



THE MARKET

Originally derided as a “horseless carriage” when it was invented more than 100 years ago, the automobile soon captured the public imagination and transformed daily life. This worldwide love affair with the automobile has created an ever-expanding market for not only the fuels and products to keep cars running, but also for the network of retailer service stations and convenience stores for supplying customers.

From the first oil wells found in Pennsylvania, California, and Texas in the second half of the 19th century to today’s exploration operations that span the globe, energy companies like Chevron supply refined petroleum products to marine, aviation, and lubricants industries to keep our world moving. In addition, Chevron-branded products and services like the unsurpassed Techron. engine deposit cleaning additive, Chevron credit cards, and Chevron convenience stores have become an established part of the automotive products market.

ACHIEVEMENTS

As one of three brands owned by Chevron Corporation, which is the second-largest U.S.-based energy company and the fifth-largest in the world, the Chevron brand can be found at nearly 8,000 retail outlets in 29 U.S. states, primarily in the West, South, Southwest, and in western Canada. With its introduction in 1999, the ExtraMile convenience store brand is also owned by Chevron, and appears at hundreds of Chevron retail stations across the country.

Chevron’s proprietary gasoline additive, Techron., is widely recognized throughout the industry as providing unsurpassed intake system cleanliness on vital engine parts, helping deliver improved vehicle driving performance, optimal fuel economy, and reduced emissions. In May 2004,

Chevron became the first marketer to have its fuel approved as meeting performance criteria set by BMW, GM, Honda, and Toyota for “TOP TIER Detergent Gasoline” — a standard for gasoline detergency significantly higher than that established by the U.S. Environmental Protection Agency. All grades of Chevron gasoline with the Techron. additive meet the “TOP TIER Detergent Gasoline” criteria. In December 2004, Chevron also became the first marketer in Canada to have its fuel approved as meeting the TOP TIER standard.

HISTORY

In the 1860s, spurred by memories of the gold rush, hordes of prospectors descended on California seeking another kind of bounty: black gold. It took more than ten years before anyone

succeeded, but in September 1875, Alex Mentry of Star Oil Works overcame rattlesnakes, wasps, mud, and underbrush to strike oil in California’s Pico Canyon. Two years later, this remote portion of the rugged Santa Susana Mountains of San Joaquin County yielded a greater find when Mentry drilled Pico No. 4, which, when deepened in 1877, became a gusher yielding 70 barrels of oil per day, establishing California as an oil-producing state. Soon after its success, Star Oil Works was renamed California Star Oil Works Company (CSOW), and had become an attractive candidate for acquisition by a company with the financial acumen and capability to bring the products to market. That organization was Pacific Coast Oil Company (PCO), Chevron’s earliest predecessor, which acquired CSOW in 1879.



In the late 1880s, Standard Oil Co. (Iowa) — part of John D. Rockefeller's Standard Oil conglomerate — had become a leading marketer on the U.S. West Coast. By 1900, Rockefeller's Standard Oil Company (New Jersey), the holding company of the conglomerate, acquired PCO, adding production to its preeminent position in marketing. Six years later, it fully integrated the operations of PCO and Iowa Standard to create Standard Oil Co. (California). Over the next two decades, Standard Oil (California) became the marketing leader in its five-state West Coast area, driven by strong brand awareness, aggressive marketing, and an impressive roster of products, including Royal Crown gasoline and Zerolene motor oil.

Flush with the acquisition of Pacific Oil Co. in 1926, the company reincorporated as Standard Oil Co. of California, or Socal. In the 1930s, Socal formed three joint ventures that sparked its international expansion. Two involved exploration rights extending from the deserts of Saudi Arabia to the jungles of Indonesia. The third involved the birth of a historic partnership with The Texas Co. (later, Texaco) to form California Texas Oil Co., Ltd., or Caltex, with marketing operations from Africa to Asia and a small refinery in Bahrain that would become the first of a widespread global network.

In the decades that followed, the company continued to focus on global operations, from the development of the Minas and Duri fields in Sumatra to construction of the 1,068-mile Trans-Arabian pipeline in Saudi Arabia. The company also pursued growth through partnerships, including the acquisition of Standard Oil Co.

(Kentucky) in 1961 and the merger with Gulf Oil Corporation in 1984. The Gulf merger gave rise to a new corporate name, Chevron Corporation, which was derived from the chevron-shaped logo Socal



had been using on products for decades and under which it operated in many U.S. locations. The change reflected the brand's powerful association in the public's mind with quality, value, and service.

In the years ahead, as petroleum companies engaged increasingly in megaprojects, they became more prone to seek partners to share capital and risk. In 2001, Chevron Corporation and Texaco Inc., two long-standing partners, agreed to a historic merger that created today's Chevron Corporation.

THE PRODUCT

Chevron's quality products are designed to keep vehicles running efficiently and include Chevron with Techron. gasoline and Chevron diesel fuels, plus coolants, transmission fluids, and a full range of lubricants for passenger cars and diesels.

Since 1973, all three major U.S. auto manufacturers have used Chevron. gasolines to help their new engines pass the U.S. Environmental Protection Agency's tough 50,000- and 100,000-mile emissions system durability tests. With the introduction of Techron. in 1995, Chevron gasolines continue to offer great engine performance with the lowest possible deposit-related engine emissions.

