration During 2003, technical studies were undertaken to assess drilling locations on the two licenses (PL 283 and PL 284) awarded to ChevronTexaco during the Norwegian 17th licensing round. One well is planned in 2004 on PL 283 where the company holds a 25 percent interest. The company farmed in to PL 261, which contains the extension of the primary prospect in PL 284. ChevronTexaco acquired a 65 percent working interest in PL 261 and will operate an exploratory well in 2004. Additional activity during 2003 included relinquishment of ChevronTexaco's interests in PL 252 and PL 259.

NETHERLANDS

ChevronTexaco is decommissioning the 30-year-old onshore Akkrum natural gas field in the province of Friesland in the northern Netherlands. All buildings, equipment and gas transport pipelines were removed, including all eight former production sites, and the land is being reinstated for agricultural use. Groundwater monitoring, sanitation and cultivation works are scheduled for 2004. The Friesland provincial government has issued Statements of Satisfaction for the environmental standards of three of the eight sites and similar approval is expected for the remaining sites by the second quarter of 2004.

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 nonoperated interest in a joint venture in 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. 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 2003, total daily field oil-equivalent production averaged 524,000 barrels. CPI's net share of this daily production was 236,000 barrels.

Sumatra Projects CPI continues to execute projects designed to optimize production from its existing reservoirs. During 2003, the majority of CPI's production came from fields under primary or secondary production within the CPI-operated Rokan Block PSC. The 20,000-acre (81-sq.-km) Duri Field, under steamflood since 1985, is the largest steamflood in the world. In 2003, 70 percent of the field was under steam injection, with total production averaging 204,000 barrels of crude oil per day (116,000 net barrels). Development is progressing on the Duri North region, where there is an estimated 1 billion barrels of crude oil in place.

CPI is expanding its waterflood recovery programs to sustain production from the Minas and Bekasap fields. A small-scale surfactant pilot was successfully completed in the Minas Field in 2002, and an evaluation to determine the viability of this technology was ongoing in early 2004. Total production from the Minas Field averaged 109,000 barrels of oil-equivalent per day (41,000 net barrels) in 2003. Bekasap's Tilan and Kelok fields, located in the northern part of the Rokan Block, continue to show positive results from deeper discoveries in the Pematang reservoir. Efforts are ongoing to

ChevronTexaco Contract Areas

further evaluate the Pematang potential across the basin as well as develop new opportunities in the more mature fields. Production from the Bekasap area, consisting of more than 80 active fields, averaged 211,000 barrels of oil-equivalent per day (79,000 net barrels) in 2003.

CPI was awarded operatorship of the Kisaran Block in 2001. The block is located in a natural gas and crude oil prospective basin just north of the Rokan Block. During 2003, detailed interpretation and enhanced processing of the 3-D seismic data was completed. Additional drilling prospects were being evaluated for a drilling program planned for 2004.

Natuna Block B Projects The block encompasses the Belida and Sembilang crude oil fields. During 2003, total daily production from both fields averaged 9,000 barrels of crude oil (4,900 net barrels). The block also includes the Tembang, Belida, Keong and Kijing natural gas fields, which began producing in 2002 to support sales agreements totaling 2.5 trillion cubic feet with Singapore and Malaysia. Total average daily production during 2003 from the four natural gas fields was 66 million cubic feet (62.9 million net cubic feet). Projects are under way to tie in three additional natural gas fields. Completion of these activities is targeted for 2005.

The $1.6 billion Belanak project, which will also support the Singapore and Malaysia natural gas sales agreements, is in progress and expected to reach completion by mid-2005. During 2003, two wellhead platforms were set and drilling operations commenced. Construction of an FPSO facility was also completed. First crude oil production from the Belanak Field is targeted to occur at the end of 2004, with maximum total field production of 55,000 barrels of crude oil per day (14,000 net barrels) anticipated in 2005. The extraction of LPG is expected to begin in 2005, achieving maximum production of 12,000 barrels of oil-equivalent per day (3,000 net barrels) in 2006. The Belanak facilities will also serve as a hub for developing other crude oil and wet-gas fields in the eastern region of Block B, including Kerisi, Hiu and North Belut. Production from the Kerisi and Hiu fields is expected to begin in 2007 and later achieve maximum daily production of 46,000 barrels of oil-equivalent (12,000 net barrels). North Belut, the largest of the eastern natural gas fields with estimated recoverable reserves of 667 billion cubic feet (167 billion net cubic feet), is scheduled to be online in 2008.

Amoseas Indonesia Projects AI operates 150 megawatts (MW) of geothermal energy in the Garut Area of West Java. Darajat I, a 55 MW power plant built and operated by the national power company, is entirely fueled by steam from the AI-operated geothermal field. The Darajat II power plant, built and operated by AI, with a design capacity for 70 MW, is producing in excess of 95 MW due to operational efficiencies and excellent steam field capability. Expansion of the Darajat power complex by an additional 100 MW is currently being evaluated for possible commercial operation in 2006.

During the year, AI also operated the North Duri Cogeneration Plant, which supplied 300 MW to CPI's power grids and up to 190,400 water-equivalent barrels per day of steam in support of the Duri steamflood projects. Both the North Duri Cogen and Darajat Unit II projects are 95 percent-owned by ChevronTexaco. The Darajat steam field is 100 percent-owned by the company.

AUSTRALASIA

ChevronTexaco's primary interests in Australasia involve three 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; and (3) 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 company interests ranging from 16.7 to 25 percent.

Australia

During 2003, net daily production from the company's producing interests in Australia was 47,700 barrels of crude oil and 284 million cubic feet of natural gas.

North West Shelf (NWS) Net daily production from the North Rankin, Goodwyn, Perseus and Echo/Yodel fields averaged 282 million cubic feet of natural gas and 18,100 barrels of condensate during 2003. Approximately 60 percent of natural gas was sold primarily under long-term contracts for the transport of LNG to major utilities in Japan and South Korea. Due to excellent plant reliability and strong demand, 2003 was a record year for LNG sales of 139 cargoes, 8 cargoes above the historical average. The remaining natural gas is sold into the Western Australia domestic gas market. Net daily production from the Wanaea, Cossack, Lambert and Hermes crude oil fields averaged 17,900 barrels and 3,700 barrels of LPG.

Asia-Pacific

The Train 4 LNG expansion project, which is planned to increase LNG capacity by approximately 50 percent, was under construction in early 2004 and is expected to have first gas sales by September 2004. This LNG expansion project also encompasses the installation of a second 80-mile (129-km) pipeline from the operated offshore natural gas fields to shore and a ninth LNG carrier for the NWS-controlled fleet, which will be operated by ChevronTexaco. Both the second trunk line and the ninth LNG carrier are expected to be operational in the second quarter of 2004. In addition, the NWS Venture has executed a major 3-D seismic program in 2003 to mature the reserve base, improve the execution of future gas supply projects and maximize the value of the NWS crude oil assets.

The NWS Venture was selected by the People's Republic of China to be the supplier of LNG for the proposed Guangdong LNG Terminal project in 2002. The 25-year LNG Sale and Purchase Agreement (SPA) for approximately 3.9 trillion cubic feet of natural gas is expected to become unconditional by mid-2004, with first LNG cargoes expected in late 2006 or early 2007. Additionally, there has been significant work in 2003 to mature the shipping arrangements for this agreement. A seven-year Korean LNG SPA for 50 cargoes (or approximately 130 billion cubic feet of natural gas per day) was signed in early 2003, with the first cargo loaded in late 2003.

Barrow Island and Thevenard Island ChevronTexaco operates producing facilities on Barrow and Thevenard islands, both approximately 100 miles (161 km) southwest of the NWS fields. Total crude oil production from these two facilities averaged 14,500 barrels per day in 2003 (8,000 net barrels).

Gorgon Area Development ChevronTexaco holds significant equity interests in the Greater Gorgon Area off the northwest coast of Western Australia. This vast resource contains 10 discovered but undeveloped natural gas fields. ChevronTexaco is the operator of the Gorgon development, with a 57.1 percent interest, and is actively pursuing natural gas sales to Australian industrial customers and to international LNG markets including China, Japan, South Korea and the west coast of North America. In 2003, the Western Australian government granted in-principle approval for the development and construction of a multibillion-dollar natural gas processing facility on Barrow Island, one of several milestones toward enabling production of natural gas resources in this area. Preliminary gas sales agreements have been signed with the China National Offshore Oil Corporation.

Exploration ChevronTexaco participated in the drilling of the successful Jansz-3 appraisal well in the Io-Jansz natural gas field offshore Western Australia in 2003. The well is located in permit area WA-18-R, in which the company holds a 50 percent interest.

Papua New Guinea

In 2003, ChevronTexaco completed the sale of asset interests in Papua New Guinea and resigned operatorship of the Kutubu, Gobe and Moran oil fields.

Philippines

ChevronTexaco holds a 45 percent interest in the Malampaya natural gas field, located about 50 miles (80 km) offshore Palawan Island in water depths of approximately 2,800 feet (853 m). 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 total recoverable natural gas reserves are estimated at 2.7 trillion cubic feet. The Malampaya development includes an offshore platform and a 314-mile (505-km) pipeline from the 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.

Natural Gas Pipeline   Natural Gas Field

Production Malampaya Field's net daily production of natural gas increased to 140 million cubic feet in 2003 from 105 million cubic feet in 2002. Average net condensate production during 2003 was 7,600 barrels per day.

CHINA

ChevronTexaco has interests 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, the company has exploration activities in Bohai Bay offshore Block 11/19 and production in Block QHD 32-6. Net production from the company's interests in China was 23,000 barrels of crude oil per day in 2003. In the Ordos Basin, the company has 100 percent interest in each of six prospective gas blocks totaling about 2.95 million acres (11,938 sq. km).

Production ChevronTexaco has a 32.7 percent working interest in Block 16/08, located in the Pearl River Delta Mouth Basin. Average total production from the six fields totaled 55,800 barrels of crude oil per day (14,700 net barrels) in 2003.

The company also has a 24.5 percent working interest in Block QHD 32-6, located in Bohai Bay. Average total production from the field was 37,700 barrels of crude oil per day (8,300 net barrels) in 2003.

Development The Huizhou (HZ) 19-3/2/1 Oil Development project, located in Block 16/19, is a three-field project that leverages the existing infrastructure and operational organization of the Block 16/08 consortium-operated fields. The company has a 32.7 percent working interest in this development, which is expected to add an estimated 31,000 barrels of crude oil per day (9,100 net barrels) to production totals, with first crude oil targeted for late 2004.

The HZ 21-1 Gas Development project, located in Block 16/08, is a single-field project that also leverages the existing infrastructure and operational organization of the consortium-operated fields in the block. The company has a 32.7 percent working interest in this development, estimated to add a total production of 58 million cubic feet of natural gas per day (18 million net cubic feet) and 3,500 barrels of condensate per day (1,100 net barrels). First production is targeted for the second quarter of 2006.

The Bozhong 25-1S Unitized Development project, located in Block 11/19, is a single-field project to be operated by the China National Offshore Oil Corporation. The company has a 16.2 percent working interest in this development. The project will add an estimated total production of 63,000 barrels of crude oil per day (14,200 net barrels) with first crude oil targeted for early 2005.

ChevronTexaco Lease   Crude Oil Field

Asia-Pacific

Exploration Geological, geophysical and engineering studies were conducted on the company's Ordos Basin blocks in an effort to high-grade prospects for potential exploration drilling in the future. ChevronTexaco also relinquished the exploration rights to Bohai Bay Blocks 02/31 and 06/17 in 2003. The 2002 appraisal of the LD 27-2 discovery, located in Block 02/31, proved to be uneconomic. ChevronTexaco also relinquished the Shilou Block, which totaled 0.9 million acres (3,642 sq. km) and was determined to be nonprospective.

THAILAND

ChevronTexaco operates Block B8/32 in the Gulf of Thailand and holds a 51.7 percent interest. Net average daily production from Block B8/32 was 24,600 barrels of crude oil and 104 million cubic feet of natural gas during 2003.

Production Block B8/32 produces crude oil and natural gas from three fields: Tantawan, Maliwan and Benchamas. In 2003, total average daily production from the Tantawan Field was 57 million cubic feet of natural gas and 5,200 barrels of crude oil (7,000 net oil-equivalent barrels). Combined average daily production from the Benchamas and Maliwan fields totaled 167 million cubic feet of natural gas and 49,600 barrels of crude oil (35,000 net oil-equivalent barrels) in 2003. Natural gas produced from the concession is sold to the Petroleum Authority of Thailand under a long-term sales contract.

Development Forty-four development wells were drilled and three platforms were installed in Block B8/32 in 2003. During the first quarter of 2004, the company also completed an upgrade at the Benchamas Field and increased total capacity to approximately 65,000 barrels of crude oil per day (34,000 net barrels). In addition, productive areas were extended in Block B8/32, with the drilling of two successful delineation wells. Further development of the concession will continue in 2004. These activities include development of the North Jarmjuree Field, located between the Benchamas and Tantawan fields. First production from North Jarmjuree is targeted to occur in late 2004. The company has also submitted an application to the government of Thailand to develop the north Benchamas area.

Exploration In July 2003, ChevronTexaco was awarded operatorship and a 51.7 percent interest in Block 9A in the Gulf of Thailand. This concession is adjacent to the Tantawan Field, and current plans are to develop and produce it utilizing the company's existing Tantawan infrastructure. In 2003, a commercial discovery was confirmed with successful results from one exploration and one appraisal well. The company plans to submit a production area application in 2004 with first production from the block anticipated in 2005.

In addition, ChevronTexaco acquired an 85 percent operating interest in Block G4/43. The concession is adjacent to Block B8/32 and covers approximately 2.4 million acres (9,712 sq. km). Environmental surveys and impact assessments were completed in the fourth quarter of 2003, and acquisition of 3-D seismic data and drilling of two exploration wells are planned for 2004.

