

News from

ChevronTexaco

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CHEVRONTEXACO REPORTS FOURTH QUARTER NET INCOME OF \$904 MILLION AND OPERATING EARNINGS OF \$1.1 BILLION

- *Higher crude oil and natural gas prices boost upstream results but weaken downstream*
 - *Exploration and production operating earnings of \$1.2 billion up 125 percent from year-ago quarter*
 - *Refining, marketing and transportation segment incurs an operating loss of \$151 million*
- *Merger synergies on track toward annual savings target of \$2.2 billion before-tax by end of first quarter*
- *Oil and gas reserves replacement for 2002 exceeds 100 percent for tenth consecutive year*

SAN RAMON, Calif., Jan. 31, 2003 – ChevronTexaco Corp. today reported preliminary net income of \$904 million (\$0.85 per share – diluted) for the fourth quarter 2002, compared with a net loss of \$2.522 billion (\$2.38 per share – diluted) in the year-ago quarter. Excluding net charges for special items and merger effects in both periods, operating earnings were \$1.065 billion (\$1.00 per share – diluted), up from \$498 million (\$0.47 per share – diluted).

Earnings Summary

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating Earnings				
Exploration and Production	\$1,225	\$ 544	\$4,907	\$5,795
Refining, Marketing and Transportation	(151)	215	(16)	1,930
Chemicals and Other	(9)	(261)	(425)	(915)
Total*	1,065	498	4,466	6,810
Special Items	(53)	(1,852)	(2,948)	(1,743)
Merger Effects	(108)	(1,168)	(386)	(1,779)
Net Income (Loss)*	\$ 904	\$(2,522)	\$1,132	\$3,288
<i>*Includes Foreign Currency (Losses) Gains</i>	<i>\$(79)</i>	<i>\$116</i>	<i>\$(43)</i>	<i>\$191</i>

For the full year, net income was \$1.1 billion (\$1.07 per share – diluted), compared with \$3.3 billion (\$3.09 per share – diluted) in 2001. Operating earnings were \$4.5 billion (\$4.21 per share – diluted), versus \$6.8 billion (\$6.41 per share – diluted) the prior year.

Commenting on the financial results, Chairman and CEO Dave O'Reilly said, "Net income for both the fourth quarter and the full year was unsatisfactory. During 2002, we operated under weak global market conditions in our refining and marketing sector and recorded a number of special charges against income.

"However, as we enter 2003, I am confident that we will realize the full benefits – both financially and operationally – of our merger that occurred in late 2001," O'Reilly added. "In addition, significant work is under way to high-grade our portfolio of assets and focus capital spending on the best opportunities that will help us achieve the long-term strategic value the merger provides."

Discussing the company's successes in the first full year after the October 2001 merger, O'Reilly said, "We had many notable achievements directly related to the effective teamwork demonstrated by employees in our many businesses around the world.

"For example, we made excellent progress towards our target of an annual synergy savings rate of \$2.2 billion before-tax," O'Reilly said. "The rate itself has grown from our initial estimate of \$1.2 billion at the time of the merger, and we expect to achieve our \$2.2 billion goal on schedule by the end of the first quarter this year.

"Another example is the rate at which we replaced proved oil and gas reserves during 2002. We added 1.1 billion barrels of oil-equivalent, or 114 percent of the volumes produced during the year," O'Reilly remarked. He indicated that nearly 600 million barrels were added through the company's drilling activities. These included major discoveries and extensions in Africa, Australia, Europe and China. An additional 500 million barrels were added through improved recovery and expansion projects, primarily in Africa, Eurasia and California.

O'Reilly also noted the company's successful deepwater exploration and appraisal activity during 2002 that had not yet resulted in the addition of proved reserves. Examples cited were the Tahiti and Great White prospects in the Gulf of Mexico, Usan and Aparo in Nigeria and Negage in Angola.

In remarks on the fourth quarter operating earnings, O'Reilly said, "Stronger oil and natural gas prices had markedly different effects on our upstream and downstream sectors. Profits were substantially higher than last year's fourth quarter in our exploration and production operations. However, those same price increases resulted in higher feedstock costs and poor margins for our refining and marketing business."

In other comments on exploration and production operating earnings in the quarter, O'Reilly said the higher crude oil and natural gas prices helped offset a 6 percent decline in worldwide oil-equivalent production to 2,567,000 barrels per day. Production was restrained by a number of factors in the quarter, including OPEC quotas, volumes shut in from tropical storms in the Gulf of Mexico

and the effect of higher prices on cost-oil recovery volumes under Indonesian production-sharing agreements. Excluding the effect of these items, production would have otherwise declined about 1 percent from the 2001 quarter.