RECENT DEVELOPMENTS

After analyzing retail data of all fuel brands for 2005, the Oil Price Information Service (OPIS) ranked Chevron as a "most powerful brand" for the second consecutive year. To help build the strong brand connection with customers, 2006 will begin Chevron's nationwide introduction of completely redesigned service stations for a cleaner and more contemporary look. Based on consumer feedback, a new Chevron logo highlights the refreshed motif along with a brighter fueling



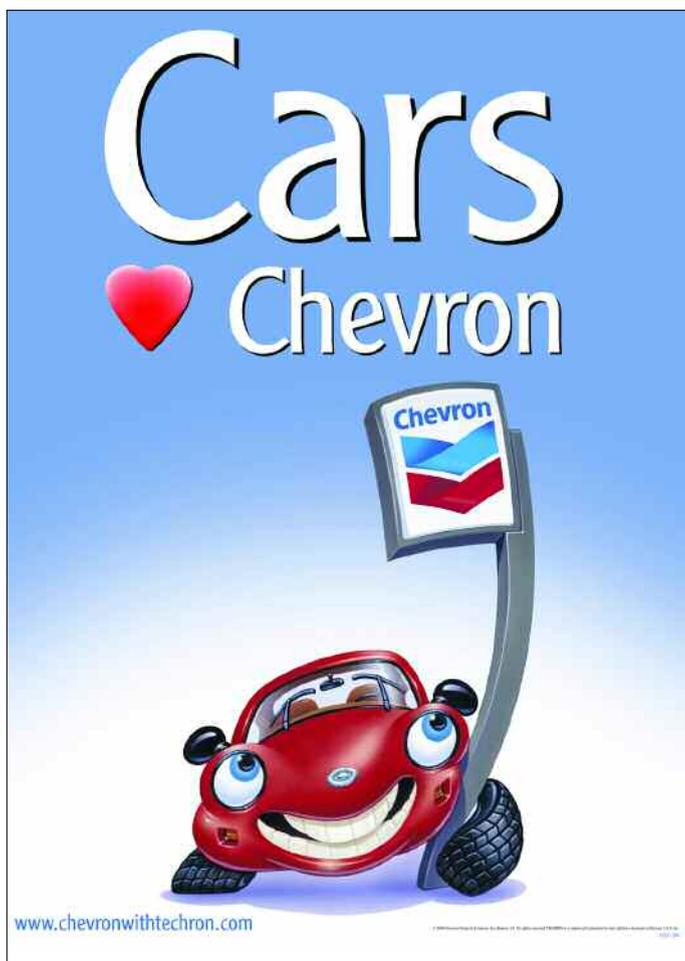
area, more energy-efficient lighting system, and more ergonomic fueling islands. This significant investment further demonstrates the commitment Chevron makes to maintaining its brand image with dedicated customers.

PROMOTION

For much of its history, the company's advertising focus was on the superior quality of Chevron's product line, whether the medium was print, billboards, or television. In recent decades, this approach has combined with corporate advertising that focuses on the company's values. One memorable U.S. corporate campaign, launched in 1985, was titled "People Do" and featured the company's efforts to protect the environment near its facilities. From artificial reefs in Florida to raptor perches in Wyoming to the preservation of butterfly habitats in California, the 16-year campaign became familiar to television viewers in the United States, accompanied by magazine advertisements.

In May 1995, Chevron launched one of its longest-lasting, and endearing, marketing promotions, the Chevron Toy Cars. Quirky and playful, the appealing automobiles "talk" about the "concerns, hopes, and dreams" of cars everywhere and subtly promote the company's high-quality products.

From the original and now-retired Sam Sedan and Wendy Wagon to the latest model, Travis Tanker, the fleet of more than three dozen Chevron Cars have proven extremely popular among children of all ages. There is even a Chevron Toy Cars Web site, which fosters an enjoyable and educational learning environment for children, parents, and educators alike.



BRAND VALUES

Built on the core brand values of quality, reliability, and cleanliness, Chevron is often viewed by consumers as having an engaging and likeable persona. The success of the Chevron Cars campaign has played a role in establishing this valuable public image and helps keep Chevron number-one in the hearts and minds of its customers.

More than 70 years ago, Socal adopted as its company symbol a three-bar chevron based on an ancient design motif identified with rank and service. The symbol came to be so strongly linked to the company products and service stations that in 1984 "Chevron" became the corporate name. Even before the introduction of the Chevron logo, the company's products — such as Red Crown gasoline and Zerolene motor oil — were brands synonymous in the public mind with quality, value, and service. Those same attributes are more than just a representation of the organization; they are a promise to customers.

THINGS YOU DIDN'T KNOW ABOUT CHEVRON

- In 1903, Chevron's predecessor, the Pacific Coast Oil Company, completed California's first major pipeline, linking the Kern River Field to the Richmond refinery — a distance of almost 300 miles.
- Chevron's Seattle sales manager John McLean created the world's first "service station" in 1907.
- In 1957 the company developed RPM Supreme oil, the first detergent-action motor oil.