ChevronTexaco holds a one-third interest in Blocks 7, 8 and 9, exploration blocks that are also adjacent to Block B8/32. The blocks are currently inactive pending resolution of border issues between Thailand and Cambodia. Active negotiations involving government representatives from both nations were under way in early 2004.

CAMBODIA

ChevronTexaco operates and holds a 70 percent interest in Block A, located offshore Cambodia in the Gulf of Thailand. The concession covers approximately 1 million acres (4,047 sq. km). Efforts were under way to reduce the company's working interest in the block to 55 percent. In 2003, ChevronTexaco drilled one exploration well with subcommercial results. New 3-D seismic data was acquired and processed over a portion of the block, and the drilling of additional exploration wells is planned for 2004.

BANGLADESH

The company sold its interest in Block 9, an onshore natural gas prospect, in September 2003.

Eurasia

KAZAKHSTAN

ChevronTexaco is a major producer in Kazakhstan, where net daily production in 2003 from the Tengizchevroil (TCO) and Karachaganak fields totaled 155,700 barrels of crude oil and natural gas liquids (liquids) and 298 million cubic feet of natural gas. ChevronTexaco also has a 15 percent interest in the Caspian Pipeline Consortium (CPC), which provides the critical export route for crude oil from both TCO and Karachaganak.

ChevronTexaco Joint Venture Areas | CPC Pipeline | Connecting Pipeline | Crude Oil Field

Tengizchevroil

ChevronTexaco holds a 50 percent interest in TCO that includes the giant Tengiz and Korolev crude oil fields located in western Kazakhstan. Essentially all of TCO's crude oil is exported through the CPC pipeline that runs from Tengiz to Novorossiysk.

Production Average 2003 total daily production of approximately 280,000 barrels of crude oil (124,200 net barrels) was slightly lower than 2002 production levels. This was attributable to TCO's largest-ever planned maintenance turnaround in 2003.

TCO began sales of granulated sulfur in 2003 to markets in Kazakhstan, Russia and the Mediterranean. These sales augment the sale of flaked and liquid sulfur.

Development TCO reached agreement with the government of Kazakhstan in 2003 to expand operations at the Tengiz and Korolev fields. The expansion is called the Sour Gas Injection/Second Generation Project and is expected to increase TCO's crude oil production capacity from the current rate to between 430,000 and 500,000 barrels of crude oil per day (195,000 and 230,000 net barrels) in the second half of 2006.

Karachaganak Project

Karachaganak is a world-class natural gas and crude oil/condensate field located in northwest Kazakhstan. ChevronTexaco holds a 20 percent interest in the project.

Production During 2003, total daily production averaged approximately 115,000 barrels of liquids (21,400 net barrels) and approximately 542 million cubic feet of natural gas (101 million net cubic feet).

Development The Karachaganak Field is being developed in phases, and Phase 2 was approximately 98 percent complete at the end of 2003. Full completion is expected in the middle of 2004. Phase 2 included construction of natural gas injection and liquids-processing facilities and an increase in liquids export capability via CPC. First sour gas injection was achieved in July 2003, and first crude oil from the new Phase 2 facilities was delivered to the 400-mile (644-km) connecting pipeline later that month. Prior to the Phase 2 development, production from Karachaganak was processed in Orenburg, Russia. The Phase 2 liquids processing capabilities and CPC access are expected to allow total daily production in the middle of 2004 to increase to approximately 220,000 barrels of liquids (40,000 net barrels) and 760 million cubic feet of natural gas (140 million net cubic feet). An additional 640 million cubic feet of natural gas per day will be injected. Approximately 150,000 barrels per day of processed liquids (27,900 net barrels) will be sold at world prices via CPC.

North Buzachi The North Buzachi Field was deemed to be nonstrategic and was sold effective June 2003. The company held a 65 percent working interest.

Caspian Pipeline Consortium CPC operates a 935-mile (1,505-km) crude oil export pipeline from the Tengiz Field to the Black Sea port of Novorossiysk. ChevronTexaco holds a 15 percent interest. Currently, CPC has seven transportation agreements in place that provide the capacity to transport approximately 600,000 barrels of crude oil per day. The pipeline system is expandable to 1.5 million barrels with additional pump stations and tanks. CPC is in the initial planning stages of expanding the system.

AZERBAIJAN

Absheron ChevronTexaco holds a 30 percent interest in the Absheron Block. Following an unsuccessful exploration well in 2001, ChevronTexaco negotiated an agreement in 2003 with the State Oil Company of Azerbaijan that relieved the company and its partners of remaining commitments.

Middle East

PARTITIONED NEUTRAL ZONE (PNZ)

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

Production During 2003, total daily production from four producing fields averaged 334,200 barrels of crude oil and 30 million cubic feet of natural gas (133,700 net barrels and 15 million net cubic feet). Forty-nine wells were drilled during 2003, and the active well count at year-end increased to approximately 690. Development drilling, well workovers and numerous facility-enhancement programs planned for the near future are expected to maintain production at similar levels.

Development In October 2003, a contract was awarded to construct the water treatment plant for a steam-flood injection test. This was the first significant procurement milestone for the steamflood injection test that is expected to occur in 2005. This testing will serve as a precursor for a large-scale steamflood pilot project 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 with the Kingdom of Bahrain to explore for oil in offshore Block 5. In 2003, further evaluation of the 3-D seismic data was completed. The review of recently acquired seismic data is expected to lead to drilling later in 2004.

QATAR

The exploration concessions expired 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 3 1/2-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, employee abilities and overall commitment to the region.

ChevronTexaco, as the operator of one of three competing consortia, submitted proposed development plans for "Project Kuwait" to the Kuwaiti government relating to future development options for Kuwait's northern fields. Discussions on the proposal are expected to occur during 2004.

Latin America

ChevronTexaco Global Technology Services Company, through its office in Caracas, manages the exploration and production activities in Latin America. These activities are concentrated in five countries: Argentina, Brazil, Colombia, Trinidad and Tobago, and Venezuela. Net daily production during 2003 was 74,700 barrels of crude oil and 420 million cubic feet of natural gas. The company also produces 98,900 barrels of crude oil per day under an operating service agreement in Venezuela.

ARGENTINA

ChevronTexaco operates in Argentina as Chevron San Jorge S.R.L. (CSJ). CSJ holds more than 3.8 million acres (15,378 sq. km) in 17 production concessions and 10 exploration blocks in the Neuquén and Austral basins. Working interests range from 18.8 to 100 percent. Farm-out agreements are under negotiations in three blocks.

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 The company's producing properties are located in Neuquén and Austral provinces, which are the two most prolific hydrocarbon basins in Argentina. During 2003, total production averaged 90,700 barrels of oil-equivalent per day (64,800 net barrels).

Exploration CSJ's exploration program in 2003 resulted in two natural gas and condensate discoveries, El Gancho x-1 and El Gancho Este; successful appraisal well in La Yesera (LY a-2); and a successful bid in Block Chasquivil in the Neuquén Basin.

BRAZIL

Exploration ChevronTexaco holds working interests ranging from 20 to 68 percent in six deepwater blocks totaling 1.6 million acres (6,475 sq. km) at year-end 2003. Exploration is concentrated in the Campos and Santos basins. In 2003, one block was fully relinquished and two blocks entered into an assessment phase to further evaluate the commercial potential. The company reprocessed 3-D seismic data on multiple blocks and plans to participate in up to three exploration wells and one well test during 2004.

Development The Frade Field, where ChevronTexaco is operator and holds a 42.5 percent interest, lies in approximately 3,700 feet (1,128 m) of water, 230 miles (370 km) northeast of Rio de Janeiro in the Campos Basin. The project began FEED work in the fourth quarter of 2003.

COLOMBIA

Production ChevronTexaco's activities in Colombia are focused on the production and commercialization of natural gas from the offshore Caribbean and adjacent coastal areas of the Guajira Peninsula. The company currently operates three natural gas fields in this area – the giant offshore Chuchupa and the onshore Ballena and Riohacha. The fields are operated under two related contracts – the Guajira Association contract and the Build-Operate-Maintain-Transfer contract. The Guajira Association contract, a 50-50 joint venture production-sharing agreement with the Colombian national oil company, Ecopetrol, expires in December 2004. Commencing in 2005, ChevronTexaco will continue to operate the fields under a recently signed contract extension and will receive 43 percent of the production for the economic life of the fields. This contract extension, signed in December 2003, replaces the Catalina incremental production contract agreed upon in February 2003. During 2003, total daily production averaged 470 million cubic feet of natural gas (206 million net cubic feet).

TRINIDAD AND TOBAGO

The company has a 50 percent nonoperated 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. The licensed areas are governed by production-sharing contracts between the contractors and the Trinidad and Tobago Ministry of Energy and Energy Industries.

Production During 2003, total daily production from the Dolphin Field was 232 million cubic feet of natural gas (116 million net cubic feet). The gas is supplied to the local market through a take-or-pay gas sales contract that terminates in 2015.

Development The Dolphin Deep and Starfish fields are located in blocks adjacent to the Dolphin Field. The fields will be developed by a subsea tie-back to the Dolphin platform. Development of the fields is expected to provide 80 million cubic feet of natural gas per day (39 million net cubic feet) for the Atlantic LNG Train 3 and transport to the United States under long-term contract. The project is currently in detailed design, with construction and drilling scheduled for 2004 and 2005. Initial natural gas production is planned for the second half of 2005.

Latin America

VENEZUELA

Boscan The Boscan Field is located in western Venezuela. ChevronTexaco operates the field under an operating service agreement with Petróleos de Venezuela, S.A. (PDVSA). Despite a general strike affecting the entire country in early 2003, total Boscan production averaged 98,900 barrels of crude oil per day for the year. During 2003, a program was initiated to convert existing standard vertical displacement pumping units to rotary drive progressive cavity pumps that cost 80 percent less to install, are safer to operate, are more reliable and result in increased production. The ongoing horizontal well program resulted in six successful wells during 2003. Both programs continue into 2004.

LL-652 Located in Lake Maracaibo, this field's total production averaged 15,600 barrels of oil-equivalent per day (9,100 net barrels) during 2003. A limited drilling and workover program was initiated late in 2003 to arrest the continuing field decline. The company operates the LL-652 Field under a risked service agreement and maintains a 63 percent working interest. During 2004, ChevronTexaco and PDVSA signed an incremental natural gas sales contract to supply PDVSA with natural gas from this field.

ChevronTexaco Interest

Hamaca Petrolera Ameriven, a joint-venture operating agent, serves as operator for the Hamaca project, which is located in the Venezuelan Orinoco Belt. The $3.6 billion Hamaca project will result in a vertically integrated heavy oil production, transportation and upgrading facility. Upon completion in the third quarter of 2004, the upgrading facility will have the capacity to upgrade 190,000 barrels per day of heavy crude oil (8° API), to a lighter, higher-value crude oil (26° API). Development drilling and major facility construction continued throughout 2003, with the project achieving 88 percent completion at year-end. Recoverable reserves are estimated at approximately 1.9 billion barrels of crude oil during the project's estimated 34-year production life. In 2003, total production averaged 66,300 barrels of crude oil per day (16,600 net barrels). The company holds a 30 percent interest.

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 significant undeveloped natural gas discovery known as Loran Field. An exploration and delineation drilling program was planned for 2004. The company is operator and holds a 60 percent interest. In March 2004, the company was officially informed by the Ministry of Energy and Mines that it would be awarded the exploration license for Plataforma Deltana Block 3.

Global Gas

ChevronTexaco Global Gas (CTGG) was formed on July 1, 2003, to create a high-impact global gas business responsible for and capable of commercializing ChevronTexaco's substantial natural gas resources. CTGG will expand and accelerate the commercialization of the company's equity natural gas by coordinating and making investments across the natural gas value chain – from wellhead to burner tip.

CTGG's strategy platform includes both global liquefied natural gas (LNG) and gas-to-liquids (GTL) efforts and is complemented by regional pipeline development and gas marketing. CTGG's LNG activities span the world, including projects in Angola, Australia, Nigeria and Venezuela.

BUSINESS STRATEGIES

- Explore GTL opportunities in Nigeria, Qatar and Australia through the Sasol Chevron Global Joint Venture.
- Capitalize on ChevronTexaco's strong position in the North American natural gas market.
- Leverage CTGG's operation of the ninth LNG carrier for the North West Shelf Venture and its shipping company's world-class maritime safety record to be a partner of choice.
- Stimulate gas market demand pull by applying more than 20 years of experience in evaluating power markets and successfully developing and operating commercial power projects, which currently generate 3,500 megawatts of electricity around the globe.

2003 ACCOMPLISHMENTS

NORTH AMERICA

Port Pelican ChevronTexaco received approval for a Deepwater Port License from the U.S. Maritime Administration of the Department of Transportation to construct, own and operate an offshore LNG receiving and regasification terminal, to be located approximately 40 miles (64 km) off the Louisiana coastline in the Gulf of Mexico. Port Pelican will be the first offshore LNG terminal in the United States and the first natural gas deepwater port in the world to be constructed using a freestanding concrete gravity based structure (GBS). The regasification facility is designed to process approximately 1.6 billion cubic feet of natural gas per day. Efforts are under way in 2004 to obtain project approval.

Baja California, Mexico ChevronTexaco filed permit applications with Mexico's Energy Regulation Commission, Environmental Authority, and Secretary of Communication and Transportation to construct and operate an offshore LNG receiving and regasification terminal to be located approximately 8 miles (13 km) off the coast of Baja California, Mexico. The Baja LNG terminal will be constructed using the same GBS design as Port Pelican. The terminal will be designed to handle 1.4 billion cubic feet of natural gas per day, with initial processing capacity of approximately 700 million cubic feet per day.

Natural Gas Marketing and Trading In the first half of 2003, ChevronTexaco resumed marketing and trading of its equity and third-party natural gas, previously sold through its Dynegy affiliate. By the end of the year, the company had positioned itself as one of the top 10 marketers of natural gas in North America.

