

# ChevronTexaco

## Fourth Quarter 2004 Earnings Conference Call

### **Dave O'Reilly**

Chairman of the Board and Chief Executive Officer

### **Steve Crowe**

Vice President and Chief Financial Officer

January 28, 2005

# Cautionary Statement

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

*This presentation 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 management’s 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. The reader 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; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; success of the company’s exploration program; the results of operations and financial condition of equity affiliates; 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 crude oil and natural 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; the company’s ability to successfully achieve the planned improvements from the restructuring of its worldwide downstream organization and other business units; potential liability for remedial actions under existing or future environmental laws or regulations; significant investment or product changes under existing or future environmental regulations (including, particularly, regulations and litigation dealing with gasoline composition and characteristics); potential liability resulting from pending or future litigation; and the company’s ability to sell or dispose of assets or operations as expected. 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.*

*U.S. Securities and Exchange Commission (SEC) rules permit oil and gas companies to disclose only proved reserves in their filings with the SEC. Certain terms, such as “resources,” “undeveloped gas resources,” “oil in place,” “recoverable reserves,” and “recoverable resources,” among others, are used in this presentation to describe certain oil and gas properties that are not permitted to be used in filings with the SEC.*

# Financial Performance

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- Record annual earnings
  - 4th quarter \$3.4 billion, Year \$13.3 billion
- Top ROCE
  - Full year 26%
- Strong balance sheet
  - Debt ratio 20%, Net debt ratio 1%
- Asset sales proceeds
  - 4<sup>th</sup> quarter \$0.6 billion, Full year \$3.7 billion
- Pension funding
  - 4th quarter \$0.4 billion, Year \$1.6 billion
- Stock repurchases
  - 4th quarter \$750 million, Year \$2.1 billion

# Right Strategies at the Right Time

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- **Upstream**
  - Grow profitability in core areas and build new legacy positions
- **Global Gas**
  - Commercialize equity resource base by targeting North American & Asian markets
- **Downstream**
  - Improve returns by focusing on areas of market and supply strength

# Strategic Progress

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- Upstream

- Exploration Success

- Nigeria – successful oil appraisal/extension at Usan 6
    - Venezuela – Second gas discovery well at Loran 3X (Plataforma Deltana)
    - U.K. – Oil and gas discovery at Rosebank-Lochnagar in the Faroe-Shetland Channel
    - Cambodia – Four oil discovery wells in shallow water (Block A)

- Angola – First oil at the Sanha Bomboco project

# Strategic Progress

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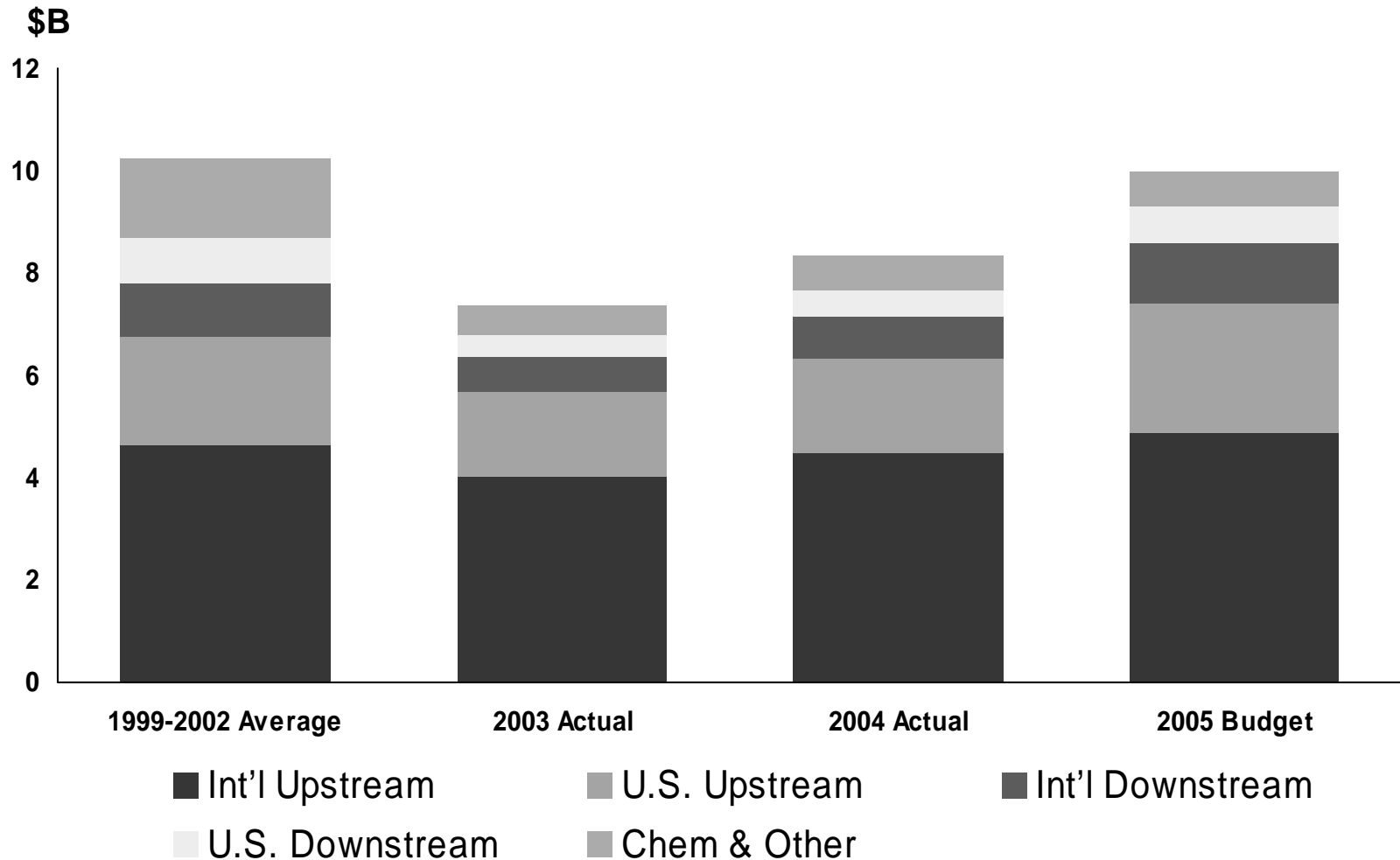
- **Global Gas**

