UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-368-2

Chevron Corporation
(Exact name of registrant as specified in its charter)

Delaware	94-0890210
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

575 Market Street, San Francisco, California	94105
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (415) 894-7700

NONE
(Former name or former address, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of March 31, 2001
Common stock, $0.75 par value	641,498,989

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

This quarterly report on Form 10-Q contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum and chemicals industries. Words such as "anticipates," "expects," "intends," "plans," "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, Chevron 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 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; inability 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; the ability to successfully consummate the proposed merger with Texaco and successfully integrate the operations of both companies; potential disruption or interruption of the company's production or manufacturing facilities due to accidents or political events; 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); and potential liability resulting from pending or future litigation. 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.

PART I. FINANCIAL INFORMATION

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

Millions of Dollars, Except Per-Share Amounts		Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Revenues and Other Income			
Sales and other operating revenues*		$ 11,965	$ 11,385
Income from equity affiliates		220	196
Other income		113	146
Total Revenues and Other Income		12,298	11,727
Costs and Other Deductions			
Purchased crude oil and products		5,961	6,249
Operating expenses		1,183	1,238
Selling, general and administrative expenses		441	377
Exploration expenses		107	96
Depreciation, depletion and amortization		682	651
Taxes other than on income *		1,189	1,138
Interest and debt expense		87	129
Total Costs and Other Deductions		9,650	9,878
Income Before Income Tax Expense		2,648	1,849
Income Tax Expense		1,048	805
Net Income		$ 1,600	$ 1,044
Per Share of Common Stock:			
Net Income	- Basic	$ 2.49	$ 1.59
	- Diluted	$ 2.49	$ 1.59
Dividends		$ .65	$ .65
Weighted Average Number of Shares Outstanding (000s)	- Basic	642,025	656,132
	- Diluted	643,143	658,124
* Includes consumer excise taxes; 2000 conformed to 2001 presentation		$ 1,001	$ 942

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

Millions of Dollars	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net Income	$ 1,600	$ 1,044
Unrealized holding gain on securities	10	10
Minimum pension liability adjustment	-	(15)
Currency translation adjustment	1	-
Other Comprehensive Income (Loss), net of tax	11	(5)
Comprehensive Income	$ 1,611	$ 1,039

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Millions of Dollars	March 31, 2001 (Unaudited)	December 31, 2000
ASSETS		
Cash and cash equivalents	$ 2,315	$ 1,896
Marketable securities	1,471	734
Accounts and notes receivable	3,424	3,837
Inventories:		
Crude oil and petroleum products	694	631
Chemicals	192	191
Materials, supplies and other	247	250
	1,133	1,072
Prepaid expenses and other current assets	868	674
Total Current Assets	9,211	8,213
Long-term receivables	732	802
Investments and advances	8,735	8,107
Properties, plant and equipment, at cost	52,486	51,908
Less: accumulated depreciation, depletion and amortization	29,629	29,014
	22,857	22,894
Deferred charges and other assets	1,282	1,248
Total Assets	$42,817	$41,264
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	$ 1,876	$ 1,079
Accounts payable	3,100	3,163
Accrued liabilities	1,372	1,530
Federal and other taxes on income	1,706	1,479
Other taxes payable	409	423
Total Current Liabilities	8,463	7,674
Long-term debt	4,525	4,872
Capital lease obligations	279	281
Deferred credits and other noncurrent obligations	1,602	1,768
Noncurrent deferred income taxes	4,871	4,908
Reserves for employee benefit plans	1,827	1,836
Total Liabilities	21,567	21,339
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	-	-
Common stock (authorized 2,000,000,000 shares, $0.75 par value, 712,487,068 shares issued)	534	534
Capital in excess of par value	2,761	2,758
Deferred compensation	(511)	(611)
Accumulated other comprehensive income	(169)	(180)
Retained earnings	22,098	20,909
Treasury stock, at cost (70,988,079 and 71,427,097 shares at March 31, 2001 and December 31, 2000, respectively)	(3,463)	(3,485)
Total Stockholders' Equity	21,250	19,925
Total Liabilities and Stockholders' Equity	$42,817	$41,264