INTERNATIONAL

Gorgon LNG ChevronTexaco signed a Memorandum of Understanding (MOU) with Gorgon Joint Venture partners in August 2003 for the supply of LNG to the North America west coast. The MOU provides for the supply of up to 269 million cubic feet per day of LNG over a 20-year period (approximately 1.9 trillion cubic feet in total), beginning in 2008. In September 2003, the company secured in-principle approval from the Western Australia state government for restricted use of Barrow Island to establish an LNG liquefaction plant.

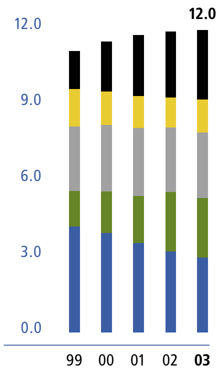
Following this success, China National Offshore Oil Corporation (CNOOC) signed an agreement expected to lead to one of the largest LNG commitments in the industry's history. Subject to the completion of formal contracts, CNOOC Limited will purchase a substantial equity stake in the Gorgon gas development, and its parent, CNOOC, will arrange to purchase foundation volumes of LNG from Gorgon for use in China.

Brass River LNG ChevronTexaco signed a Heads of Agreement with the Nigerian National Petroleum Corporation and other project partners for front-end engineering and design (see page 17 for additional details).

Plataforma Deltana Venezuela awarded ChevronTexaco the license for Plataforma Deltana offshore Block 2 in February 2003. In March 2004, the company was officially informed that it would be awarded the exploration license for Plataforma Deltana Block 3. (See page 30 for additional details.)

Proved Reserves

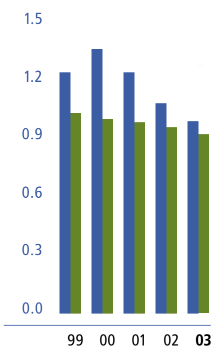
NET PROVED RESERVES
Billions of BOE*



■ Affiliates
■ Other
■ Asia-Pacific
■ Africa
■ United States

**Barrels of oil-equivalent*

CHANGES IN NET PROVED RESERVES
Billions of BOE



■ Net BOE Production
■ Additions to Net Proved Reserves

PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS[1]

At December 31

Millions of Barrels	2003	2002	2001	2000	1999
GROSS CRUDE OIL AND NATURAL GAS LIQUIDS					
United States	**2,237**	2,305	2,486	2,828	3,084
Africa	**2,258**	2,320	1,808	1,779	1,608
Asia-Pacific	**2,646**	2,789	2,939	3,376	3,458
Other[2]	**729**	746	797	882	1,022
TOTAL CONSOLIDATED COMPANIES	**7,870**	8,160	8,030	8,865	9,172
EQUITY SHARE IN AFFILIATES					
TCO	**2,127**	2,026	1,848	1,571	1,478
Hamaca	**551**	558	561	431	–
TOTAL GROSS RESERVES	**10,548**	10,744	10,439	10,867	10,650
NET CRUDE OIL AND NATURAL GAS LIQUIDS					
United States	**2,058**	2,117	2,301	2,614	2,854
Africa	**1,923**	1,976	1,544	1,505	1,344
Asia-Pacific	**1,603**	1,704	1,906	1,894	1,887
Other[2]	**696**	697	745	822	946
TOTAL CONSOLIDATED COMPANIES	**6,280**	6,494	6,496	6,835	7,031
EQUITY SHARE IN AFFILIATES					
TCO	**1,840**	1,689	1,541	1,310	1,233
Hamaca	**479**	485	487	374	–
TOTAL NET RESERVES	**8,599**	8,668	8,524	8,519	8,264

PROVED RESERVES – NATURAL GAS[1]

Billions of Cubic Feet	2003	2002	2001	2000	1999
GROSS NATURAL GAS					
United States	**6,260**	7,543	8,614	9,312	9,297
Africa	**2,658**	2,330	1,881	780	326
Asia-Pacific	**6,217**	5,479	5,054	5,000	4,626
Other[2]	**3,995**	3,121	3,279	3,282	3,495
TOTAL CONSOLIDATED COMPANIES	**19,130**	18,473	18,828	18,374	17,744
EQUITY SHARE IN AFFILIATES					
TCO	**2,920**	2,983	2,711	2,018	1,895
Hamaca	**129**	50	49	38	–
TOTAL GROSS RESERVES	**22,179**	21,506	21,588	20,430	19,639
NET NATURAL GAS					
United States	**5,353**	6,417	7,387	7,923	7,993
Africa	**2,642**	2,298	1,872	772	326
Asia-Pacific	**5,893**	5,164	4,759	4,442	4,088
Other[2]	**3,665**	2,924	3,088	2,991	3,175
TOTAL CONSOLIDATED COMPANIES	**17,553**	16,803	17,106	16,128	15,582
EQUITY SHARE IN AFFILIATES					
TCO	**2,526**	2,489	2,262	1,683	1,581
Hamaca	**112**	43	42	33	–
TOTAL NET RESERVES	**20,191**	19,335	19,410	17,844	17,163

[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 a crude oil and natural gas activity. No reserve quantities have been recorded for the company's other service agreement, the Boscan Field in Venezuela. During the year, an agreement was reached that extends production rights on Chuchupa and other natural gas fields in Colombia.

Acreage

NET PROVED AND UNPROVED OIL AND GAS ACREAGE[1,2]

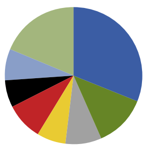
At December 31

Thousands of Acres	2003	2002	2001	2000	1999
UNITED STATES					
ONSHORE					
Alaska	**474**	705	601	549	517
California	**302**	325	325	246	361
Colorado	**220**	168	168	166	216
Kansas	**64**	83	83	77	89
Louisiana	**421**	461	666	638	768
Michigan	**65**	63	64	76	89
Montana	**14**	13	13	36	40
New Mexico	**352**	353	363	353	393
Oklahoma	**239**	279	281	265	287
Texas	**3,484**	3,503	3,917	3,805	4,056
Utah	**169**	199	199	272	278
Wyoming	**266**	269	352	392	417
Other States	**154**	161	162	157	175
TOTAL ONSHORE	**6,224**	6,582	7,194	7,032	7,686
OFFSHORE					
Alaska Coast	**18**	48	47	67	61
Atlantic Coast	**–**	–	–	35	31
Gulf Coast	**3,703**	3,414	4,363	4,477	5,245
Pacific Coast	**5**	10	10	23	19
TOTAL OFFSHORE	**3,726**	3,472	4,420	4,602	5,356
TOTAL UNITED STATES	**9,950**	10,054	11,614	11,634	13,042
AFRICA					
Angola	**924**	924	1,837	1,944	3,133
Chad	**2,556**	2,556	2,556	2,556	–
Democratic Republic of Congo	**123**	124	124	124	124
Equatorial Guinea	**473**	683	683	1,051	–
Namibia	**–**	144	144	201	201
Nigeria	**3,868**	3,309	3,338	3,639	7,190
Republic of Congo	**53**	185	185	372	185
TOTAL AFRICA	**7,997**	7,925	8,867	9,887	10,833
ASIA-PACIFIC					
Australia	**6,470**	7,044	7,177	7,178	6,886
Azerbaijan	**30**	30	30	30	30
Bahrain	**48**	48	912	815	1,359
Bangladesh[3]	**–**	1,020	1,020	–	–
Cambodia	**853**	1,086	–	–	–
China	**3,960**	5,836	5,161	7,872	7,953
Indonesia	**3,530**	3,530	6,990	6,925	8,599
Kazakhstan	**16**	36	36	36	37
Papua New Guinea[3]	**–**	322	322	322	322
Partitioned Neutral Zone	**786**	786	786	786	786
Philippines	**93**	93	183	93	93
Qatar	**–**	805	1,879	2,684	3,796
Thailand	**3,203**	1,227	1,227	1,227	1,238
Turkey	**251**	251	251	251	251
TOTAL ASIA-PACIFIC	**19,240**	22,114	25,974	28,219	31,350
OTHER					
Argentina	**2,780**	2,890	3,297	3,231	2,727
Bolivia	**–**	–	–	123	123
Brazil	**688**	1,373	4,590	5,538	2,774
Canada	**15,926**	13,671	14,003	15,064	14,228
Colombia	**101**	101	2,774	5,441	6,944
Denmark	**97**	97	199	202	170
Ecuador[3]	**–**	247	247	247	247
Germany	**123**	123	123	–	–
Netherlands	**27**	27	27	27	27
Norway	**361**	486	308	267	93
Poland	**–**	–	1,400	1,400	1,400
Trinidad and Tobago	**84**	84	83	283	361
United Kingdom	**775**	880	934	1,070	1,390
Venezuela	**38**	6	6	6	55
TOTAL OTHER	**21,000**	19,985	27,991	32,899	30,539
TOTAL INTERNATIONAL	**48,237**	50,024	62,832	71,005	72,722
TOTAL WORLDWIDE	**58,187**	60,078	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.
[3] The company sold its interests in Papua New Guinea and Bangladesh and exploration acreage in Ecuador in 2003.

Liquids Production

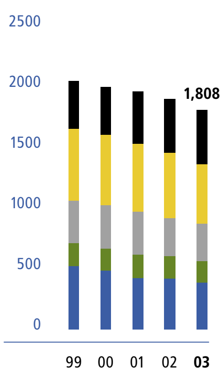
NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION BY COUNTRY*
Percentage



- United States 31.1%
- Indonesia 12.3%
- Kazakhstan 8.8%
- Angola 8.5%
- Partitioned Neutral Zone 7.4%
- Nigeria 6.8%
- United Kingdom 6.4%
- Other 18.7%

**Includes equity in affiliates*

NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION
Thousands of barrels per day



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

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION[1]

Year Ended December 31

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
CONSOLIDATED COMPANIES					
UNITED STATES					
California	**231**	243	249	266	278
Colorado	**10**	11	11	11	11
Louisiana – Onshore	**7**	15	18	20	21
– Offshore	**170**	182	187	179	182
New Mexico	**25**	27	29	35	36
Texas	**90**	91	87	110	130
Wyoming	**10**	12	11	15	17
Other	**19**	21	22	31	37
TOTAL UNITED STATES	**562**	602	614	667	712
AFRICA					
Angola	**154**	164	168	169	159
Chad	**8**	–	–	–	–
Democratic Republic of Congo	**9**	8	9	8	9
Nigeria	**123**	127	158	155	151
Republic of Congo	**13**	16	20	25	29
TOTAL AFRICA	**307**	315	355	357	348
ASIA-PACIFIC					
Australia	**48**	52	45	48	38
China	**23**	27	24	28	28
Indonesia	**223**	263	304	319	368
Kazakhstan	**25**	22	17	17	13
Papua New Guinea[2]	**4**	6	7	11	15
Partitioned Neutral Zone	**134**	140	144	139	124
Philippines	**8**	7	1	–	–
Thailand	**25**	18	16	14	4
TOTAL ASIA-PACIFIC	**490**	535	558	576	590
OTHER					
Argentina	**52**	55	57	51	13
Canada	**73**	70	64	66	65
Colombia	**–**	–	–	1	11
Denmark	**42**	42	39	39	35
Norway	**10**	15	17	15	16
Trinidad and Tobago	**–**	–	–	8	11
United Kingdom	**116**	113	115	117	154
Venezuela	**5**	4	4	4	3
TOTAL OTHER	**298**	299	296	301	308
TOTAL INTERNATIONAL	**1,095**	1,149	1,209	1,234	1,246
TOTAL CONSOLIDATED COMPANIES	**1,657**	1,751	1,823	1,901	1,958
EQUITY SHARE IN AFFILIATES					
TCO	**134**	140	135	96	91
Hamaca	**17**	6	1	–	–
TOTAL WORLDWIDE	**1,808**	1,897	1,959	1,997	2,049

GROSS LIQUIDS PRODUCTION

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
United States	**602**	657	670	730	781
Africa	**368**	380	429	431	424
Asia-Pacific	**825**	904	961	749	748
Other	**317**	318	316	354	364
TOTAL CONSOLIDATED COMPANIES	**2,112**	2,259	2,376	2,264	2,317
EQUITY SHARE IN AFFILIATES					
TCO	**151**	155	145	106	96
Hamaca	**20**	8	1	–	–
TOTAL WORLDWIDE	**2,283**	2,422	2,522	2,370	2,413

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
United States	**60**	63	54	90	97
International	**16**	18	17	24	30

[1] Net liquids production excludes royalty interests owned by others.
[2] The company sold its interest in Papua New Guinea in the fourth quarter of 2003.