The average U.S. crude oil and natural gas liquids realization was up almost \$7 per barrel from the 2001 quarter to \$23.57. Internationally, the corresponding increase was about \$8 per barrel to \$25.46. The average U.S. natural gas realization rose 56 percent to \$3.55 per thousand cubic feet. Internationally, the average realization increased 6 percent to \$2.34.

In the 2002 fourth quarter, net charges from special items totaled \$53 million. This amount included \$52 million related to the company's share of Dynegy's own special items and \$47 million related to environmental remediation matters. Partially offsetting these charges were favorable prior-year tax adjustments of \$46 million. Merger-related expenses also reduced earnings \$108 million in the 2002 quarter. Special items and merger effects in the year-ago period reduced earnings \$3.0 billion.

Sales and other operating revenues in the fourth quarter were \$27 billion, up 27 percent from the corresponding 2001 period, on higher crude oil, natural gas and refined product prices. For the year, sales and other operating revenues declined to \$99 billion from \$104 billion on lower average prices for natural gas and refined products, lower refined products sales and lower oil-equivalent production.

Foreign currency losses included in the fourth quarter were \$79 million, compared with gains of \$116 million in the year-ago period. The losses resulted from fluctuations of the U.S. dollar against the currencies of a number of countries – primarily Argentina and the United Kingdom. For the year, foreign currency losses were \$43 million, compared with gains of \$191 million in 2001. The prior year benefited mainly from gains connected with the devaluation of the Argentine peso.

EXPLORATION AND PRODUCTION

U.S. Exploration and Production

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating Earnings	\$526	\$ 143	\$1,931	\$2,890
Special Items	(19)	(1,160)	(214)	(1,111)
Segment Income (Loss)	\$507	\$(1,017)	\$1,717	\$1,779

U.S. exploration and production operating earnings of \$526 million were up significantly from the year-ago period, due mainly to higher crude oil and natural gas realizations and lower exploration expense. Partially offsetting was a \$90 million effect of lower production and casualty losses associated with storms in the Gulf of Mexico.

Net oil-equivalent production declined 11 percent from the 2001 quarter. Besides normal field declines, more than half of the decrease, or about 60,000 barrels per day, was attributable to shut-in production from the Gulf of Mexico storms. The net liquids production component was down 10 percent to 559,000 barrels per day. Net natural gas production averaged 2.207 billion cubic feet per day, down 13 percent.

The special charge in the 2002 quarter was for environmental remediation costs. Special charges in the prior year's quarter were for property impairments.

International Exploration and Production

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating Earnings*	\$699	\$401	\$2,976	\$2,905
Special Items	46	(372)	(137)	(372)
Segment Income*	\$745	\$ 29	\$2,839	\$2,533
<i>*Includes Foreign Currency (Losses) Gains</i>	<i>\$(48)</i>	<i>\$148</i>	<i>\$90</i>	<i>\$181</i>

International exploration and production operating earnings of \$699 million were 74 percent higher than last year's quarter, due mainly to higher crude oil realizations and lower exploration expenses. These factors were partially offset by changes in foreign currency effects between periods.

Net oil-equivalent production decreased 4 percent compared with the year-ago period. The net liquids production component declined 110,000 barrels per day to 1,285,000. Increased production in Kazakhstan was more than offset by declines in Indonesia, Western Africa and Europe. The largest decline was in Indonesia, down approximately 67,000 barrels per day, of which 50,000 barrels per day was due to the effect of higher prices on the company's share of net production under production-sharing agreements.

Net natural gas production increased 16 percent to 2.129 billion cubic feet per day. Higher production in the Philippines – where production commenced during the fourth quarter 2001 – and in several other countries more than offset a decline in Canada.

Earnings for the quarter included net foreign currency losses of \$48 million, primarily in Argentina and the United Kingdom. Gains of \$148 million in the 2001 quarter primarily resulted from the devaluation of the Argentine peso.

Special items in the fourth quarter 2002 were for net favorable prior-year tax adjustments. Special charges in the 2001 quarter were mainly for asset impairments and prior-year tax adjustments.