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

Millions of Dollars	Three Months Ended March 31, 2001	2000
Operating Activities		
Net income	$ 1,600	$ 1,044
Adjustments		
Depreciation, depletion and amortization	682	651
Dry hole expenses*	53	45
Distributions less than income from equity affiliates	(14)	(129)
Net before-tax losses (gains) on asset retirements and sales	1	(56)
Net foreign currency gains	(38)	(27)
Deferred income tax provision	75	94
Net decrease (increase) in operating working capital	157	(325)
Other, net	(13)	30
Net Cash Provided by Operating Activities	2,503	1,327
Investing Activities		
Capital expenditures*	(1,336)	(912)
Proceeds from asset sales	45	146
Net (purchases) sales of marketable securities	(71)	75
Net purchases of other short-term investments	(656)	-
Other investing cash flows, net	-	(5)
Net Cash Used for Investing Activities	(2,018)	(696)
Financing Activities		
Net borrowings of short-term obligations	845	68
Proceeds from issuance of long-term debt	28	19
Repayments of long-term debt and other financing obligations	(535)	(80)
Cash dividends	(417)	(427)
Net sales (purchases) of treasury shares	16	(370)
Net Cash Used for Financing Activities	(63)	(790)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3)	(1)
Net Change in Cash and Cash Equivalents	419	(160)
Cash and Cash Equivalents at January 1	1,896	1,345
Cash and Cash Equivalents at March 31	$ 2,315	$ 1,185

* Certain 2000 amounts have been reclassified to conform to the 2001 presentation

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (the company) have not been audited by independent accountants, except for the balance sheet at December 31, 2000. In the opinion of the company's management, the interim data include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature, except for the special charge described in Note 2.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company's 2000 Annual Report on Form 10-K.

The results for the three-month period ended March 31, 2001, are not necessarily indicative of future financial results.

Note 2. Net Income

Net income for the first quarter of 2000 included a $62 million special charge related to a patent litigation issue.

Net income in the first quarters 2001 and 2000 included foreign currency gains of $71 million and $46 million, respectively.

Note 3. Information Relating to the Statement of Cash Flows

The "Net decrease (increase) in operating working capital" is composed of the following:

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
Decrease (increase) in accounts and notes receivable	$ 401	$(325)
Increase in inventories	(61)	(46)
Increase in prepaid expenses and other current assets	(198)	(87)
Decrease in accounts payable and accrued liabilities	(227)	(186)
Increase in income and other taxes payable	242	319
Net decrease (increase) in operating working capital	$ 157	$(325)

"Net Cash Provided by Operating Activities" includes the following cash payments for interest on debt and for income taxes:

Millions of Dollars	Three Months Ended March 31, 2001	2000
Interest paid on debt (net of capitalized interest)	$ 69	$ 143
Income taxes paid	$ 748	$ 380

The "Net (purchases) sales of marketable securities" consists of the following gross amounts:

Millions of Dollars	Three Months Ended March 31, 2001	2000
Marketable securities purchased	$ (717)	$ (866)
Marketable securities sold	646	941
Net (purchases) sales of marketable securities	$ (71)	$ 75

"Net purchases of other short-term investments," of $656 million in 2001 were in a variety of short-term money market instruments with maturities similar to the company's commercial paper portfolio.

The major components of "Capital expenditures" and the reconciliation of this amount to the capital and exploratory expenditures, excluding equity in affiliates, presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are presented in the following table.

Millions of Dollars	Three Months Ended March 31, 2001	2000
Additions to properties, plant and equipment	$ 683	$ 606
Additions to investments	603	291
Current year dry hole expenditures	45	31
Payments for other liabilities and assets, net	5	(16)
Capital expenditures	1,336	912
Other exploration expenditures	53	51
Repayments of long-term debt and other financing obligations	210*	7
Capital and exploratory expenditures, excluding equity affiliates	$1,599	$ 970

* Deferred payment related to 1993 acquisition of an interest in the Tengizchevroil joint venture.

The Consolidated Statement of Cash Flows excludes the following non-cash transactions:

The company's Employee Stock Ownership Plan (ESOP) repaid $100 million and $10 million of matured debt guaranteed by Chevron Corporation in January of 2001 and 2000, respectively. These payments were recorded by the company as reductions to "Short-term debt" and "Deferred Compensation."