- Nigeria – Final investment decision to move forward with the West Africa Gas Pipeline project
- Baja – Key authorizations from Mexican federal government for offshore LNG terminal
- U.S. Gulf Coast – Agreement to obtain regasification capacity at the planned Sabine Pass LNG terminal

- **Downstream**

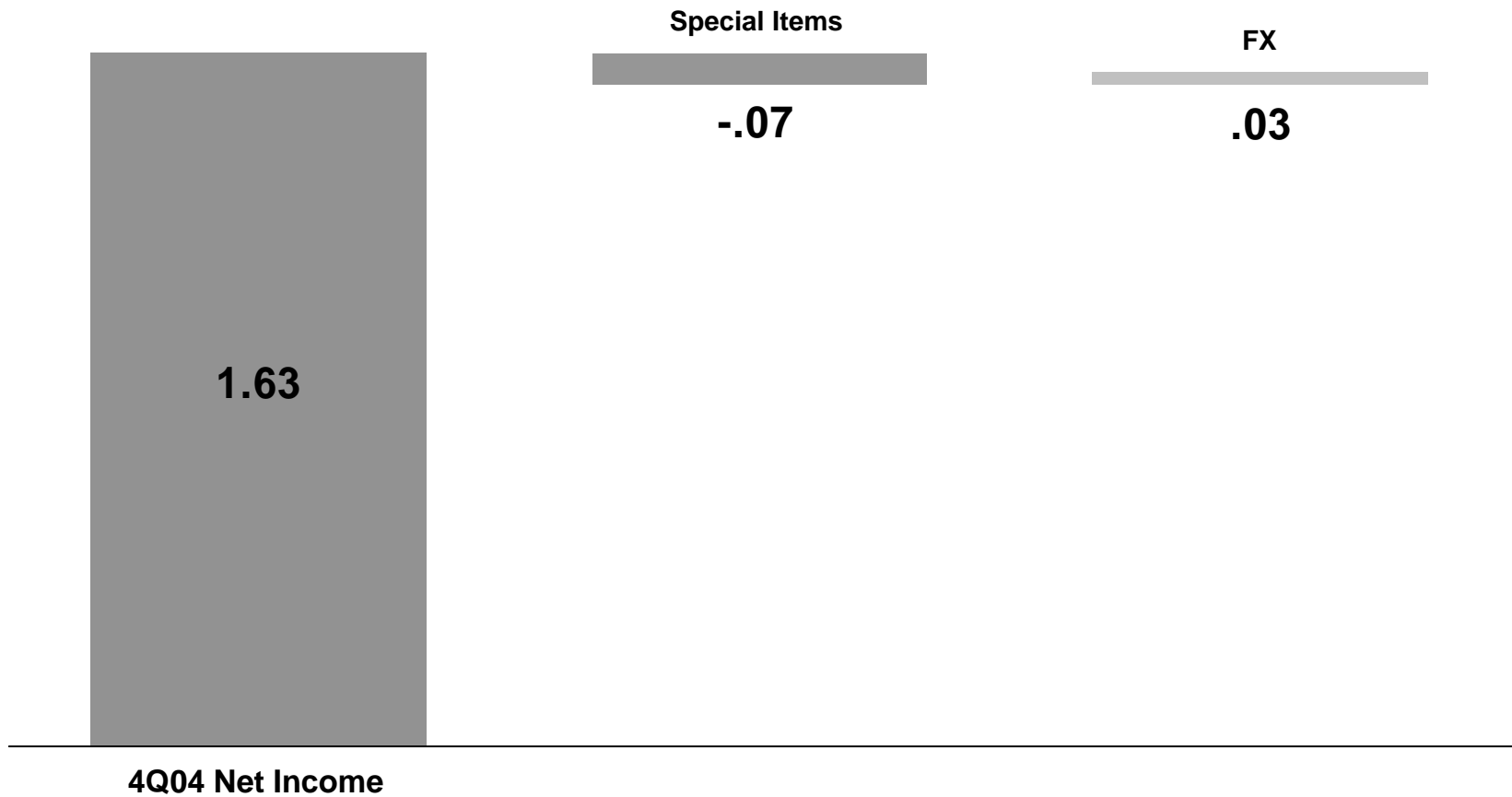
- Downstream retail station sales program – over 1,500 sold by year-end
- U.S. downstream added over 1,000 Texaco-branded retail sites in the second half of 2004
- Preliminary agreement for marketing partnership in south China

