



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 over 7,500 retail outlets in 29 U.S. states, primarily in the West, South, and Southwest, and in western Canada. Capitalizing on the success of Chevron’s new ExtraMile convenience store program in 2006, it is now available to retailers in Washington and California as a full-fledged franchise offering. The outstanding quality and convenience of ExtraMile complements the quality customers have come to expect from Chevron gasolines with Techron®.

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

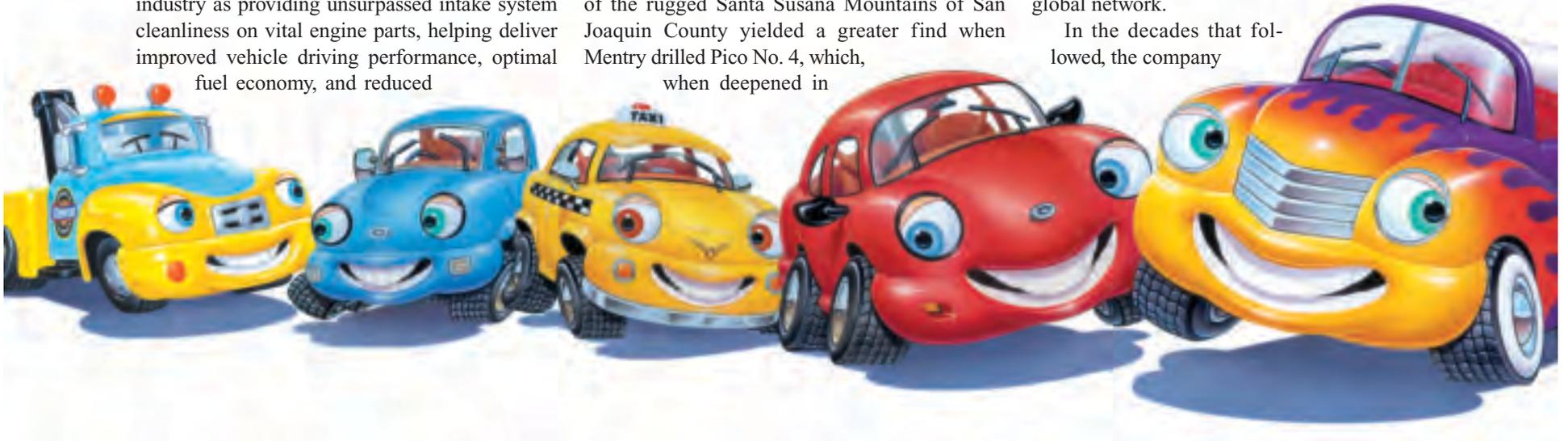
In the 1860s, spurred by memories of the gold rush, hordes of prospectors descended on California seeking another kind of bounty: black gold. It took more than 10 years before anyone succeeded, but in September 1875 Alex Mentry of Star Oil Works overcame rattlesnakes, wasps, mud, and underbrush to strike 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 Social 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 2006, the Oil Price Information Service (OPIS) ranked Chevron as a Most Powerful Brand for the third consecutive year. To help build the strong brand connection with customers, 2007 continues 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 most endearing marketing promotions: the Chevron 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 Sam Sedan, Tony Turbo, 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 Cars Web site that 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 in the hearts and minds of its customers.

More than 70 years ago, Social 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.

A strong brand cannot exist without strong employee culture. The behavior and actions of Chevron's people help

mold what the brand has been and what it will become. Take, for instance, Chevron's group of highly trained tanker truck drivers. Every day around the world, thousands of fuel deliveries are made to Chevron stations. And for Chevron "Master Drivers" — a Chevron tanker driver who has operated for 20 years without incident, accident, spills, or tickets of any kind — what they consider routine performance has helped personify what Chevron's goal of safe operations means. Everywhere they go, Chevron drivers carry the company logo. They play a critical role in representing the Chevron brand on the roads where its customers drive.

THINGS YOU DIDN'T KNOW ABOUT CHEVRON

- Chevron's Techron® additive is so advanced in its cleaning ability that when the technology was originally introduced in the early 1980s, it already surpassed 1995 EPA deposit control requirements, almost 15 years before they came into effect.
- Since 2001, Chevron has presented a special-edition toy car specifically created to raise awareness about breast cancer and has donated all net proceeds from its sale to promote the early detection of breast cancer. Chevron has helped raise more than \$1.5 million in the quest to promote breast cancer awareness.
- In 2006, Chevron spent nearly a half-billion dollars in funding alternative fuel programs like helping build the country's largest biodiesel refinery in Texas and donating millions for biomass research with Georgia Tech and University of California–Davis.