Note 4. Operating Segments and Geographic Data

Chevron manages its exploration and production; refining, marketing and transportation; and chemicals businesses separately.

"All Other" activities include the company's share of earnings from and investment in Dynegy Inc., corporate administrative costs, worldwide cash management and debt financing activities, coal mining operations, insurance operations, real estate activities and certain e-businesses. The company's primary country of operation is the United States of America, its country of domicile. Activities in no other country meet the materiality requirements for separate disclosure.

The company evaluates the performance of its operating segments on an after-tax basis, excluding the effects of debt financing interest expense or investment interest income, both of which are managed by Chevron Corporation on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments; however, operating segments are billed for direct corporate services. Nonbillable costs remain as corporate center expenses. After-tax income (loss) by segment for the three-month month periods ended March 31, 2001 and 2000, are presented in the following table.

Millions of Dollars	Three Months Ended March 31, 2001	2000
Exploration and Production		
United States	$ 720	$ 365
International	689	653
Total Exploration and Production	1,409	1,018
Refining, Marketing and Transportation		
United States	141	(7
International	147	9
Total Refining, Marketing and Transportation	288	2
Chemicals		
United States	(43)	47
International	7	21
Total Chemicals	(36)	68
Total Segment Income	1,661	1,088
Interest Expense	(57)	(89
Interest Income	27	15
Other	(31)	30
Net Income	$1,600	$1,044

Reportable operating segment sales and other operating revenues, including internal transfers, for the three-month periods ended March 31, 2001 and 2000, are presented in the following table. Chemicals segment revenues for the 2000 period were derived from the manufacture and sale of petrochemicals, plastic resins, and lube oil and fuel additives. In 2001, only revenues from the manufacture and sale of lube oil and fuel additives are included, following the formation of the Chevron Phillips chemicals joint venture in July 2000 (accounted for under the equity method).

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
Exploration and Production		
United States	$ 2,164	$ 1,221
International	2,435	2,360
Sub-total	4,599	3,581
Intersegment Elimination - United States	(763)	(756)
Intersegment Elimination - International	(1,021)	(1,019)
Total Exploration and Production	2,815	1,806
Refining, Marketing and Transportation		
United States	7,039	6,715
International*	1,796	1,794
Sub-total	8,835	8,509
Intersegment Elimination - United States	(24)	(130)
Intersegment Elimination - International	(4)	(4)
Total Refining, Marketing and Transportation	8,807	8,375
Chemicals		
United States	84	917
International	184	250
Sub-total	268	1,167
Intersegment Elimination - United States	(21)	(53)
Total Chemicals	247	1,114
All Other		
United States	106	113
International	4	4
Sub-total	110	117
Intersegment Elimination - United States	(12)	(24)
Intersegment Elimination - International	(2)	(3)
Total All Other	96	90
Sales and Other Operating Revenues		
United States	9,393	8,966
International	4,419	4,408
Sub-total	13,812	13,374
Intersegment Elimination - United States	(820)	(963)
Intersegment Elimination - International	(1,027)	(1,026)
Total Sales and Other Operating Revenues	$11,965	$11,385

* 2000 conformed to the 2001 presentation.

Segment assets at March 31, 2001, and year-end 2000 are presented in the following table. Segment assets do not include intercompany investments or intercompany receivables.

Millions of Dollars	March 31, 2001	December 31, 2000
Exploration and Production		
United States	$ 5,643	$ 5,568
International	14,899	14,493
Total Exploration and Production	20,542	20,061
Refining, Marketing and Transportation		
United States	8,116	8,365
International	4,167	3,941
Total Refining, Marketing and Transportation	12,283	12,306
Chemicals		
United States	2,290	2,342
International	715	728
Total Chemicals	3,005	3,070
Total Segment Assets	35,830	35,437
All Other		
United States	5,064	4,398
International	1,923	1,429
Total All Other	6,987	5,827
Total Assets - United States	21,113	20,673
Total Assets - International	21,704	20,591
Total Assets	$42,817	$41,264

Note 5. Summarized Financial Data - Chevron U.S.A. Inc.