# Capital and Exploratory Program



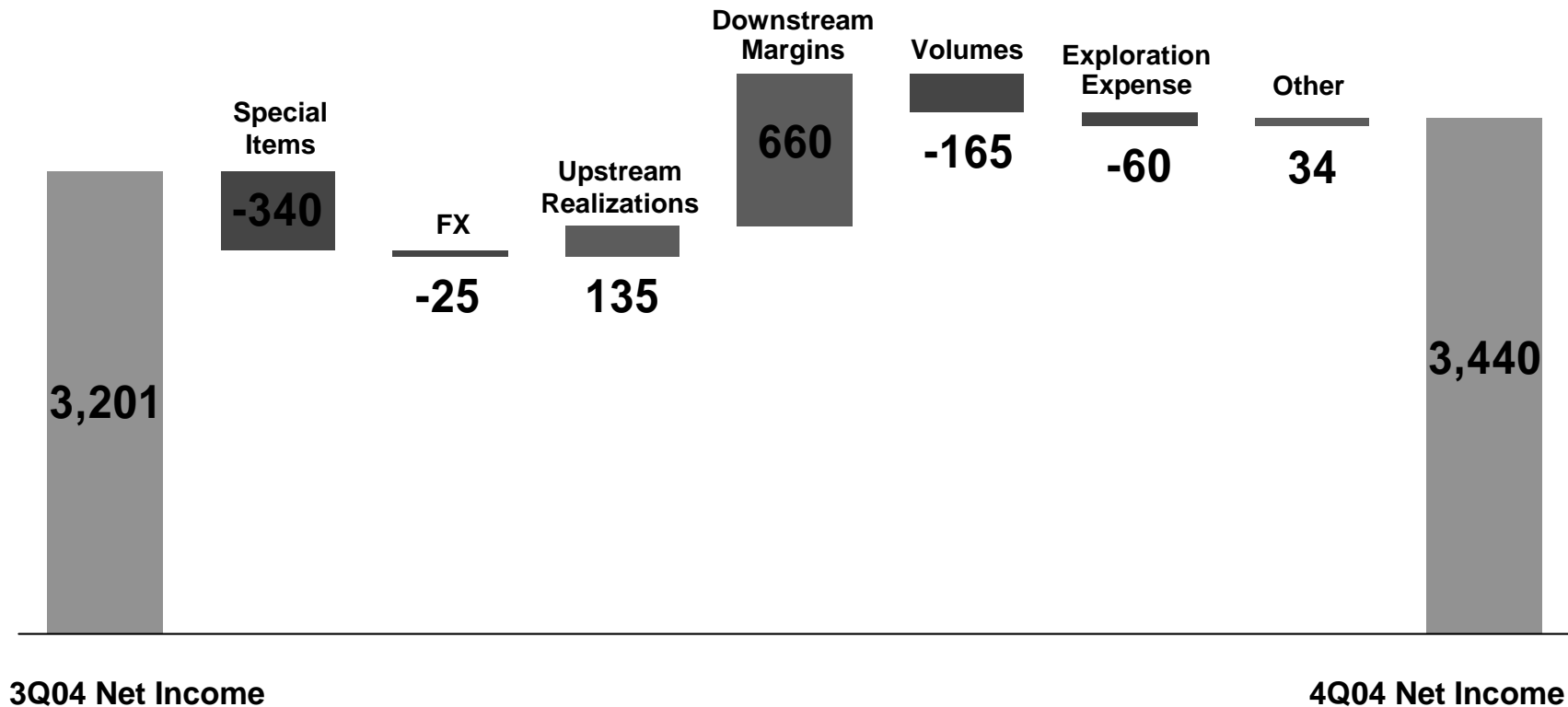
# CVX 4Q04 EPS

\$ EPS



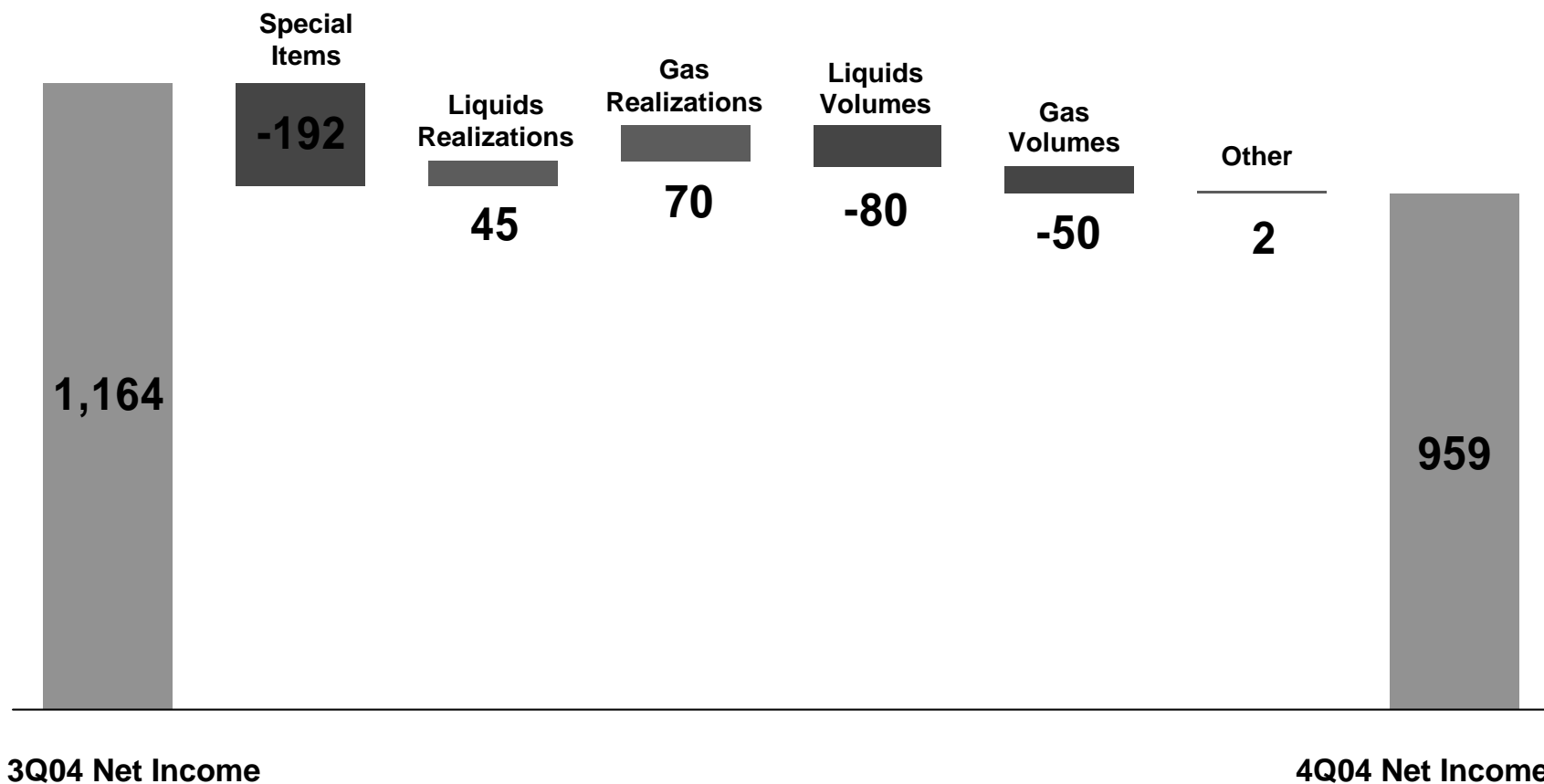
# CVX Net Income Variance Analysis 4Q vs 3Q