Natural Gas Production

NET NATURAL GAS PRODUCTION*

Millions of Cubic Feet Per Day

	Year Ended December 31				
	2003	2002	2001	2000	1999
CONSOLIDATED COMPANIES					
UNITED STATES					
Alabama – Onshore	**43**	51	50	56	55
Alabama – Offshore	**106**	127	157	182	128
Alaska	**44**	39	35	32	27
California	**112**	125	116	118	129
Colorado	**98**	97	95	75	57
Louisiana – Onshore	**63**	115	99	92	84
Louisiana – Offshore	**776**	801	1,023	1,130	1,314
Michigan	**15**	17	18	23	27
New Mexico	**97**	99	104	125	180
Oklahoma	**73**	84	91	104	105
Texas – Onshore	**463**	508	526	586	640
Texas – Offshore	**71**	58	72	74	85
Utah	**81**	84	91	77	55
Wyoming	**179**	199	220	225	238
Other	**7**	1	9	11	21
TOTAL UNITED STATES	**2,228**	2,405	2,706	2,910	3,145
AFRICA					
Angola	**–**	–	1	1	1
Nigeria	**50**	74	43	47	39
TOTAL AFRICA	**50**	74	44	48	40
ASIA-PACIFIC					
Australia	**284**	264	235	225	229
Indonesia	**166**	147	134	133	141
Kazakhstan	**101**	85	67	83	63
Partitioned Neutral Zone	**15**	15	10	11	–
Philippines	**140**	105	9	–	–
Thailand	**104**	87	75	70	39
TOTAL ASIA-PACIFIC	**810**	703	530	522	472
OTHER					
Argentina	**74**	71	56	51	9
Canada	**110**	140	167	146	194
Colombia	**206**	222	203	194	167
Denmark	**99**	102	100	98	102
Trinidad and Tobago	**116**	107	100	65	48
United Kingdom	**378**	361	350	342	402
Other Countries	**21**	10	9	2	3
TOTAL OTHER	**1,004**	1,013	985	898	925
TOTAL INTERNATIONAL	**1,864**	1,790	1,559	1,468	1,437
TOTAL CONSOLIDATED COMPANIES	**4,092**	4,195	4,265	4,378	4,582
EQUITY SHARE IN AFFILIATES					
TCO	**197**	181	152	88	75
Hamaca	**3**	–	–	–	–
TOTAL WORLDWIDE	**4,292**	4,376	4,417	4,466	4,657
* Net natural gas production excludes royalty interests owned by others; includes natural gas consumed on lease:					
United States	**65**	64	64	79	87
International	**262**	256	262	244	237
Total	**327**	320	326	323	324

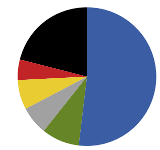
GROSS NATURAL GAS PRODUCTION

Millions of Cubic Feet Per Day

	2003	2002	2001	2000	1999
United States	**2,603**	2,945	3,167	3,485	3,757
Africa	**50**	74	44	100	93
Asia-Pacific	**833**	728	584	650	562
Other	**1,103**	1,122	1,159	1,022	1,018
TOTAL CONSOLIDATED COMPANIES	**4,589**	4,869	4,954	5,257	5,430
EQUITY SHARE IN AFFILIATES					
TCO	**214**	196	162	95	75
Hamaca	**3**	–	–	–	–
TOTAL WORLDWIDE	**4,806**	5,065	5,116	5,352	5,505

NET NATURAL GAS PRODUCTION BY COUNTRY*

Percentage

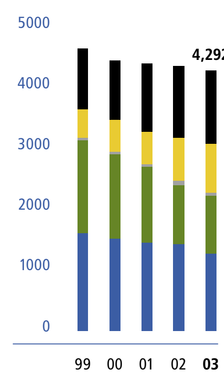


United States	51.9%
United Kingdom	8.8%
Kazakhstan	6.9%
Australia	6.6%
Colombia	4.8%
Other	21.0%

Includes equity in affiliates

NET NATURAL GAS PRODUCTION

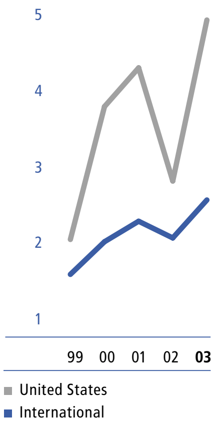
Millions of cubic feet per day



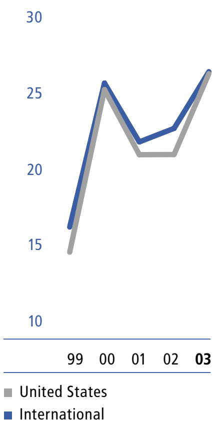
- Other (Including Affiliates)
- Asia-Pacific
- Africa
- United States – Offshore
- United States – Onshore

Other Produced Volumes, Realizations, Natural Gas and Natural Gas Liquids Sales, and Exploration and Development Costs

NATURAL GAS REALIZATIONS
Dollars per thousand cubic feet



CRUDE OIL & NATURAL GAS LIQUIDS REALIZATIONS
Dollars per barrel



OTHER PRODUCED VOLUMES

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
	Year Ended December 31				
Athabasca Oil Sands in Canada	**15**	–	–	–	–
Boscan Operating Service Agreement in Venezuela	**99**	97	105	109	96
Operating Service Agreement in Colombia	**–**	–	–	14	–
TOTAL	**114**	97	105	123	96

NATURAL GAS REALIZATIONS[1]

Dollars Per Thousand Cubic Feet	2003	2002	2001	2000	1999
United States	**$ 5.01**	$ 2.89	$ 4.38	$ 3.87	$ 2.12
International	**2.64**	2.14	2.36	2.09	1.66

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS[2]

Dollars Per Barrel	2003	2002	2001	2000	1999
United States	**$ 26.66**	$ 21.34	$ 21.33	$ 25.61	$ 14.92
International	**26.79**	23.06	22.17	26.04	16.57

NATURAL GAS SALES

Millions of Cubic Feet Per Day	2003	2002	2001	2000	1999
United States	**3,871**	5,463	7,830	7,302	6,534
International	**1,951**	3,131	2,675	2,398	2,342
TOTAL	**5,822**	8,594	10,505	9,700	8,876

NATURAL GAS LIQUIDS SALES

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
United States	**194**	241	185	170	415
International	**107**	131	115	67	58
TOTAL	**301**	372	300	237	473

[1] U.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.
[2] U.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.

EXPLORATION AND DEVELOPMENT COSTS*

Millions of Dollars	2003	2002	2001	2000	1999
	Year Ended December 31				
UNITED STATES					
Exploration	**$ 507**	$ 607	$ 731	$ 659	$ 529
Development	**1,048**	1,091	1,754	1,453	1,230
INTERNATIONAL					
AFRICA					
Exploration	**203**	229	255	217	203
Development	**974**	661	551	435	540
ASIA-PACIFIC					
Exploration	**117**	129	243	301	267
Development	**968**	1,017	1,168	1,067	829
OTHER					
Exploration	**148**	188	360	251	245
Development	**461**	926	494	718	606
TOTAL INTERNATIONAL					
Exploration	**$ 468**	$ 546	$ 858	$ 769	$ 715
Development	**2,403**	2,604	2,213	2,220	1,975

* Consolidated companies only. Excludes property acquisitions.

Net Wells Completed and Net Productive Wells

NET WELLS COMPLETED[1,2]

Year Ended December 31

		2003	2002	2001	2000	1999
UNITED STATES						
Exploratory	– Oil	**10**	19	40	21	16
	– Gas	**17**	38	61	48	74
	– Dry	**10**	22	32	30	40
TOTAL		**37**	79	133	99	130
Development	– Oil	**542**	390	606	702	680
	– Gas	**155**	248	260	217	177
	– Dry	**18**	16	21	14	14
TOTAL		**715**	654	887	933	871
TOTAL UNITED STATES		**752**	733	1,020	1,032	1,001
AFRICA						
Exploratory	– Oil	**3**	5	8	2	2
	– Gas	**–**	1	–	–	–
	– Dry	**1**	1	2	4	2
TOTAL		**4**	7	10	6	4
Development	– Oil	**24**	27	22	39	19
	– Gas	**–**	–	–	–	–
	– Dry	**–**	–	–	–	–
TOTAL		**24**	27	22	39	19
TOTAL AFRICA		**28**	34	32	45	23
ASIA-PACIFIC						
Exploratory	– Oil	**4**	2	25	13	3
	– Gas	**3**	2	6	2	3
	– Dry	**3**	1	8	11	12
TOTAL		**10**	5	39	26	18
Development	– Oil	**592**	461	543	495	512
	– Gas	**13**	9	12	6	18
	– Dry	**–**	–	–	1	1
TOTAL		**605**	470	555	502	531
TOTAL ASIA-PACIFIC		**615**	475	594	528	549
OTHER						
Exploratory	– Oil	**1**	2	6	3	5
	– Gas	**1**	5	–	4	3
	– Dry	**4**	9	10	7	5
TOTAL		**6**	16	16	14	13
Development	– Oil	**101**	134	104	87	24
	– Gas	**6**	6	5	26	6
	– Dry	**–**	–	2	–	–
TOTAL		**107**	140	111	113	30
TOTAL OTHER		**113**	156	127	127	43
TOTAL INTERNATIONAL		**756**	665	753	700	615
TOTAL WORLDWIDE		**1,508**	1,398	1,773	1,732	1,616

NET PRODUCTIVE WELLS[1,3,4]

		2003	2002	2001
UNITED STATES				
Wells	– Oil	**31,535**	33,364	31,305
	– Gas	**6,486**	6,906	6,288
TOTAL UNITED STATES		**38,021**	40,270	37,593
INTERNATIONAL				
Wells	– Oil	**9,805**	9,746	9,481
	– Gas	**329**	304	314
TOTAL INTERNATIONAL		**10,134**	10,050	9,795
TOTAL WORLDWIDE		**48,155**	50,320	47,388

1 Net wells include all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Consolidated companies only.
2 Producing wells indicate 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 crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency.
3 Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce crude oil and natural gas are classified as oil wells.
4 Data not readily available in this format for 2000 and 1999.

Global Downstream Highlights

- - - - Strategic Downstream Regions

ChevronTexaco enjoys a strong global presence in all segments of the downstream industry – refining, marketing and transportation. Headquartered in San Ramon, California, the company operates in more than 180 countries on six continents, primarily marketing under the Chevron, Texaco and Caltex brands and a number of product-specific brands including Havoline and Delo oils. The company has a strong brand presence and market share in each of its areas of strength – the U.S. West Coast, Asia, Sub-Saharan Africa, the U.S. Gulf Coast and Latin America regions.

In 2003, ChevronTexaco initiated a major restructuring of its worldwide downstream operations. Today, a new business model is in place, designed to improve returns and competitive performance. The company shifted from a geographical to a global functional structure composed of four operating divisions: Global Refining, Global Marketing, Global Lubricants, and Global Supply and Trading. The downstream organization has committed to generating $500 million before-tax in earnings improvements by the end of 2005.

DOWNSTREAM INDUSTRY CONDITIONS IN 2003

Refining and marketing industry margins improved during 2003 relative to the historic low levels seen in the prior year – especially in the major refining centers of North America and the Asia-Pacific region. A cold winter in the Northern Hemisphere, Japanese nuclear plant downtime and a spike in the U.S. natural gas price elevated fuel oil and distillate demand while giving refining margins a boost through the first half of 2003. The SARS epidemic severely reduced air travel in the Asia-Pacific region during the first quarter; however, travel recovered quickly, providing support for jet fuel demand in this region. Refinery outages due to civil unrest in Venezuela tightened the U.S. gasoline market in early 2003 by curtailing a significant source of imported product. Demand growth and extremely tight gasoline stocks in the United States supported global refining margins during the third quarter, and a rise in car ownership in China lifted gasoline demand in the Asia-Pacific region. Relatively low stock levels, along with the possibility of another cold winter and geopolitical uncertainty, proved supportive of margins in late 2003.

MAJOR OBJECTIVES

Global Downstream has repositioned itself to improve its competitiveness over the business cycle. To achieve this goal, the organization will:

- Strive for world-class safety, efficiency and reliability performance.
- Streamline and functionalize businesses to reduce costs and strengthen execution.
- Exploit global scale by standardizing processes and adopting best practices globally.
- Integrate and optimize the downstream value chain.
- Create a low-cost service delivery model and increase use of shared services.
- Invest in key geographies where we have or can build market and supply strength.

» *Global Refining*

ChevronTexaco has a network of 21 wholly owned and affiliated refineries concentrated in the Atlantic and Pacific basins. The company's total refining capacity at year-end 2003 was 2.2 million barrels of crude oil per day.

BUSINESS STRATEGIES

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

2003 ACCOMPLISHMENTS

NORTH AMERICA

- Reduced recordable injuries for the fifth consecutive year. Refining employees and contractors finished 2003 with total recordable injury rates below 1 injury per 200,000 hours worked.
- Achieved best-ever safety record at the El Segundo, California, refinery. Company employees at the Burnaby, British Columbia, and the Salt Lake City, Utah, refineries finished 2003 with no injuries. Contract employees at the Kapolei, Hawaii, refinery completed 2003 with no injuries.
- Achieved record refinery production of motor gasoline at the Richmond, California, and Hawaii refineries and record production of jet fuel at the El Segundo Refinery.
- Commenced MTBE-free gasoline production at the El Segundo Refinery in Southern California in early 2003 and at the Richmond Refinery in Northern California in the fourth quarter of 2003.
- Commenced operation of upgraded facilities at the Pascagoula, Mississippi, refinery to produce lower-sulfur motor gasoline and diesel.
- Launched performance improvement process initiatives at the Richmond, Salt Lake City and El Segundo refineries. These efforts are targeted to improve earnings through reduced operating expense and increased revenue.

ASIA-PACIFIC AND AFRICA

- Reduced the total recordable incident rate following successful deployment of employee safety training at the Cape Town, South Africa, refinery.
- Achieved more than 3 million hours without a company lost-time incident at the Batangas, Philippines, refinery. Began conversion of refinery into a product import terminal in late 2003.
- Completed power distribution system upgrades at the Cape Town Refinery, resulting in improved operational availability.
- Improved the utilization rate at the Cape Town Refinery through increased exports to West African countries.

UNITED KINGDOM AND NORTHERN EUROPE

- Safely and successfully completed a major turnaround at the Pembroke Refinery in the United Kingdom, enabling it to run at increased utilization rates and without a major planned maintenance shut-down for the next 5 years.
- Completed facility upgrades at Pembroke and Nerefco, Rotterdam, Netherlands, giving both refineries the capability to make diesel and motor gasoline to a 10-parts-per-million low-sulfur specification.
- Completed a reorganization at Pembroke to position the refinery to meet the current competitive environment.

Global Refining

NORTH AMERICA FUEL REFINERIES

Pascagoula, Mississippi The Pascagoula Refinery, with a refining capacity of 325,000 barrels per day, is ChevronTexaco's largest wholly owned refinery. 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 LLC and its petrochemical production facilities at the refinery that produce high-value benzene, ethylbenzene and paraxylene from lower-value refining feedstocks. In 2003, Pascagoula began operating upgraded facilities to produce mandated lower-sulfur fuels from less expensive crude oils and improve operating efficiency and profitability.