At March 31, 2001, Chevron U.S.A. Inc. was Chevron Corporation's principal U.S. operating subsidiary, consisting primarily of the company's U.S. integrated petroleum operations (excluding most of the domestic pipeline operations). Through the first half of 2000, these operations were conducted primarily by three divisions: Chevron U.S.A. Production Company, Chevron Products Company and Chevron Chemical Company LLC. Chevron combined most of its petrochemicals businesses with those of Phillips Petroleum Company on July 1, 2000. Chevron U.S.A. Inc. holds the investment in this joint venture, which is accounted for using the equity method. Summarized financial information for Chevron U.S.A. Inc. and its consolidated subsidiaries is presented in the following table.

Millions of Dollars	Three Months Ended March 31, 2001	2000
Sales and other operating revenues	$9,576	$9,145
Costs and other deductions*	8,623	8,865
Net income	704	336

* Certain 2000 costs have been reclassified to conform to the 2001 presentation

Millions of Dollars	March 31, 2001	December 31, 2000
Current assets	$ 4,851	$ 4,396
Other assets	21,155	20,738
Current liabilities	4,080	4,094
Other liabilities	10,435	10,251
Net worth	11,491	10,789
Memo: Total Debt	$ 7,161	$ 6,728

Note 6. Summarized Financial Data - Chevron Transport Corporation Limited

Chevron Transport Corporation Limited (CTC), a Bermuda corporation, is an indirect, wholly owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived by providing transportation services to other Chevron companies. Chevron Corporation has guaranteed this subsidiary's obligations in connection with certain debt securities issued by a third party. Summarized financial information for CTC and its consolidated subsidiaries is presented below. This information was derived from the financial statements prepared on a stand-alone basis in conformity with accounting principles generally accepted in the United States of America.

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
Sales and other operating revenues	$259	122
Costs and other deductions	209	150
Net income (loss)	51	(28)

Millions of Dollars	March 31, 2001	December 31, 2000
Current assets	$ 235	$ 205
Other assets	538	530
Current liabilities	323	309
Other liabilities	334	361
Net worth	116	65

There were no restrictions on CTC's ability to pay dividends or make loans or advances at March 31, 2001.

Note 7. Summarized Financial Data - Caltex Group of Companies

Summarized financial information for the Caltex Group of Companies, owned 50 percent by Chevron and 50 percent by Texaco Inc., is as follows (amounts reported are on a 100 percent Caltex Group basis):

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
Gross revenues*	$3,977	$4,253
Income before income taxes	345	219
Net income	206	102

* 2000 restated to conform to the 2001 presentation.

Note 8. Income Taxes

Taxes on income for the first quarter of 2001 were $1,048 million compared with $805 million in last year's first quarter. The effective tax rate for the first quarter of 2000 was 40 percent, compared with 44 percent in last year's first quarter. The decrease in the effective tax rate was primarily the result of a shift in international before-tax income from countries with higher income tax rates to countries with lower income tax rates. Partially offsetting this decrease were higher state taxes and lower equity affiliates' earnings as a proportion of before-tax income.

Note 9. Litigation

Chevron and five other oil companies filed suit in 1995 contesting the validity of a patent granted to Unocal Corporation for reformulated gasoline, which Chevron sells in California in certain months of the year. In March 2000, the U. S. Court of Appeals for the Federal Circuit upheld a September 1998 District Court decision that Unocal's patent was valid and enforceable and assessed damages of 5.75 cents per gallon for gasoline produced in infringement of the patent. In May 2000, the Federal Circuit Court denied a petition for rehearing with the U.S. Court of Appeals for the Federal Circuit filed by Chevron and five other defendants in this case. The defendant companies petitioned the U.S. Supreme Court in August 2000 for the case to be heard. In February 2001, the Supreme Court denied the petition to review the lower court's ruling and the case has gone back to the District Court for an accounting of all infringing gasoline produced from August 1, 1996 to the present. The defendants have advised the Court that they intend to seek a new trial on the issues of damages and infringement. Additionally, the defendants have petitioned the U.S. Patent Office to reexamine the validity of Unocal's patent.