\$ Millions

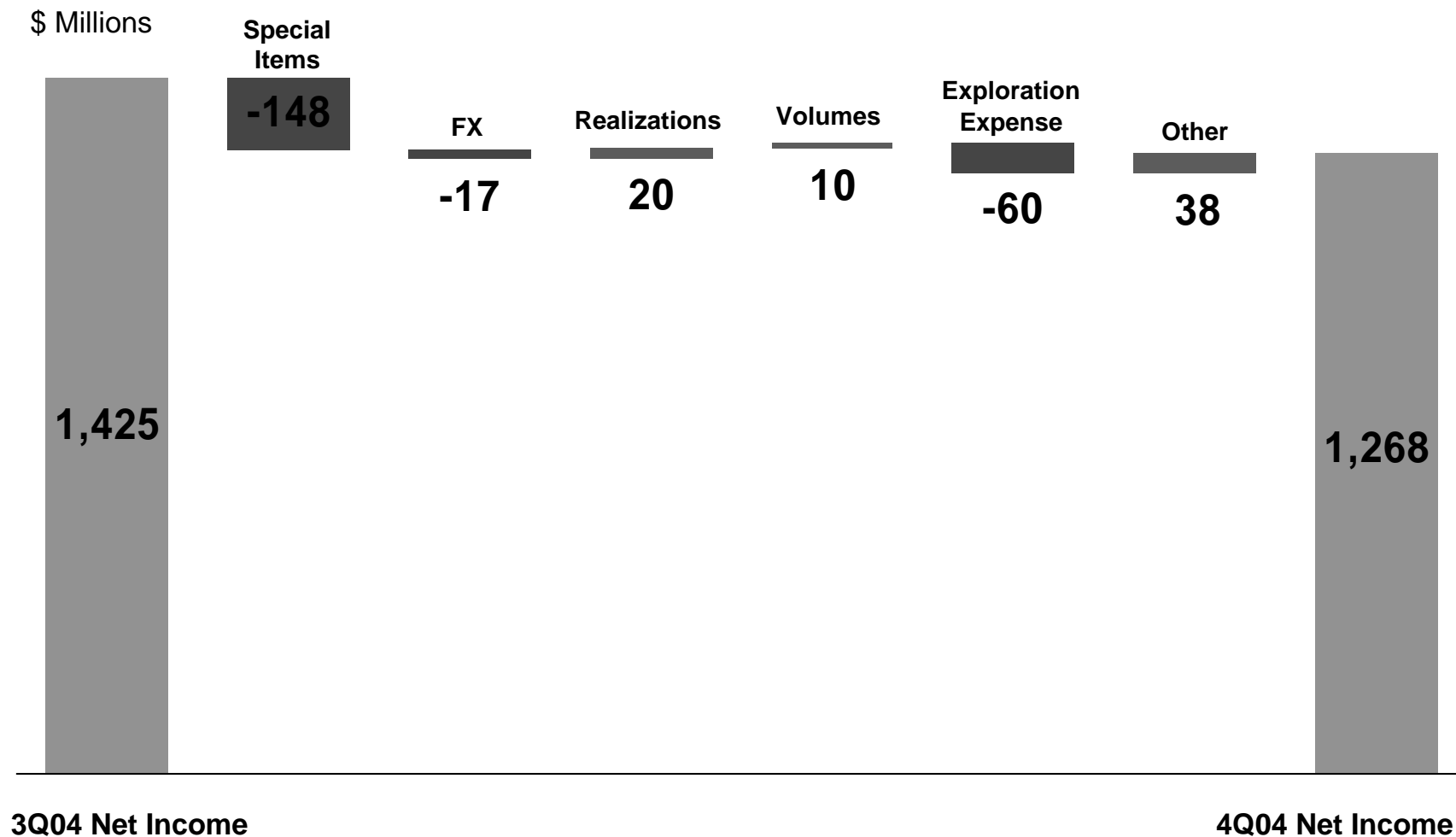


# U.S. Upstream Net Income Variance Analysis 4Q vs 3Q

\$ Millions



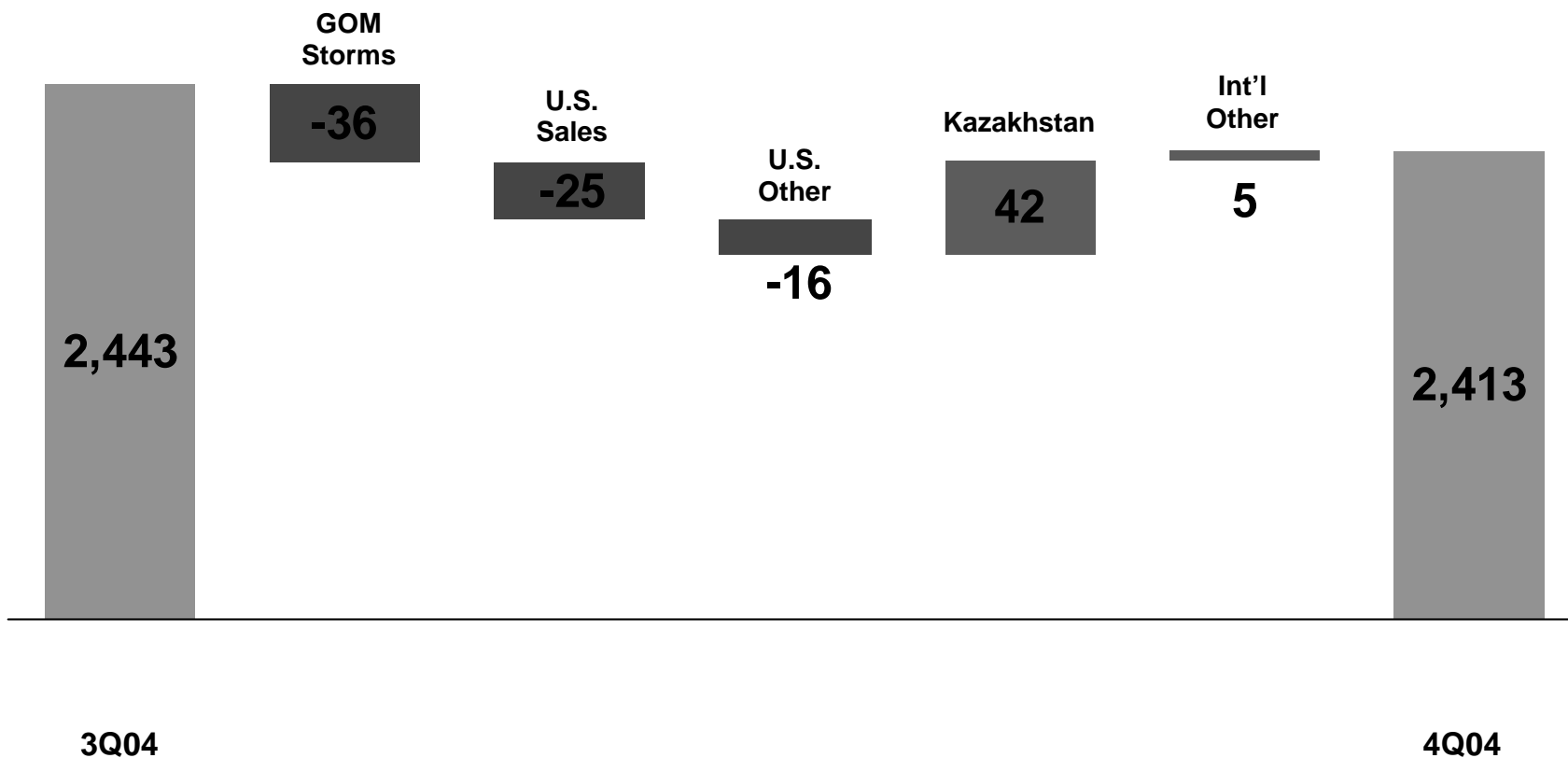
# International Upstream Net Income Variance Analysis 4Q vs 3Q