REFINING, MARKETING AND TRANSPORTATION

U.S. Refining, Marketing and Transportation

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating (Loss) Earnings	\$(120)	\$188	\$(183)	\$1,332
Special Items	(15)	(78)	(215)	(78)
Segment (Loss) Income	\$(135)	\$110	\$(398)	\$1,254

U.S. refining, marketing and transportation incurred an operating loss of \$120 million, which included net charges for various asset write-offs and revaluations, litigation and other reserve adjustments and trade credit losses. Absent these charges, results were about break-even. Fourth quarter 2001 operating earnings of \$188 million included \$40 million for the company's share of income from assets subsequently sold as a condition of the merger and \$50 million associated with insurance recoveries. Sales margins in the 2002 period were lower than the year-ago fourth quarter.

The quarter's average refined product sales realization increased 36 percent to \$37.29 per barrel. Refined product sales volumes, excluding the company's share of sales in the 2001 period from assets sold as a condition of the merger, declined 7 percent to 1,545,000 barrels per day. However, gasoline sales volumes increased 6 percent to 717,000 barrels per day from the year-ago quarter. The overall decrease in refined product sales was the result of lower fuel oil trading volumes and a decline in demand for diesel fuel.

Special charges in the comparative quarters were for environmental remediation matters.

International Refining, Marketing and Transportation

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating (Loss) Earnings*	\$ (31)	\$27	\$167	\$598
Special Items	-	(38)	(136)	(38)
Segment (Loss) Income*	\$(31)	\$(11)	\$ 31	\$560
<i>*Includes Foreign Currency (Losses) Gains</i>	<i>\$(56)</i>	<i>\$(39)</i>	<i>\$(176)</i>	<i>\$23</i>

International refining, marketing and transportation incurred an operating loss of \$31 million. Excluding the effects of foreign currency losses in both quarters, earnings of \$25 million were about \$40 million lower than the 2001 quarter. Changes in refined product margins varied across the various international downstream businesses but remained weak overall.

Total refined product sales volumes of 2,400,000 barrels per day in the fourth quarter 2002 were essentially unchanged from last year's quarter.

Earnings in the 2002 quarter included foreign currency losses of \$56 million, compared with losses of \$39 million in 2001. The net special charges in the 2001 quarter were related primarily to the write-down of refinery assets in Latin America.

CHEMICALS

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Operating Earnings (Loss)*	\$ 13	\$(17)	\$86	\$(32)
Special Items	-	(53)	-	(96)
Segment Income (Loss)*	\$13	\$(70)	\$86	\$(128)
<i>*Includes Foreign Currency Gains (Losses)</i>	\$3	\$-	\$3	\$(3)

Chemical operations earned \$13 million, versus a loss of \$17 million in the 2001 quarter. The improvement was mainly attributable to reduced losses by the company's 50 percent-owned Chevron Phillips Chemical Company LLC affiliate (CPChem).

Net income in the fourth quarter 2002 included foreign currency gains of \$3 million, compared with no foreign exchange effects in the 2001 quarter. The special charge in the 2001 quarter was associated with the impairment of CPChem facilities.

ALL OTHER

<i>Millions of Dollars</i>	Fourth Quarter		Year	
	2002	2001	2002	2001
Net Charges, Excluding Special Items And Merger Effects*	\$ (22)	\$(244)	\$(511)	\$(883)
Special Items	(65)	(151)	(2,246)	(48)
Merger Effects	(108)	(1,168)	(386)	(1,779)
Segment Net Charges*	\$(195)	\$(1,563)	\$(3,143)	\$(2,710)
<i>*Includes Foreign Currency Gains (Losses)</i>	\$22	\$7	\$40	\$(10)

All Other consists of the company's interest in Dynegy, coal mining operations, power and gasification businesses, worldwide cash management and debt financing activities, corporate administrative costs, insurance operations, real estate activities and technology companies.

Net charges before special items and merger effects were \$22 million, compared with \$244 million in the year-ago quarter. The change between periods included higher favorable tax adjustments of \$192 million and lower other corporate charges in 2002. The company's share of Dynegy's operating losses was \$13 million in the fourth quarter 2002, compared with \$34 million of income in the corresponding 2001 quarter.

Foreign currency gains were \$22 million, versus \$7 million in the 2001 quarter. Special items of \$65 million in the 2002 quarter included \$52 million of the company's share of Dynegy's own special charges.

Merger effects included merger-related expenses and, in the 2001 periods, net losses on assets sold as a condition of the merger.