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, located in the San Francisco Bay area, is able to process 225,000 barrels per day of crude oil into premium, high-value products. State-of-the-art lubricating oil facilities allow the manufacture of high-quality conventional lubricant base-oil 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 ChevronTexaco sold its interest in the El Paso Refinery and certain associated assets in August 2003.

Kapolei, Hawaii The Hawaii Refinery has a 54,000-barrel-per-day capacity and supplies 60 percent of Hawaii's gasoline market. 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 premium products in excess of 90 percent of total input.

Burnaby, British Columbia The Burnaby Refinery has the capacity to process 52,000 barrels per day into motor gasoline, diesel fuel, jet fuel and asphalt for export and for the British Columbia markets. The refinery commenced a low-sulfur gasoline project in 2003 to comply with Canadian clean fuels regulations effective in 2005.

The 50 percent-owned Alberta Envirofuels, located in Edmonton, Alberta, was 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.

ASIA-PACIFIC AND AFRICA REFINERIES

Wholly Owned Refineries

Cape Town, South Africa The Cape Town Refinery is an integrated cracking refinery with a capacity of 112,000 barrels per day. The company completed the implementation of a joint venture project in 2003 with a consortium of black economic empowerment partners. The consortium will ultimately own a 25 percent interest in all aspects of the company's operations in South Africa.

Batangas, Philippines In late 2003, the company ceased the processing of crude oil and feedstocks at the Batangas Refinery, following a strategic decision to convert it into a product import terminal. The terminal was fully operational in early 2004.

Joint Venture Refineries Exceeding 30 Percent Equity

LG-Caltex Refinery – 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. This integrated refining and petrochemical complex 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. 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 them 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 in which the company holds an approximate 33 percent interest. 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 (CAL), the largest oil company in Australia. ChevronTexaco has a 50 percent equity interest in CAL. Total capacity at the two refineries is more than 215,000 barrels per day.

UNITED KINGDOM AND NORTHERN EUROPE REFINERIES

Pembroke, United Kingdom The wholly owned and operated Pembroke Refinery has a capacity of 210,000 barrels per day. The refinery operates to maximize motor gasoline production and has a strong safety record.

Nerefco Refinery – Rotterdam, Netherlands The 31 percent-owned Nerefco Refinery, located on two sites in the Rotterdam Harbor area, has a refining capacity of 400,000 barrels per day.

» Global Marketing

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

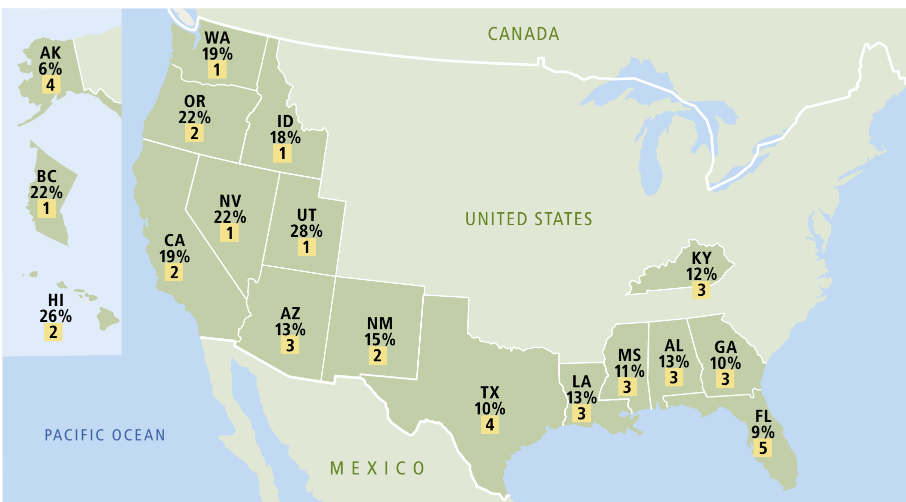
The company has a worldwide marketing network in 84 countries with approximately 24,000 retail sites, including those of affiliate companies. Regionally branded convenience stores, including Extra Mile in the United States, Town Pantry in British Columbia, and StarMart in Europe, Thailand and Latin America, are located at many service station sites where product selections are tailored to individual customer preferences.

The company is preparing for the relaunch of the Texaco brand in the southeastern United States beginning in July 2004 and is also currently undergoing a co-branding test with 7-Eleven, the largest convenience retailer in the industry.

BUSINESS STRATEGIES

- Earn the respect of customers, suppliers and community members by achieving superior performance in safety, reliability and incident-free operations.
- Build a "best-in-class" fuel and convenience business, recognized for executing consistently, meeting customer needs and delivering superior results.
- Deliver a superior and consistent consumer experience in terms of product quality, service and convenience.
- Implement a low-cost functional delivery model and core retailing processes with a standardized design across the globe.

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



Source: U.S. – Lundberg Share of Market Report Taxable Mogas Sales
Canada – Kent Marketing Services Ltd.

OPERATING AREAS AND 2003 ACCOMPLISHMENTS

NORTH AMERICA

ChevronTexaco's marketing is focused on the U.S. 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 significant improvements in employee-and contractor-recordable injuries, days away from work and motor vehicle accident rates. Set a safety record for consecutive incident-free workdays.
- High-graded the existing retail network to improve returns through sales of underperforming assets. The Diesel business unit grew profitably by shifting to higher-margin distribution channels.
- Began deployment of a new PC-based electronic point-of-sales system, which delivers transactional efficiencies to the retail network. Its touch-screen technology is user friendly for cashiers and improves customer interaction.
- Began deployment of new satellite technology that will provide lower costs, greater functionality and improved reliability for retail site-level connectivity.

Global Marketing

- Continued to expand branded, quick-serve restaurants to enhance retail offerings in British Columbia. As of 2003, 13 Triple O branded food services complemented the best-in-class Chevron Town Pantry convenience store and gasoline retailing facilities in western Canada.
- Recognized by the NPD Group for the Chevron brand being No. 1 among customers for "brand preference as a reason for gasoline purchase" in the United States.
- Improved customer satisfaction scores from 2002 to an all-time high across the company's retail network.

ASIA, MIDDLE EAST, AFRICA

ChevronTexaco has operated in the region for more than 65 years. The company markets approximately 850,000 barrels per day of fuels under Caltex and associated brands in 30 countries across the Asia-Pacific and southern and East Africa. With a network of more than 9,000 service stations and 1,400 convenience stores, the company is the third-largest marketer in the region and well positioned to serve its growing energy demand.

- Reduced repetitive stress injuries to zero following successful implementation of safety initiatives in Malaysia, New Zealand, the Philippines and Thailand.
- Rolled out new retailer process in which Caltex and partners work closely together to protect the environment and safeguard the health and safety of employees and customers.
- Implemented a tank truck utilization and safety program to reduce transportation costs and improve reliability.
- Piloted the Fuel Market Additive Program to ensure purity of product to consumers.
- Completed site network plans focused on growth of branded investor-owned and -operated sites.
- Awarded fuel storage contracts by the U.S. Department of Defense in three Middle East countries.

EUROPE, WEST AFRICA

ChevronTexaco markets in certain regions of northwest Europe and West Africa. In northwest Europe, the company's market share exceeds 11 percent. The company also has a strong market share in West Africa, where the company has conducted business for more than 50 years.

- Improved safety performance, with zero recordable employee injuries in Europe and West Africa.
- Initiated a program in the United Kingdom to maximize the potential of retail sites in urban locations with high alternative-use values.
- Implemented centralized pricing in the United Kingdom to collect both market data and communicate price changes directly to all sites in the U.K. retail network.
- Launched a distributor extranet, giving a Web-based information and communication package to all branded authorized distributors in Europe. In addition to communicating prices, inventory levels and industry news, this system allows the ordering of fuel online and helps strengthen the business relationship with the distributors.
- Exchanged service stations in Scotland for sites in the southwest of England. This will concentrate the company's portfolio of retail assets in preferred marketing areas.
- Completed reorganizations in Europe, Cameroon, Nigeria and the Ivory Coast to provide a more efficient customer-service delivery model.

LATIN AMERICA

ChevronTexaco has a major presence in Latin America, with operations in 39 countries across the Caribbean and Central and South America that have conducted business for more than 90 years under the Texaco brand. ChevronTexaco ranks second in the overall retail fuels market, with a market share of 12 percent.

- Improved safety performance by lowering the recordable incidents and days-away-from-work rates by 30 percent.
- Implemented a trucking initiative in Brazil, the Andean region, Puerto Rico and Panama that resulted in reduced fuel delivery expenses.
- Realized significant savings in operating expenses from successful conversion of the Panama and Guatemala refineries to terminal distribution facilities.
- Increased focus on customer satisfaction and station image throughout the Star Retail Marketing System.
- Ranked No. 1 as the brand that consumers mention as their first service station and convenience store choices in Latin America.

Global Lubricants

ChevronTexaco is among the top four global marketers of lubricants, with a diverse work force of almost 4,000 employees that manages 62 blending facilities and four technology centers. The company has the No. 1 premium-base-oil position on the U.S. West Coast, uses industry pace-setting technology, and 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 such well-known brands as Havoline, Delo, Ursa, Revtex and Texaco Xpress Lube.

BUSINESS STRATEGIES

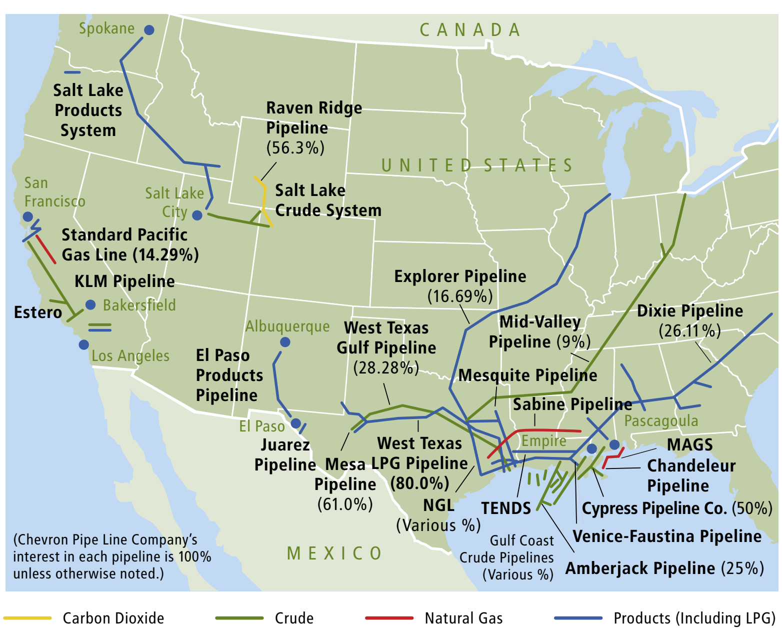
- Maintain focus on operational excellence imperatives to achieve superior performance in safety and reliability.
- Continue to promote the Texaco lubricant brands, which were held jointly with Equilon prior to August 2003, to grow the business worldwide.
- Accelerate earnings growth through market penetration, cost reduction, productivity improvements, supply chain optimization and operational excellence.
- Develop diverse leaders and build a world-class organization capable of managing the cultural complexities of a global business.

2003 ACCOMPLISHMENTS

- Deployed enhanced operational excellence management systems and achieved strong performance improvements in both safety and reliability, with employee lost-time injuries declining from 0.7 to 0.4 injury per 200,000 hours worked and on-time deliveries increasing from 90 percent to 95 percent.
- Formed partnerships with other business units that created additional technology and base oil synergies.
- Increased U.S. sales volumes by 10 percent, despite an overall industry decline of 4 percent, through Texaco-branded business and sales to large retail customers such as Sam's Club and Wal-Mart.
- Achieved volume growth in non-U.S. regions through leveraging existing customer relationships, partnering with global customers and original-equipment manufacturers, and building upon the world-class Delo and Havoline platforms to grow the business.
- Deployed a framework to profitably grow through a more customer-facing and marketing-led organization.
- Established diversity-mentoring processes to facilitate the development of diverse leaders.

Pipelines

Information related to crude oil, natural gas and product pipelines is as follows:



NET PIPELINE MILEAGE[1,2]	At December 31
Includes Equity in Affiliates (except Dynegy Inc.)	2003
CRUDE OIL LINES	
United States	1,891
International	414
TOTAL CRUDE OIL LINES	**2,305**
NATURAL GAS LINES	
United States	1,916
International	–
TOTAL NATURAL GAS LINES	**1,916**
PRODUCT LINES	
United States	5,044
International	220
TOTAL PRODUCT LINES	**5,264**
TOTAL NET PIPELINE MILEAGE	**9,485**

[1] Partially owned pipelines are included at the company's equity percentage of total pipeline mileage.
[2] Includes net pipeline mileage under transportation function. Excludes gathering pipelines relating to U.S. and international crude oil and natural gas production function.

» Global Supply and Trading

Global Supply and Trading manages six business activities that include Crude Supply and Trading, Products Supply and Trading, Risk and Financial Trading, Global Aviation, Fuel and Marine Marketing (FAMM), and U.S. Asphalt. This organization is poised to create value across the supply chain through both system and external supply and trading activities. Crude Supply and Trading and Products Supply and Trading conduct business in more than 65 countries and trade more than 200 different grades of crude oil and petroleum products worldwide. Global Aviation markets in 80 countries, servicing approximately 200 airline customers and 350 commercial airports. FAMM sells and distributes residual fuel oil and marine lubricants worldwide. In 2003, FAMM's Marine Lubricants group increased sales and attained the No. 3 market position.

GLOBAL TRADING/FAMM

BUSINESS STRATEGIES

- Provide quality products that meet customer specifications in a safe and environmentally responsible manner.
- Optimize crude oil supplies to the company's refining systems by balancing company production and third-party acquisitions.
- Increase third-party business activity and capture new trading opportunities to enhance the company's profitability.
- Become the supplier of choice for marine fuel and lubricant products in the expanding Asia-Pacific markets.