# Worldwide Oil & Gas Production<sup>(1)</sup>

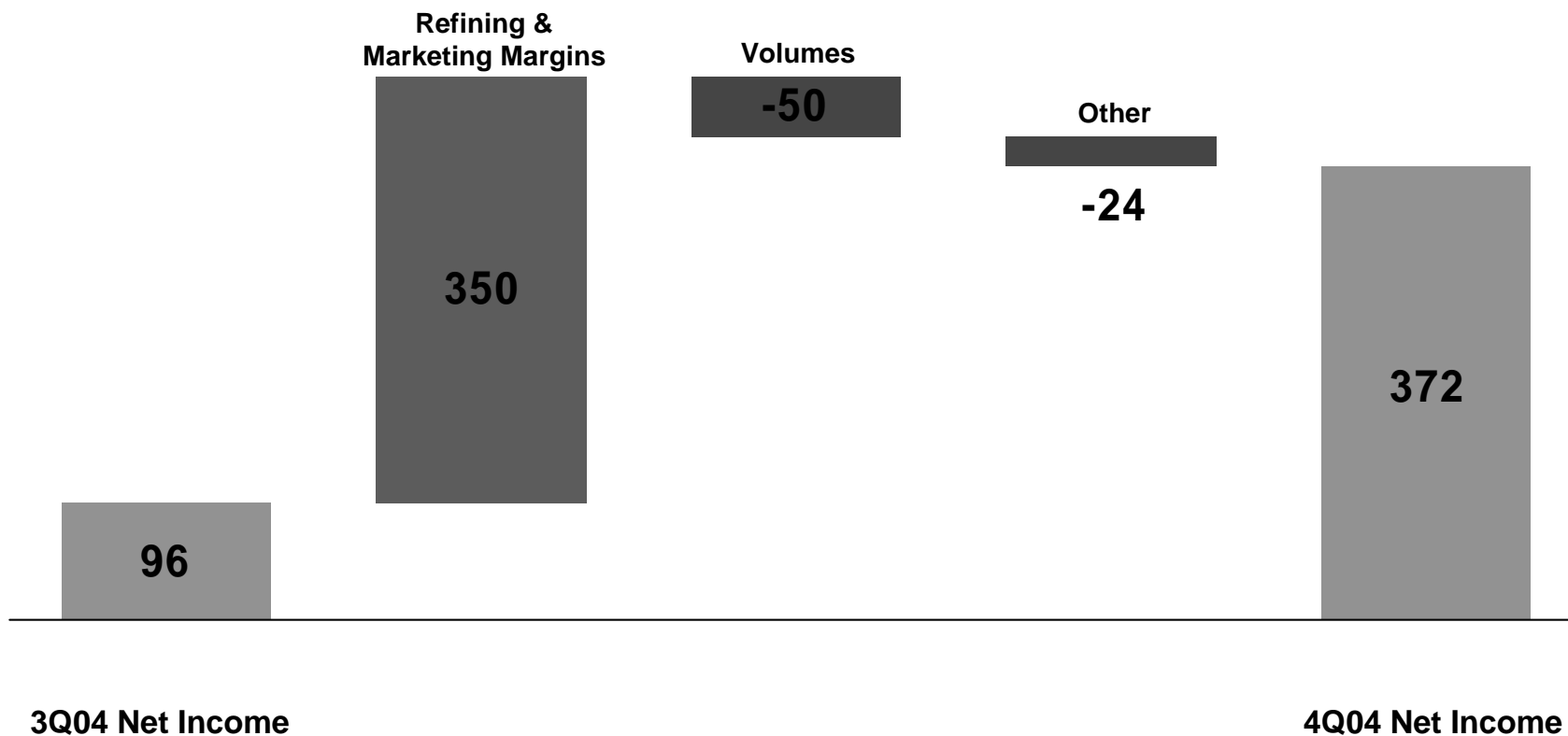
## Variance Analysis 4Q vs 3Q

MBOED



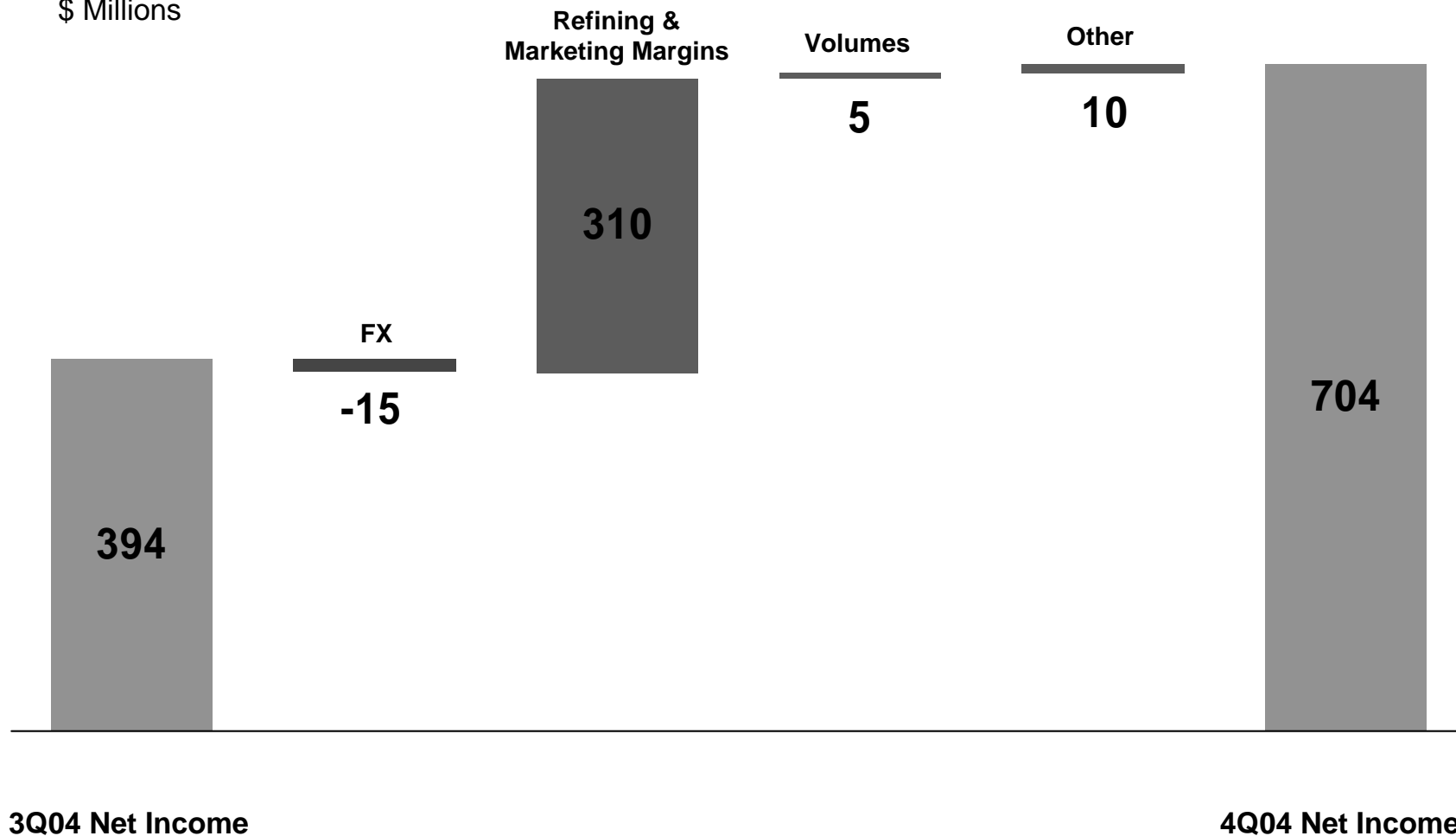
# U.S. Downstream Net Income Variance Analysis 4Q vs 3Q