CHEVRONTEXACO CORPORATION - FINANCIAL REVIEW
(Millions of Dollars Except Per-Share Amounts)

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CONSOLIDATED STATEMENT OF INCOME

(unaudited)	Three Months Ended December 31		Year Ended December 31	
	2002	2001	2002	2001
REVENUES AND OTHER INCOME:				
Sales and Other Operating Revenues ⁽¹⁾	\$ 26,943	\$ 21,239	\$ 98,691	\$ 104,409
Income (Loss) from Equity Affiliates	111	(38)	111	1,144
Other Income	4	259	247	692
	27,058	21,460	99,049	106,245
COSTS AND OTHER DEDUCTIONS:				
Purchased Crude Oil and Products	15,871	11,950	57,249	60,549
Operating Expenses	2,279	1,989	7,848	7,650
Selling, General and Administrative Expenses	1,107	1,235	4,155	3,984
Exploration Expenses	205	460	591	1,039
Depreciation, Depletion and Amortization	1,271	3,562	5,231	7,059
Write-down of Investments in Equity Affiliates	-	-	1,932	-
Taxes Other Than on Income ⁽¹⁾	4,403	3,556	16,689	15,156
Merger-Related Expenses ⁽²⁾	163	1,407	576	1,563
Minority Interests	22	31	57	121
Interest and Debt Expense	141	171	565	833
	25,462	24,361	94,893	97,954
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	1,596	(2,901)	4,156	8,291
Income Tax Expense	692	(526)	3,024	4,360
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	\$ 904	\$ (2,375)	\$ 1,132	\$ 3,931
Extraordinary Loss, Net of Income Tax	-	(147)	-	(643)
NET INCOME (LOSS)	\$ 904	\$ (2,522)	\$ 1,132	\$ 3,288

PER-SHARE AMOUNTS:

NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM

- Basic	\$.85	\$ (2.24)	\$ 1.07	\$ 3.71
- Diluted	\$.85	\$ (2.24)	\$ 1.07	\$ 3.70

NET INCOME (LOSS)

- Basic	\$.85	\$ (2.38)	\$ 1.07	\$ 3.10
- Diluted	\$.85	\$ (2.38)	\$ 1.07	\$ 3.09

Average Common Shares Outstanding (000's)

- Basic	1,061,893	1,060,826	1,061,512	1,060,118
- Diluted	1,063,624	1,062,022	1,063,398	1,062,948

NET INCOME (LOSS) BY MAJOR OPERATING AREA

(unaudited)	Three Months Ended December 31		Year Ended December 31	
	2002	2001	2002	2001
Exploration and Production				
United States	\$ 507	\$ (1,017)	\$ 1,717	\$ 1,779
International	745	29	2,839	2,533
Total Exploration and Production	1,252	(988)	4,556	4,312
Refining, Marketing and Transportation				
United States	(135)	110	(398)	1,254
International	(31)	(11)	31	560
Total Refining, Marketing and Transportation	(166)	99	(367)	1,814
Chemicals	13	(70)	86	(128)
All Other ⁽³⁾	(195)	(1,563)	(3,143)	(2,710)
NET INCOME (LOSS)	\$ 904	\$ (2,522)	\$ 1,132	\$ 3,288

(1) Includes consumer excise taxes: \$ 1,785 \$ 1,633 \$ 7,006 \$ 6,546

(2) Includes employee severance and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility closure costs, etc

(3) Includes the company's interest in Dynegy Inc., coal mining operations, power and gasification ventures, corporate administrative costs, worldwide cash manager and debt financing activities, technology investments, real estate and insurance activities, and expenses and net losses connected with the merger (merger effects)

CHEVRONTEXACO CORPORATION - FINANCIAL REVIEW
(Millions of Dollars)

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SPECIAL ITEMS AND MERGER EFFECTS ⁽¹⁾ BY MAJOR OPERATING AREA	Three Months		Year Ended	
	Ended December 31		December 31	
	2002	2001	2002	2001
(unaudited)				
U. S. Upstream	\$ (19)	\$ (1,160)	\$ (214)	\$ (1,111)
International Upstream	46	(372)	(137)	(372)
U. S. Downstream	(15)	(78)	(215)	(78)
International Downstream	-	(38)	(136)	(38)
Chemicals	-	(53)	-	(96)
All Other ⁽²⁾	(173)	(1,319)	(2,632)	(1,827)
Total Special Items and Merger Effects	\$ (161)	\$ (3,020)	\$ (3,334)	\$ (3,522)