2003 ACCOMPLISHMENTS

- Achieved ISO 9001:2000 Quality Management System certification for 100 percent of the Marine Lubricants team activities, up from 80 percent in 2002.
- Completed an upgrade project at the marine fueling facility in Port Klang, Malaysia, providing additional blending and pumping capability to increase market representation in the region.
- Concluded an agreement with LinkEnergy, formerly EOTT, for the assumption of its crude trading operations in the Permian Basin effective January 1, 2004.
- Continued to expand presence in the marine fuel oil market, including entry into Jamaica through a joint activity with Petrojam.

GLOBAL AVIATION

ChevronTexaco Global Aviation is a leading supplier of jet fuel and aviation gasoline to commercial airlines, general aviation and military customers. Global Aviation markets 440,000 barrels of aviation fuel per day in 80 countries directly to end users. ChevronTexaco sells about 100,000 barrels per day of aviation fuel through its trading activities. The company is a top-tier global marketer with a 12 percent worldwide market share and is the No. 1 aviation fuel marketer in the United States.

BUSINESS STRATEGIES

- Continue to deploy operational excellence initiatives to achieve world-class performance in safety, reliability and efficiency.
- Optimize profitability and performance across the value chain by continually assessing the business portfolio.
- Maximize business development activities by leveraging the combined resources and existing relationships of the commercial and general aviation business segments.
- Become a key enabling organization for other ChevronTexaco businesses by leveraging Global Aviation's international market presence, brand strength, and customer and partner relationships.

2003 ACCOMPLISHMENTS

- Achieved significant strides in the area of safety, with a nearly 70 percent improvement in the total recordable incident rate, through the deployment of a behavior-based safety program.
- Achieved profitable growth in commercial aviation markets outside the United States through new business opportunities in India, Spain, Greece, the Republic of Georgia and Rwanda.
- Implemented a new organizational structure to achieve operational excellence in customer service.

» Shipping

ChevronTexaco Shipping 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 35 vessels. The company's headquarters are in San Ramon, California, and regional offices are maintained in the major trading centers of Houston, London and Singapore.

As part of its ongoing responsibility to maintain a modern fleet, the company took delivery in 2003 of three additional double-hull "Aframax size" tankers – each capable of carrying 600,000 to 700,000 barrels of crude oil – bringing the total number of double-hull vessels operated by the company to 20. Also during 2003, the company disposed of five single-hull vessels, leaving one single-hull vessel remaining in the company's oceangoing operated fleet. In early 2004, the company assumed full operatorship of its first liquefied natural gas vessel, the *Northwest Swan*.

BUSINESS STRATEGIES

- Deliver safe, incident-free transportation.
- Provide flexibility to adapt quickly to changing requirements.
- Reduce the total cost of transportation.

2003 ACCOMPLISHMENTS

- Achieved world-class safety and environmental performance relative to peers for the third consecutive year.
- Supervised the construction and commenced operation of three Aframax size crude oil carriers.
- Provided marine operations and technical support for various upstream projects.

VESSELS

At December 31

	2003		2002		2001		2000		1999	
	U.S.	**Int'l.**	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
NUMBER OF CONTROLLED SEAGOING VESSELS BY SIZE, DEAD WEIGHT TONNAGE[1]										
COMPANY-OPERATED[2]										
25,000–65,000	**3**	**–**	3	1	3	1	3	3	3	3
65,000–120,000	**–**	**4**	–	3	–	4	1	2	1	2
120,000–160,000	**–**	**8**	–	8	–	9	–	12	–	15
VLCCs: 160,000–320,000	**–**	**6**	–	7	–	8	–	9	–	9
ULCCs: Above 320,000	**–**	**–**	–	1	–	1	–	1	–	1
TOTAL COMPANY-OPERATED	**3**	**18**	3	20	3	23	4	27	4	30
TIME-CHARTERED[3]										
25,000–65,000	**–**	**7**	–	3	–	1	–	–	–	–
65,000–120,000	**–**	**6**	–	4	–	–	–	1	–	1
120,000–160,000	**–**	**–**	–	–	–	3	–	–	–	–
VLCCs: 160,000–320,000	**–**	**1**	–	1	–	–	–	–	–	–
TOTAL TIME-CHARTERED	**–**	**14**	–	8	–	4	–	1	–	1
TOTAL CONTROLLED SEAGOING VESSELS	**3**	**32**	3	28	3	27	4	28	4	31

CARGO TRANSPORTED[4]

Millions of Barrels	**35**	**236**	31	251	42	227	42	193	44	203
Thousands of Barrels Per Day	**96**	**647**	85	688	115	621	115	527	120	557
Billions of Ton-Miles	**3**	**179**	5	213	5	196	5	184	5	201

[1] Consolidated companies only.
[2] Includes owned and bareboat-chartered.
[3] Includes time charters greater than one year.
[4] Includes cargo carried by company-operated and time-chartered vessels; excludes single-voyage charters.

Financial and Operating Highlights, Light Products Sales, and Refined Products Realizations

GLOBAL DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS[1]

Dollars in Millions	2003	2002
Segment Income (Loss)	$ 1,167	$ (367)
Fuel Refinery Crude Oil Inputs (Thousands of Barrels Per Day)[2]	1,946	2,024
Fuel Refinery Capacity at Year End (Thousands of Barrels Per Day)[2]	2,068	2,179
U.S. Gasoline and Jet Fuel Yields (Percent of Wholly Owned U.S. Refinery Production)	65%	63%
Refined Products Sales (Thousands of Barrels Per Day)	3,738	3,775
Motor Gasoline Sales (Thousands of Barrels Per Day)	1,212	1,199
Number of Marketing Outlets at December 31[3]	19,591	20,408
Total Number of Controlled Seagoing Vessels at December 31[3]	35	31
Cargo Transported by Controlled Vessels (Millions of Barrels)[3]	271	282
Refining Capital Expenditures	$ 455	$ 599
Marketing Capital Expenditures	$ 364	$ 378
Transportation Capital Expenditures	$ 219	$ 381
Other Downstream Capital Expenditures	$ 62	$ 274

[1] Includes equity share of affiliates unless otherwise noted.
[2] Refinery input and capacity exclude volumes at asphalt plants.
[3] Consolidated companies only.

LIGHT PRODUCTS SALES[1,2]

	Year Ended December 31	
	2003	2002
SALES REVENUES (Millions of Dollars)		
United States	$ 18,481	$ 17,118
International	24,612	18,917
TOTAL SALES REVENUES	$ 43,093	$ 36,035
SALES VOLUMES (Thousands of Barrels Per Day)		
United States	1,179	1,291
International	1,352	1,302
TOTAL SALES VOLUMES	2,531	2,593

TOTAL REFINED PRODUCTS REALIZATIONS[3]

Dollars Per Barrel		
United States	$ 39.93	$ 32.63
International	46.64	37.18

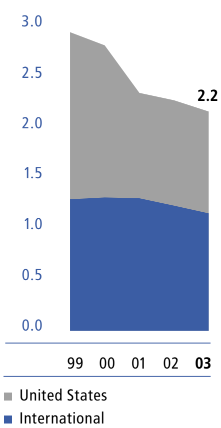
U.S. MAJOR REFINED PRODUCTS REALIZATIONS[3]

Dollars Per Barrel		
Gasoline	$ 45.50	$ 36.41
Jet Fuel	36.72	30.18
Gas Oils and Kerosene	36.90	32.29
Residual Fuel Oil	27.34	20.63

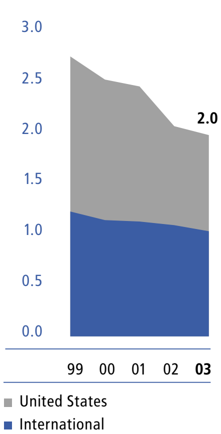
[1] Consolidated companies only. Excludes Equilon and Motiva.
[2] Light products sales include motor gasoline, jet fuel, aviation gasoline and mid-distillates.
[3] Consolidated companies only. Excludes excise taxes.

» Refining Capacities and Crude Oil Inputs

REFINERY CAPACITY AT DECEMBER 31
Millions of barrels per day



REFINERY CRUDE OIL INPUTS
Millions of barrels per day



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

Year Ended December 31

	Capacity	Refinery Inputs				
Thousands of Barrels Per Day	**At December 31, 2003**	**2003**	2002	2001	2000	1999
UNITED STATES – FUEL REFINERIES						
CHEVRONTEXACO REFINERIES						
El Segundo, California	**260**	**242**	251	213	219	211
Kapolei, Hawaii	**54**	**52**	53	54	51	51
Pascagoula, Mississippi	**325**	**301**	329	332	313	328
Richmond, California	**225**	**235**	187	229	203	207
Salt Lake City, Utah	**45**	**40**	43	44	44	43
El Paso, Texas[1]	**–**	**36**	61	61	60	65
TOTAL CHEVRONTEXACO UNITED STATES FUEL REFINERIES	**909**	**906**	924	933	890	905
EQUILON AREA REFINERIES[2]	**–**	**–**	–	138	185	317
MOTIVA AREA REFINERIES[2]	**–**	**–**	–	215	262	262
TOTAL EQUILON AND MOTIVA REFINERIES	**–**	**–**	–	353	447	579
TOTAL UNITED STATES FUEL REFINERIES	**909**	**906**	924	1,286	1,337	1,484
UNITED STATES – ASPHALT PLANTS						
Perth Amboy, New Jersey	**80**	**41**	50	46	46	39
Portland, Oregon	**16**	**4**	5	4	6	7
Richmond Beach, Washington[3]	**–**	**–**	–	–	1	4
TOTAL UNITED STATES ASPHALT PLANTS	**96**	**45**	55	50	53	50
TOTAL UNITED STATES	**1,005**	**951**	979	1,336	1,390	1,534
INTERNATIONAL – WHOLLY OWNED						
Canada–Burnaby, British Columbia	**52**	**50**	51	52	51	52
South Africa–Cape Town	**112**	**72**	74	71	65	73
United Kingdom	**210**	**175**	204	202	215	195
Guatemala[4]	**–**	**–**	11	16	16	17
Panama[4]	**–**	**–**	27	54	44	49
Philippines–Batangas[5]	**–**	**49**	59	65	65	70
TOTAL INTERNATIONAL WHOLLY OWNED	**374**	**346**	426	460	456	456
INTERNATIONAL – AFFILIATES						
Australia–Brisbane (50%)	**50**	**44**	43	40	45	43
Australia–Sydney (50%)	**58**	**49**	50	52	54	56
Ivory Coast (3.7%)	**2**	**2**	2	2	2	2
Japan–Marifu (50%)[6]	**–**	**–**	–	–	–	35
Japan–Osaka (50%)[6]	**–**	**–**	–	–	–	25
Kenya–Mombasa (16%)	**14**	**6**	5	6	6	6
Martinique (11.5%)	**2**	**2**	2	1	2	2
Netherlands (31%)	**124**	**100**	89	99	100	104
New Zealand–Whangarei (12.69%)	**13**	**12**	12	12	12	12
Pakistan–Karachi (12%)	**6**	**5**	5	5	2	3
Singapore–Pualau Merlimau (33.3%)	**95**	**77**	68	72	73	79
South Korea–Yosu (50%)	**325**	**311**	308	301	307	310
Thailand–Map Ta Phut (64%)	**96**	**86**	90	86	91	98
Thailand–Sriracha (4.75%)[7]	**–**	**–**	–	–	–	4
TOTAL INTERNATIONAL AFFILIATES	**785**	**694**	674	676	694	779
TOTAL INTERNATIONAL	**1,159**	**1,040**	1,100	1,136	1,150	1,235
TOTAL WORLDWIDE	**2,164**	**1,991**	2,079	2,472	2,540	2,769

[1] ChevronTexaco sold its interest in the El Paso Refinery on August 29, 2003.
[2] Includes investments in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.
[3] The Richmond Beach Asphalt Plant ceased processing operations in May 2000.
[4] Refining operations ceased 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 was converted to a terminal operation in 2003.
[5] Refining operations ceased at the Batangas Refinery on November 1, 2003. The Batangas facility was converted to a product import terminal operation in early 2004.
[6] Equity share sold in 1999.
[7] Equity share abandoned in 2000.