\$ Millions



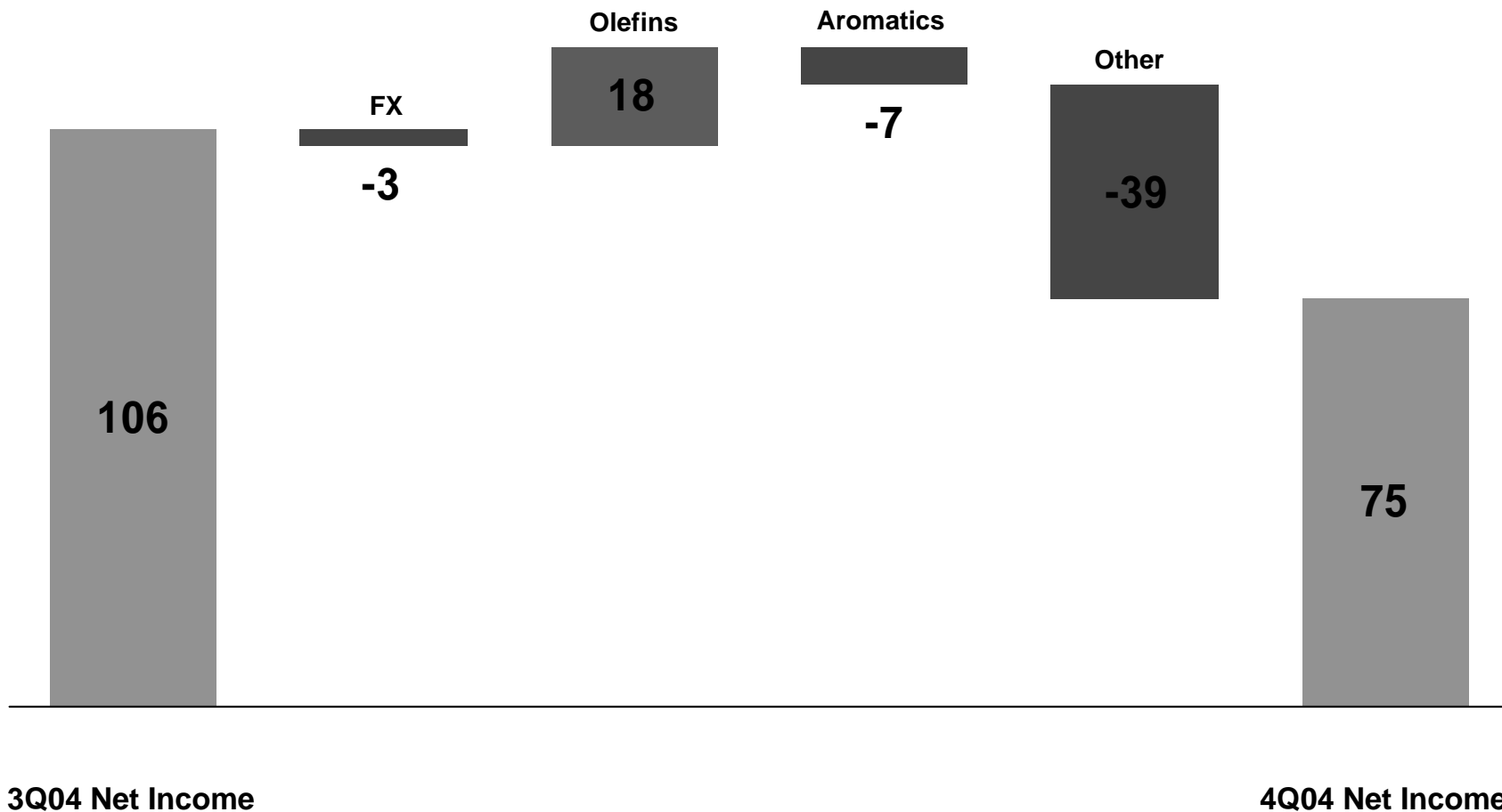
# International Downstream Net Income Variance Analysis 4Q