SUMMARY OF SPECIAL ITEMS AND MERGER EFFECTS ⁽¹⁾	Three Months		Year Ended	
	Ended December 31		December 31	
	2002	2001	2002	2001
(unaudited)				
Asset Write-offs and Revaluations				
- Write-down of Dynegey Investment	\$ -	\$ -	\$ (1,626)	\$ -
- Equity share of Dynegey's write-offs and revaluations	(52)	-	(531)	-
- Other	-	(1,666)	(485)	(1,709)
Asset Dispositions - Share of Dynegey's	-	-	(149)	-
Asset Dispositions - Other	-	-	-	49
Environmental Remediation Provisions	(47)	(78)	(160)	(78)
Other, Net	46	(108)	3	(5)
Total Special Items	(53)	(1,852)	(2,948)	(1,743)
Merger Effects	(108)	(1,168)	(386)	(1,779)
Total Special Items and Merger Effects	\$ (161)	\$ (3,020)	\$ (3,334)	\$ (3,522)

FOREIGN EXCHANGE (LOSSES) GAINS	\$ (79)	\$ 116	\$ (43)	\$ 191
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EARNINGS BY MAJOR OPERATING AREA, EXCLUDING SPECIAL ITEMS AND MERGER EFFECTS	Three Months		Year Ended	
	Ended December 31		December 31	
	2002	2001	2002	2001
(unaudited)				
Exploration and Production				
United States	\$ 526	\$ 143	\$ 1,931	\$ 2,890
International	699	401	2,976	2,905
Total Exploration and Production	1,225	544	4,907	5,795
Refining, Marketing and Transportation				
United States	(120)	188	(183)	1,332
International	(31)	27	167	598
Total Refining, Marketing and Transportation	(151)	215	(16)	1,930
Chemicals	13	(17)	86	(32)
All Other ⁽²⁾	(22)	(244)	(511)	(883)
Earnings Excluding Special Items and Merger Effects	1,065	498	4,466	6,810
Special Items and Merger Effects	(161)	(3,020)	(3,334)	(3,522)
Net Income (Loss)	\$ 904	\$ (2,522)	\$ 1,132	\$ 3,288

(1) Includes employee termination and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility closure costs, etc.; 2001 also includes net charges related to assets sold as a condition of the merger.

(2) Includes the company's interest in Dynegey Inc., coal mining operations, power and gasification ventures, corporate administrative costs, worldwide cash management and debt financing activities, technology investments, real estate and insurance activities, and expenses and net losses connected with the merger (merger effects).

CAPITAL AND EXPLORATORY EXPENDITURES ⁽¹⁾

(Millions of Dollars)

	Three Months Ended December 31		Year Ended December 31	
	2002	2001	2002	2001
United States				
Exploration and Production	\$ 522	\$ 628	\$ 1,888	\$ 2,420
Refining, Marketing and Transportation	262	273	750	873
Chemicals	37	43	272	145
Other	189	1,899	811	2,570
Total United States	1,010	2,843	3,721	6,008
International				
Exploration and Production	1,086	1,301	4,395	4,709
Refining, Marketing and Transportation	342	537	882	1,271
Chemicals	16	17	37	34
Other	190	1	220	6
Total International	1,634	1,856	5,534	6,020
Worldwide	\$ 2,644	\$ 4,699	\$ 9,255	\$ 12,028

OPERATING STATISTICS ⁽¹⁾**NET LIQUIDS PRODUCTION (MB/D): ⁽²⁾**

	Three Months Ended December 31		Year Ended December 31	
	2002	2001	2002	2001
United States	559	619	602	614
International	1,285	1,395	1,295	1,345
Worldwide	1,844	2,014	1,897	1,959

NET NATURAL GAS PRODUCTION (MMCF/D):

United States	2,207	2,530	2,405	2,706
International	2,129	1,841	1,971	1,711
Worldwide	4,336	4,371	4,376	4,417

SALES OF REFINED PRODUCTS (MB/D):

United States	1,545	1,662	1,610	1,683
International	2,400	2,406	2,258	2,454
Worldwide	3,945	4,068	3,868	4,137

REFINERY INPUT (MB/D): ⁽³⁾

United States	959	996	979	983
International	1,050	1,145	1,096	1,136
Worldwide	2,009	2,141	2,075	2,119

(1) Includes interest in affiliates, except as noted in (3) below.

(2) Excludes volumes produced for operating service agreements:

101 100 97 105

(3) 2001 excludes the company's share of Equilon and Motiva volumes.