Refinery Utilization and Production

REFINERY CRUDE UTILIZATION

Percentage of Capacity	2003	2002	2001	2000	1999
					Year Ended December 31
United States – Fuel Refineries[1]	**95.1**	97.9	90.0	90.6	94.8
Europe	**82.3**	87.7	89.5	96.5	96.1
Asia-Pacific	**85.5**	84.6	84.4	84.9	87.1
Other	**96.4**	86.5	93.2	86.5	92.4
Worldwide[2]	**87.7**	89.4	87.1	88.1	90.9

UTILIZATION OF CRACKING AND COKING FACILITIES[3]

Percentage of Capacity	2003	2002	2001	2000	1999
United States	**85.6**	85.3	84.2	80.3	78.3

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES
(Wholly Owned)

Percentage of Total Input	2003	2002	2001	2000	1999
Middle East	**34.8**	40.2	42.6	45.7	43.5
Mexico	**24.6**	13.2	11.1	12.0	9.8
United States – Excluding Alaska North Slope	**12.5**	17.3	17.6	17.3	16.7
United States – Alaska North Slope	**12.2**	12.5	14.0	12.3	17.3
South America	**5.6**	4.9	6.8	3.9	4.6
Indonesia	**1.7**	3.2	1.9	2.4	3.7
Other	**8.6**	8.7	6.0	6.4	4.4
TOTAL	**100.0**	100.0	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS
(Wholly Owned)

Thousands of Barrels Per Day	2003	2002	2001	2000	1999
Gasoline	**445**	463	449	431	431
Jet Fuel	**208**	200	205	200	180
Gas Oil	**144**	181	181	171	182
Fuel Oil	**59**	41	54	43	62
Other	**147**	162	148	149	148
TOTAL	**1,003**	1,047	1,037	994	1,003

SOURCES OF CRUDE OIL INPUT FOR U.K. REFINERY
(Wholly Owned)

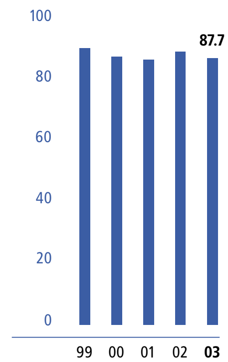
Percentage of Total Input	2003	2002	2001	2000	1999
North Sea	**92.7**	86.9	84.5	88.0	91.0
Africa	**7.3**	10.5	14.5	12.0	9.0
Other International	**–**	2.6	1.0	–	–
TOTAL	**100.0**	100.0	100.0	100.0	100.0

U.K. REFINERY PRODUCTION OF FINISHED PRODUCTS
(Wholly Owned)

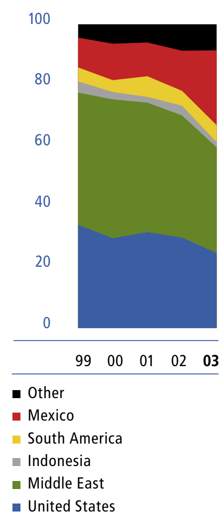
Thousands of Barrels Per Day	2003	2002	2001	2000	1999
Gasoline	**80**	104	97	113	101
Jet Fuel	**20**	24	25	27	27
Gas Oil	**56**	66	61	81	66
Fuel Oil	**20**	25	24	28	25
Other	**21**	26	35	17	22
TOTAL	**197**	245	242	266	241

[1] Includes investments in Equilon and Motiva refineries, which were placed in trust in October 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.
[2] Includes asphalt plants.
[3] Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.

WORLDWIDE REFINERY UTILIZATION
Percentage of capacity

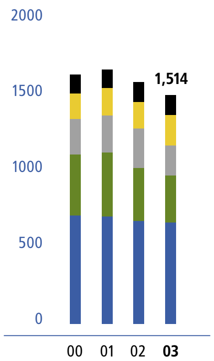


SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES (WHOLLY OWNED)
Percentage



Refinery Production, Inventories, Refined Products Sales and Marketing Outlets

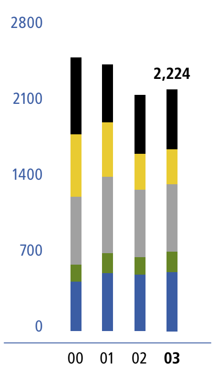
U.S. GASOLINE & OTHER REFINED PRODUCTS SALES*
Thousands of barrels per day



- Other Petroleum Products
- Residual Fuel Oil
- Gas Oils & Kerosene
- Jet Fuel
- Gasoline

**Includes equity in affiliates*

INTERNATIONAL GASOLINE & OTHER REFINED PRODUCTS SALES*
Thousands of barrels per day



- Other Petroleum Products
- Residual Fuel Oil
- Gas Oils & Kerosene
- Jet Fuel
- Gasoline

**Includes equity in affiliates*

SOURCES OF CRUDE OIL INPUT FOR ASIA-PACIFIC AND AFRICA REFINERIES (Wholly Owned)

Year Ended December 31

Percentage of Capacity	**2003**	2002	2001	2000	1999
Middle East	**78.4**	66.0	82.3	82.7	73.2
Africa	**15.8**	25.2	13.1	13.0	18.0
Other International	**5.8**	8.8	4.6	4.3	8.8
TOTAL	**100.0**	100.0	100.0	100.0	100.0

ASIA-PACIFIC AND AFRICA REFINERIES PRODUCTION OF FINISHED PRODUCTS (Wholly Owned)

Thousands of Barrels Per Day

	2003	2002	2001	2000	1999
Gasoline	**36**	38	38	34	37
Jet Fuel	**12**	13	15	16	15
Gas Oil	**38**	45	43	42	45
Fuel Oil	**20**	21	23	22	28
Other	**10**	12	13	13	13
TOTAL	**116**	129	132	127	138

PETROLEUM INVENTORIES[1]

Millions of Barrels

	2003	2002	2001	2000	1999
Raw Stocks	**73**	65	72	62	62
Unfinished Stocks	**19**	18	24	19	27
Finished Products	**52**	57	51	51	45
TOTAL	**144**	140	147	132	134

REFINED PRODUCTS SALES[2]

Thousands of Barrels Per Day

	2003	2002	2001	2000	1999
UNITED STATES					
Gasoline	**669**	680	709	717	
Jet Fuel	**314**	352	424	402	
Gas Oils and Kerosene	**196**	259	245	237	
Residual Fuel Oil	**202**	177	183	167	
Other Petroleum Products	**133**	132	122	128	
TOTAL UNITED STATES	**1,514**	1,600	1,683	1,651	
INTERNATIONAL					
Gasoline	**543**	519	533	455	
Jet Fuel	**186**	164	185	156	
Gas Oils and Kerosene	**623**	619	702	629	
Residual Fuel Oil	**324**	329	503	573	
Other Petroleum Products	**548**	544	531	708	
TOTAL INTERNATIONAL	**2,224**	2,175	2,454	2,521	
WORLDWIDE					
Gasoline	**1,212**	1,199	1,242	1,172	
Jet Fuel	**500**	516	609	558	
Gas Oils and Kerosene	**819**	878	947	866	
Residual Fuel Oil	**526**	506	686	740	
Other Petroleum Products	**681**	676	653	836	
TOTAL WORLDWIDE	**3,738**	3,775	4,137	4,172	

[1] On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others).
[2] Includes equity in affiliates other than Equilon and Motiva. Information in this format not readily available for 1999. 2002 conformed to 2003 presentation.

MARKETING OUTLETS[1,2]

At December 31

	2003		2002		2001		2000		1999	
	Company	**Other**	Company	Other	Company	Other	Company	Other	Company	Other
United States	**956**	**6,846**	1,239	6,750	1,338	6,865	1,389	6,664	1,517	6,420
Canada	**165**	**–**	166	–	168	–	168	–	177	–
Europe	**1,615**	**855**	1,724	920	2,141	1,406	2,074	1,667	1,737	1,730
Latin America	**1,338**	**3,096**	1,346	3,353	1,527	3,015	1,575	3,240	1,510	3,305
Asia-Pacific	**2,758**	**1,395**	2,765	1,552	2,536	1,797	2,333	1,783	2,324	1,798
Other	**538**	**29**	564	29	489	29	486	29	495	29
TOTAL	**7,370**	**12,221**	7,804	12,604	8,199	13,112	8,025	13,383	7,760	13,282

[1] Consolidated companies only. 1999–2002 conformed to 2003 presentation.
[2] Company 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.

Chemicals

CHEVRON PHILLIPS CHEMICAL COMPANY LLC

The 50 percent-owned Chevron Phillips Chemical Company LLC (CPChem), established in 2000, is one of the world's leading producers of commodity petrochemicals.

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 proximity to large growing markets around the world.
- Add value to parent refinery operations by upgrading streams to higher-value chemical products.

BUSINESS ENVIRONMENT IN 2003

Protracted weak demand for commodity chemicals and industry oversupply conditions continued to suppress profitability during 2003. In addition, price volatility for natural gas-based feedstocks, particularly in the United States, adversely affected sales margins for chemicals products. Sales volumes of olefin and polyolefin products, CPChem's largest business segment, saw little growth from 2002 levels while margins improved slightly. Sales volumes and margins of aromatic and styrenic products, the company's other major segment, increased from the prior year. CPChem's focus on maintaining safe, reliable facilities, along with aggressive cost management and the optimization of its asset portfolio, led to improved financial performance in 2003 despite the challenging business environment.

2003 ACCOMPLISHMENTS

- Improved safety performance over 2002, as the Occupational Safety and Health Administration (OSHA) recordable-incident rate continued to trend downward. Nine facilities – up from six in 2002 – were designated as Star or Merit sites through OSHA's Voluntary Protection Program.
- Achieved significant cost savings by closing or idling facilities in Port Arthur, Texas, in response to depressed market conditions for petrochemical products.
- Continued to improve plant reliability; reduced costs associated with unplanned plant shutdowns by 50 percent each year from 2001 levels.
- Safely commissioned two major facilities: a world-scale polyolefins complex in Qatar (Q-Chem I); and a high-density polyethylene plant at CPChem's Cedar Bayou facility in Texas.
- Moved forward development of significant, world-scale projects in the Jubail Chevron Phillips project in Saudi Arabia and the Q-Chem II project in Qatar. These projects are scheduled for approval in 2004 and 2005, respectively.

For information on major business segments, refer to CPChem's external Web site at www.cpchem.com.

CHEVRON ORONITE COMPANY

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

As a global business, Chevron Oronite is organized into three geographic regions – the Americas, the Asia-Pacific and Europe/Africa/Middle East – with major manufacturing facilities and technology centers within each region to provide superior service and value to its customers.

BUSINESS STRATEGIES

- Focus on delivering superior financial results.
- Efficiently and effectively meet customers' needs through utilization of a new customer relationship model, focusing on matching and managing customers' specific costs to its needs.
- Continue to improve organizational effectiveness and cost structure.

Chemicals

- Selectively grow the core portfolio, particularly in segments where Oronite is the market leader.
- Drive change in the industry to Oronite's and its customers' advantage.

2003 ACCOMPLISHMENTS

- Continued to be a leader in safety performance, with an incident rate of 0.51 incidents per 200,000 hours worked.
- Completed initiatives in North and South America to significantly reduce both operating expense and capital employed. In 2004, Oronite plans to focus additional cost-reduction efforts in Europe and Asia.
- Successfully completed a global reorganization in the third quarter 2003, which emphasized clear alignment with the business's core strategic intents and improved organizational effectiveness.
- Achieved record sales volumes, increasing by 1.4 percent from the prior year.
- Completed core product development for the new passenger-car motor oil standard – the International Lubricant Standardization and Approval Committee GF-4 specification – in the third quarter.

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 suboptimization and monitor the global marketplace.

The Lubricating Oil Additives business segment provides additives for lubricating oil in most engine applications, such as passenger car, heavy-duty diesel, 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 engine life. 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

CPChem, headquartered in The Woodlands, Texas, manufactures products at 32 locations in eight countries:

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

Chevron Oronite, headquartered in San Ramon, California, manufactures products at seven locations in seven countries:

United States	Products/Services	International	Products/Services
Richmond, CA	Technology Center	São Paolo, Brazil	Lube Additives M&D
Belle Chasse, LA	Fuel and Lube Additives	Gonfreville, France	M&D and Technology
	Manufacturing and		Center
	Distribution (M&D)	Chennai, India (50%)	Lube Additives M&D
Beacon, NY	Research and Development[3]	Omaezaki, Japan	Lube Additives M&D
San Antonio, TX	Research and Development		and Technology Center
		San Juan del Rio, Mexico (40%)	Lube Additives M&D
		Rotterdam, Netherlands	Technology Center
		Palau Sakra, Singapore	Lube Additives M&D

[1] Cumene plant currently idled.
[2] Facility currently undergoing performance testing.
[3] Operations closed in late 2003.

» *Technology*

ChevronTexaco continued to strengthen and deepen its technology position in 2003. A powerful combination of talent, experience, best practices, intellectual property and key technical infrastructure continues to deliver increased performance for investment decisions, capital project development and operational excellence across the company's portfolio of assets.

BUSINESS STRATEGIES

Technology is managed as a system of four major elements: core hydrocarbon technologies, the strategic research portfolio, the global digital infrastructure and information technology (IT) system, and the Technology Ventures Company.

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

2003 ACCOMPLISHMENTS

- Formed the energy industry's first fully integrated technology company to support business segments across the entire energy value chain from R&D through technology delivery and support.
- Completed worldwide implementation of NetReady, the standardized, global digital infrastructure and IT system. The global IT infrastructure lowers operating costs, strengthens information security and speeds the deployment of large-scale enterprise applications.
- Demonstrated the ChevronTexaco Activated Slurry Hydrocracking process for converting extra-heavy oils into light products. The newly constructed pilot plant facility will support continued improvement and field-scale implementation.
- Met product development and commercialization milestones for next-generation reservoir simulator and production optimization technology, a joint project with Schlumberger, expected to be deployed in 2005.
- Continued deploying advanced seismic imaging technology that sets new standards for technical and cost performance in 3-D and 4-D imaging.
- Added two Centers of Research Excellence to ChevronTexaco's unique partnership network for research, education and international work force development. The University of Southern California will focus on applying advanced information technology and media to optimize oil field operations. The Colorado School of Mines will develop advanced geological modeling technologies to improve subsurface interpretation of deepwater reservoirs.
- Received a U.S. Department of Energy R&D grant for generating hydrogen from natural gas.
- Succeeded in having the company's HALIAS™ hydrocarbon fuel processor selected for development of a major Canadian fuel cell testing and evaluation facility.
- Installed the first major solar photovoltaic facility in California to supply power to oil field operations.
- Discovered and began producing a series of new molecular building blocks, known as diamondoids, from petroleum. Potential applications include electronic materials, specialty coatings and polymers.
- Reached an important strategic research milestone in the development of biological sulfur removal from crudes.
- Established a high-resolution proprietary laboratory to analyze the corrosive effects of "opportunity" crude oil feedstocks.

» Global Power Generation and Worldwide Gasification Technology

GLOBAL POWER GENERATION

ChevronTexaco's Global Power Generation (GPG) has more than 20 years experience in evaluating power markets and successfully developing and operating commercial power projects. With 13 power assets located in the United States, Asia and Europe, GPG manages the production of more than 3,500 megawatts of electricity in facilities that operate at 99 percent average reliability. All of the facilities are owned through joint venture structures. The company operates efficient gas-fired cogeneration facilities that utilize waste heat recovery to produce additional electricity or to support industrial thermal hosts. A number of the facilities provide steam for heavy oil recovery operations.