vs 3Q

\$ Millions



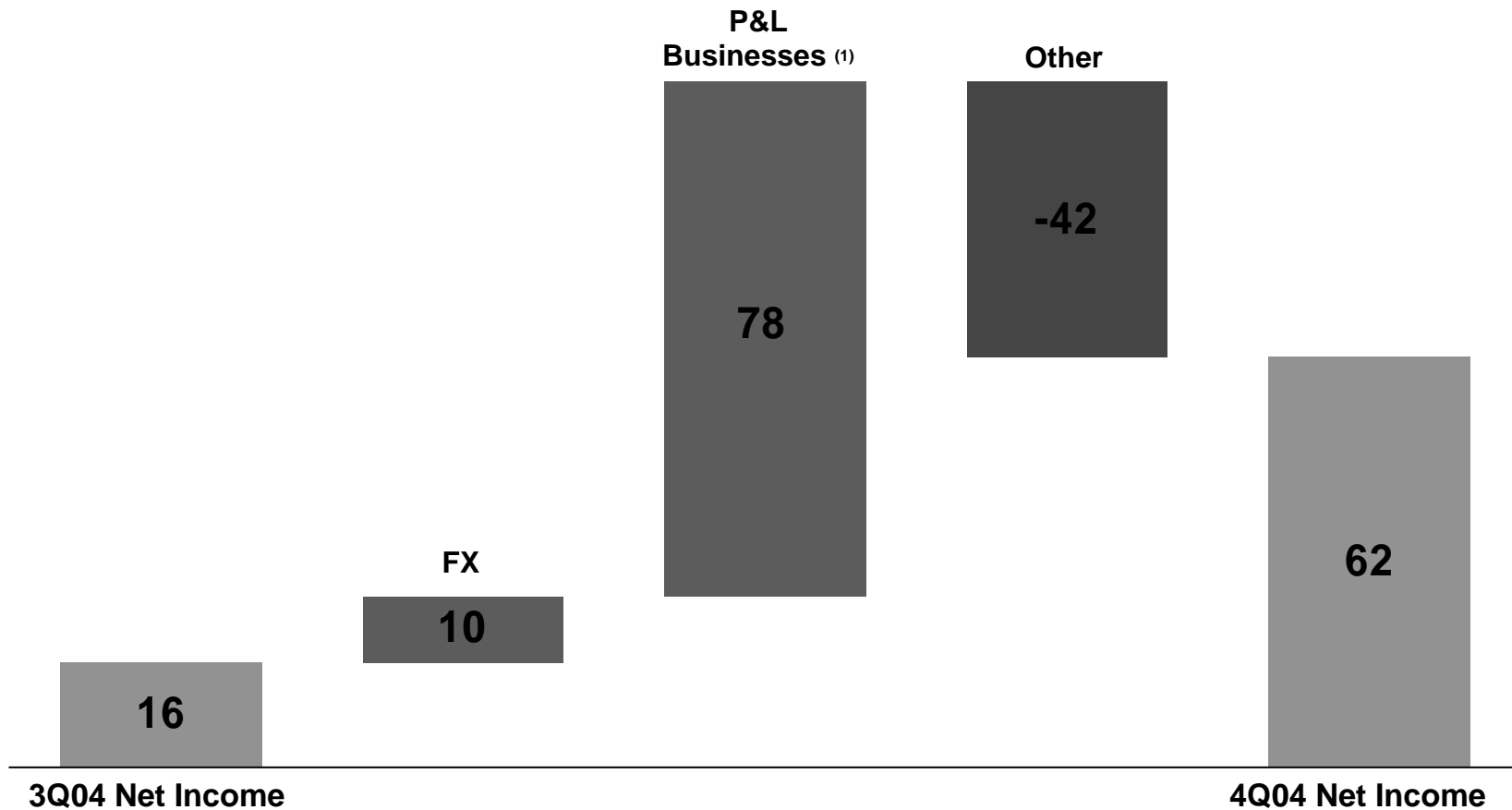
# Chemicals Net Income Variance Analysis 4Q vs 3Q