BUSINESS STRATEGIES

- Maximize the long-term returns from power generation assets by operating safely, reliably and efficiently.
- Leverage commercial, technical and operational expertise to assist other ChevronTexaco business units in optimizing power generation.
- Work within Global Gas strategy to develop options for the commercialization of ChevronTexaco's natural gas reserves.

2003 ACCOMPLISHMENTS

- Safely completed phase II construction and financing of the 570-megawatt Sunrise cogeneration facility in Kern County, California, and began operations one month ahead of schedule.
- Completed construction and subsequent divestiture of the Enevia power generation facility in France.

WORLDWIDE GASIFICATION TECHNOLOGY

ChevronTexaco Worldwide Gasification Technology (WGT) has more than 60 licensed facilities worldwide. WGT's proprietary version of the technology allows conversion of a variety of carbonaceous feedstocks, including refining residue and heavy oils, into clean synthesis gas (syngas). Syngas, including its components of hydrogen and carbon monoxide, is used in a variety of applications in the refining and chemicals industries, including use as a feedstock for basic chemicals production and as fuel for power generation from gas turbines.

In the future, the largest market for gasification technology may be in the production of syngas from coal. Coal-derived syngas, used for fuel in high-performance gas turbines producing electricity, offers inherent advantages over conventional coal technologies. These advantages include reduced emissions and relative ease of separation and capture of carbon dioxide and mercury.

BUSINESS STRATEGIES

- Leverage gasification technology to increase value of ChevronTexaco assets and create opportunities in strategic markets.
- License technology to third parties and achieve advances in the technology that improve their financial returns.
- Support legislative advocacy that advances the application of gasification technology on its environmental merits.

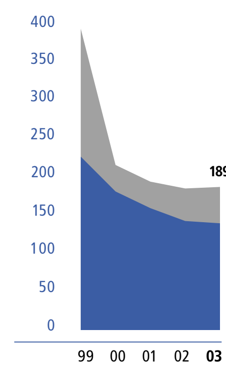
2003 ACCOMPLISHMENTS

- Nippon Petroleum Refining Company's Negishi Refinery in Yokohama, Japan, began operation of its 342-megawatt Integrated Gasification Combined Cycle power plant using ChevronTexaco-licensed gasification technology.
- China National Petroleum Company commenced operations at two plants, Urumqi and Jinlin, utilizing ChevronTexaco technology to produce chemicals from oil feedstocks.

» Coal

The Pittsburg & Midway Coal Mining Co. (P&M), ChevronTexaco's wholly owned coal mining and marketing subsidiary, operates two surface mines and one underground mine in the United States. In addition, P&M has two surface mines that have ceased production. Final reclamation activities are under way at these sites and will continue into 2004. P&M also owns an approximate 30 percent interest in Inter-American Coal Holding N.V., which has interests in coal mining operations in Venezuela, as well as trading and transportation activities in Venezuela and Colombia.

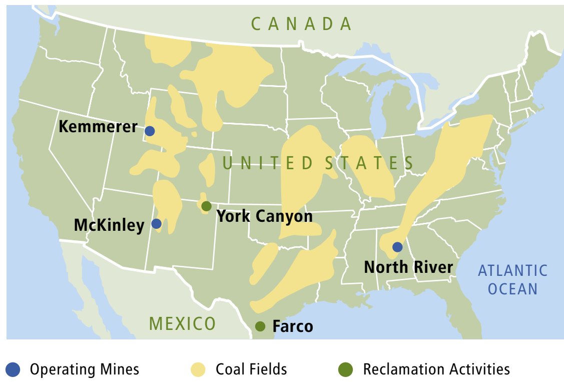
COAL RESERVES
Millions of tons



■ Undeveloped Reserves
■ Developed Reserves

U.S. COAL BUSINESS ENVIRONMENT

- In the United States, coal is marketed primarily to electric utilities, which consumed about 90 percent of the coal produced in 2003. Competition in the electric utility industry places a premium on low-cost coal-fired power generation.
- In 2003, overall demand for coal increased as a result of an improved economy that supported the growth in power demand, the high price of natural gas and the capacity limits at nuclear power plants.
- Operational problems and depleted reserves in the eastern United States have resulted in a continued shift of production to the western United States. A number of bankruptcies have led to further consolidation of the coal industry.



BUSINESS STRATEGIES

P&M's goal is to maximize cash flow. 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.

2003 ACCOMPLISHMENTS

- Continued to lead key competitors in safety performance.
- Set an annual record for production and sales tonnage at the North River mine.
- Made significant progress in the final reclamation activities at the closing mines.
- Executed the transfer of major equipment from the closed York Canyon mine to the Kemmerer mine.
- 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]				
					2003	2002	2001	2000	1999
Kemmerer	WY	Truck-and-Shovel	Low	**5.0**	**4.1**	4.2	4.5	3.7	4.3
McKinley	NM	Dragline/T&S	Low	**6.0**	**4.7**	6.0	6.7	5.2	7.2
North River	AL	Longwall	Medium	**3.6**	**3.8**	3.2	3.2	2.6	2.4
Inter-American Coal (30%)[2]	Venezuela	Truck-and-Shovel	Low	**1.0**	**0.8**	0.8	0.6	0.9	0.8
York Canyon[3]	NM	Truck-and-Shovel	Low	–	–	0.7	1.1	1.2	1.1
Farco/Port Services[3]	TX	Dragline	Medium	–	–	–	0.1	0.2	0.2
TOTAL SALES				**15.6**	**13.4**	14.9	16.2	13.8	16.0

[1] Millions of tons.
[2] Sales and capacity represent P&M's share.
[3] Final reclamation activities under way.

Dynegy

ChevronTexaco owns an approximate 26 percent interest in the common stock of Dynegy Inc. In addition, in early 2004 the company held $400 million face value of Dynegy Series C Mandatorily Redeemable Convertible Preferred Stock with a stated maturity of 2033 and $225 million face value of Dynegy Junior Unsecured Subordinated Notes due 2016. These securities were received in 2003 along with $225 million cash in exchange for the company's previous holding of $1.5 billion of Dynegy Series B Mandatorily Convertible Redeemable Preferred Stock.

BUSINESS DESCRIPTION

Dynegy is a holding company and conducts substantially all of its operations through subsidiaries focused primarily in 3 areas of the energy industry:

- Power Generation – A diverse fleet of baseload, intermediate and peaking power plants positioned to meet the changing demands of the electricity markets.
- Natural Gas Liquids – Operations engaged in the gathering and processing of natural gas and the fractionation, storage, transportation and marketing of natural gas liquids.
- Regulated Energy Delivery – The Illinois Power subsidiary engaged in the distribution of retail electric service and retail natural gas service to about 1 million customers. An agreement was reached in early 2004 to sell this subsidiary to Ameren Corp., with close of sale expected to occur in 2004. Under the agreement, Ameren would assume all of Illinois Power's $1.8 billion of debt and preferred stock obligations.

2003 ACCOMPLISHMENTS

During 2003, Dynegy completed a number of restructuring and refinancing transactions designed to reduce the company's debt and other obligations, improve the company's liquidity, and clarify its business strategy. Besides the exchange of securities with ChevronTexaco, Dynegy accomplished the following restructuring and refinancing activities in 2003:

- Sales of nonstrategic assets, including the communications business, a liquefied natural gas development project, and ownership interests in U.S. and international power generation projects.
- Renewal of the primary bank credit facility through February 2005.
- Refinancing of approximately $2 billion of near-term debt, extending the maturities to 2008 and beyond.
- Termination of 4 of 8 power tolling arrangements.
- Continuation of the exit from the customer risk management business.

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	Worldwide
ChevronTexaco Global Energy Inc.	Refining and Marketing	International
ChevronTexaco Global Power Division	Electric Power and Cogeneration	Worldwide
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 Gasification Technology Inc.	Gasification	Worldwide
The Pittsburg & Midway Coal Mining Co.	Coal	United States
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. (approximately 26%)	Midstream Operations	United States
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 Technology Company	Engineering, 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.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.

Glossary of Energy and Financial Terms

ENERGY TERMS

ACREAGE Land leased for crude oil and natural gas exploration and production.

ADDITIVES Chemicals to control engine deposits and improve lubricating performance.

BARRELS OF OIL-EQUIVALENT (BOE) A unit of measure used to quantify crude oil and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas (OEG)* and *production*.

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 crude oil or natural gas.

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

EXPLORATION Searching for crude oil and/or natural gas by utilizing geologic and topographical studies, geophysical and seismic surveys, and drilling of wells.

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

GAS-TO-LIQUIDS (GTL) A process that converts natural gas into high-quality transportation fuels.

INTEGRATED ENERGY COMPANY A company engaged in all aspects of the industry: exploring for and producing crude oil and natural gas *(upstream);* refining, marketing and transporting crude oil, natural gas and refined products *(downstream)*; manufacturing and distributing petrochemicals *(chemicals)*; and generating power.

LIQUEFIED NATURAL GAS (LNG) Natural gas that is liquefied under extremely cold temperatures 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 ethane, propane, butane and natural gasoline.

OIL-EQUIVALENT GAS (OEG) The volume of natural gas needed to generate the equivalent amount of heat as a barrel of crude oil. Approximately 6,000 cubic feet of natural gas is equivalent to one barrel of crude oil.

OIL SANDS Naturally occurring mixture of *bitumen* – a heavy viscous form of crude oil – water, sand and clay. Using hydroprocessing technology, bitumen can be refined 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 crude oil and natural 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. *Oil-equivalent production* is the sum of the barrels of liquids and the oil-equivalent barrels of natural gas produced. See *barrels of oil-equivalent (BOE)* and *oil-equivalent gas (OEG)*.

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

RESERVES Crude 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.

The rules of United States Securities and Exchange Commission (SEC) permit oil and gas companies to disclose in their filings with the SEC only proved reserves. Certain terms such as "probable," "possible," or "recoverable" reserves, "resources," or "crude oil in place," among others, are used in this document that are not permitted to be used in filings with the SEC. U.S. investors should refer to disclosures in ChevronTexaco's Annual Report on Form 10-K for the year ended December 31, 2003.

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 crude oil or natural 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 The sum of stockholders' equity, total debt, capital lease obligations and 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.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE The effect on net income in the period of change of a retroactive calculation and application of a new accounting principle.

EARNINGS Total revenues less total expenses (including income taxes) expressed before or after extraordinary items and cumulative effect of changes in accounting principles.

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.

NET INCOME The primary earnings measure for a company, as determined under Generally Accepted Accounting Principles (GAAP), and detailed on a separate financial statement.

SPECIAL ITEMS Because of their nature and amount, these amounts are identified separately to help explain the changes in net income and segment income between periods, as well as to help distinguish the underlying trends for the company's core businesses.

STOCKHOLDERS' EQUITY The owners' share of the company – 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 (ROCE) ROCE is calculated by dividing *net income* (adjusted for after-tax interest expense and minority interest) by the average of total debt, minority interest and *stockholders' equity* for the year.

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 and stockholders' equity.

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

ChevronTexaco History

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.
2001	Merged with Texaco Inc. and changed name to ChevronTexaco Corporation. ChevronTexaco became the second-largest U.S.-based energy company.
2002	Relocated California corporate headquarters from San Francisco to San Ramon.

STOCKHOLDER AND INVESTOR INFORMATION

STOCK EXCHANGE LISTING
ChevronTexaco common stock is listed on the New York and Pacific stock exchanges. The symbol is "CVX."

STOCKHOLDER INFORMATION
Questions about stock ownership, changes of address, dividend payments or direct deposit of dividends should be directed to ChevronTexaco's transfer agent and registrar:
Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, NJ 07660-2108
800 368 8357
www.melloninvestor.com

The Mellon Investor Services Program (800 842 7629, same address as above) features dividend reinvestment, optional cash investments of $50 to $100,000 a year, automatic stock purchase and safekeeping of stock certificates.

DIVIDEND PAYMENT DATES
Quarterly dividends on common stock are paid, following declaration by the Board of Directors, on or about the 10th day of March, June, September and December. Direct deposit of dividends is available to stockholders. For information, contact Mellon Investor Services. *(See Stockholder Information.)*

PUBLICATIONS AND OTHER NEWS SOURCES
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, 2003, filed with the Securities and Exchange Commission.
For copies of these reports, stockholders and others may write to:

Comptroller's Department
ChevronTexaco Corporation
6001 Bollinger Canyon Road
Bldg. A, Room A3201
San Ramon, CA 94583-2324

ChevronTexaco's Web site, www.chevrontexaco.com, offers facts and figures about the company and the energy industry. It includes articles, news releases, speeches, quarterly earnings information, the *Proxy Statement* and the complete text of the *Annual Report.*

LEGAL NOTICE
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.

INVESTOR INFORMATION
If you have any questions regarding the data included herein, please contact:
Investor Relations
ChevronTexaco Corporation
6001 Bollinger Canyon Road
Bldg. A, Room A3090
San Ramon, CA 94583-2324
925 842 5690
Email: invest@chevrontexaco.com

**CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION
FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This Supplement to the 2003 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 margins 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; Dynegy Inc.'s ability to successfully complete its recapitalization and restructuring plans; 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 war, accidents, political events, civil unrest or severe weather; 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; the company's ability to successfully implement the restructuring of its worldwide downstream organization and other business units; the company's ability to sell or dispose of assets or operations as expected; and the effects 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.

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PRINTING: COLORGRAPHICS, SAN FRANCISCO

PHOTOGRAPHY: Page 1: (from left) Dan Favors – United States; (front row from left) Pat Wai, Brenda Viegas (second row) Frank Chan, Janet Winters Smith, Aminin Fanandi, Phyllis London, Annie Chou (third row) Marty Schultz, Ralph Casillas, Alex Kaplenko – United States.

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