\$ Millions

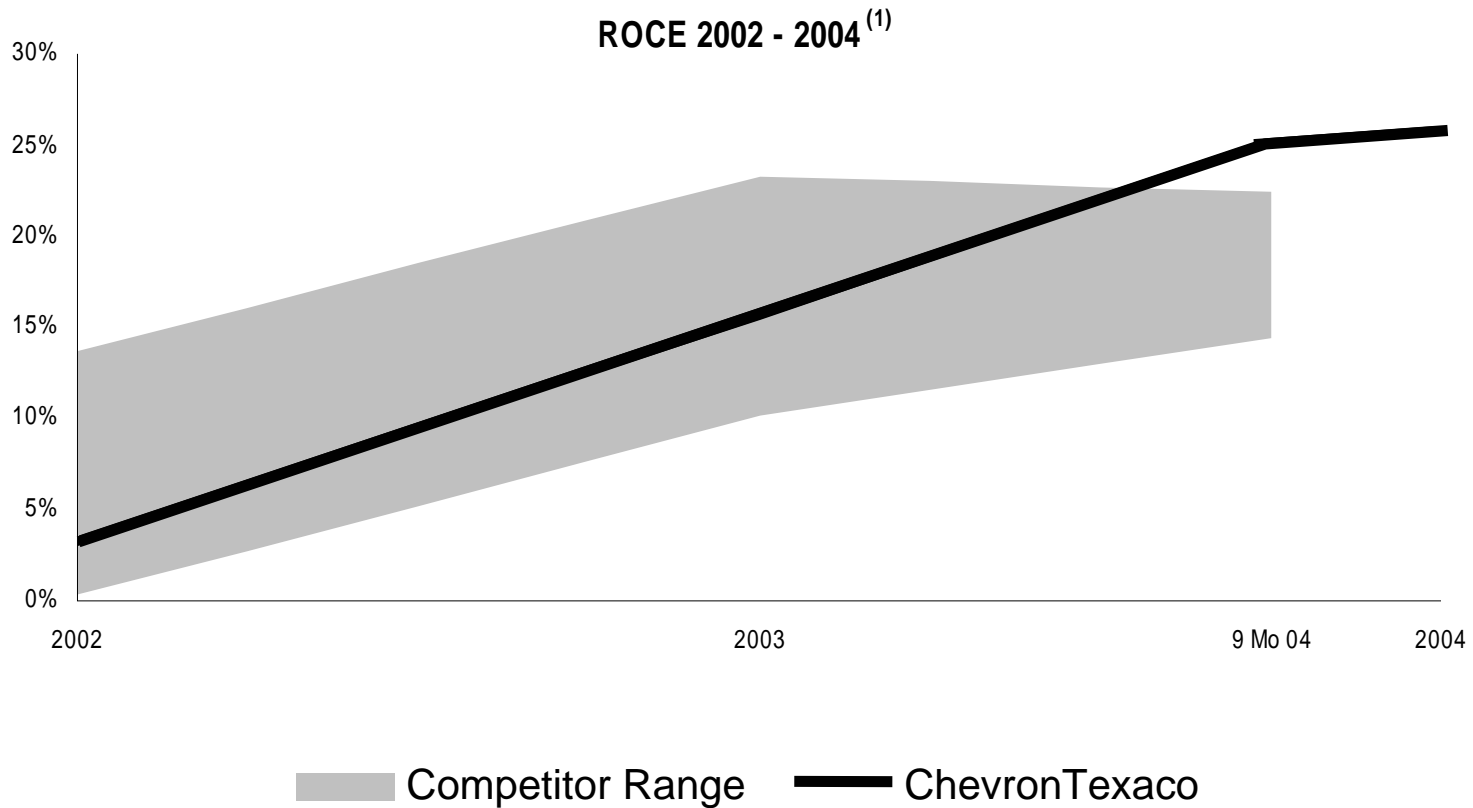


# CVX Other Net Income Variance Analysis 4Q vs 3Q

\$ Millions



# ROCE Improvement Delivered



(1) CVX ROCE 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 period. Calculated for peers based on publicly available information handled on a consistent basis.

# Objective: #1 in Total Stockholder Return

## Total Stockholder Returns

Annualized: 01/01/00 – 12/31/04