If Unocal's patent ultimately is upheld, the company's financial exposure includes royalties, plus interest, for production of gasoline that is proven to have infringed the patent. As a result of the March 2000 ruling, the company recorded in the first quarter 2000 an after-tax charge of $62 million. The majority of this charge pertained to the estimated royalty on gasoline production in the earlier part of a four-year period ending December 31, 1999, before Chevron modified its manufacturing processes to minimize the production of gasoline that allegedly infringed on Unocal's patented formulations. Subsequently, the company has been accruing in the normal course of business any future estimated liability for potential infringement of the patent covered by the trial court's ruling. In June 2000, Chevron paid $22.7 million to Unocal - $17.2 million for the original court judgement for California gasoline produced in violation of Unocal's patent from March through July 1996 and $5.5 million of interest and fees. Unocal has obtained additional patents for alternate formulations that could affect a larger share of U.S. gasoline production. Chevron believes these additional patents are invalid and unenforceable. However, if such patents are ultimately upheld, the competitive and financial effects on the company's refining and marketing operations, while presently indeterminable, could be material.

Another issue involving the company is the ongoing public debate concerning the petroleum industry's use of MTBE and its potential environmental impact through seepage into groundwater. Along with other oil companies, the company is a party to lawsuits and claims related to the use of the chemical MTBE in certain oxygenated gasolines. These actions may require the company to correct or ameliorate the alleged effects on the environment of prior disposal or release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE may be filed in the future. Costs to the company related to these lawsuits and claims are not currently determinable. Chevron has eliminated the use of MTBE in gasoline it sells in certain areas.

Note 10. Other Contingencies and Commitments

The company's U.S. federal income tax have been settled through 1993. The company's California franchise tax liabilities have been settled through 1991.

Settlement of open tax years, as well as tax issues in other countries where the company conducts its businesses, is not expected to have a material effect on the consolidated financial position or liquidity of the company and, in the opinion of management, adequate provision has been made for income and franchise taxes for all years under examination or subject to future examination.

The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or others and long-term unconditional purchase obligations and commitments, throughput agreements and take-or-pay agreements, some of which relate to suppliers' financing arrangements.

The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior disposal or release of chemical or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites including, but not limited to: Superfund sites and refineries, oil fields, service stations, terminals, and land development areas, whether operating, closed or sold. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties. While the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs to have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other domestic or international petroleum or chemical concerns.

The company believes it has no material market or credit risk to its operations, financial position or liquidity as a result of its commodities, and other derivatives activities. However, the results of operations and financial position of certain equity affiliates may be affected by their business activities involving the use of derivative instruments.

The company's operations, particularly oil and gas exploration and production, can be affected by changing economic, regulatory and political environments in the various countries, including the United States, in which it operates. In certain locations, host governments have imposed restrictions, controls and taxes, and, in others, political conditions have existed that may threaten the safety of employees and the company's continued presence in those countries. Internal unrest or strained relations between a host government and the company or other governments may affect the company's operations. Those developments have, at times, significantly affected the company's operations and related results, and are carefully considered by management when evaluating the level of current and future activity in such countries.

For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated oil and gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills in California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy (DOE). A wide range remains for a possible net settlement amount for the four zones. Chevron currently estimates its maximum possible net before-tax liability at less than $400 million. At the same time, a possible maximum net amount that could be owed to Chevron is estimated at more than $200 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Areas in which the company has significant operations include the United States of America, Canada, Australia, the United Kingdom, Norway, Republic of Congo, Angola, Nigeria, Chad, Equatorial Guinea, Democratic Republic of Congo, Papua New Guinea, China, Venezuela, Thailand, Argentina and Brazil. The company's Caltex affiliates have significant operations in Indonesia, Korea, Australia, Thailand, the Philippines, Singapore, and South Africa. The company's Tengizchevroil affiliate operates in Kazakhstan. The company's Dynegy affiliate has operations in the United States of America, Canada, the United Kingdom and other European countries.

Note 11. New Accounting Standards

The company adopted The Financial Accounting Standards Board (FASB) Statement No. 133, "Accounting for Derivative Instruments and Hedging Transactions" (FAS 133), as amended by FAS 138, "Accounting for Derivative Instruments and Hedging Transactions - An Amendment of FASB Statement No. 133," effective January 1, 2001. The company uses, on a limited basis, a variety of derivative instruments, principally swaps and futures, to manage a small portion of its exposure to price volatility stemming from its integrated petroleum activities. All of these instruments are commonly used in oil and gas trading activities and involve little complexity. The adoption of FAS 133 and FAS 138 did not have a significant impact on the company's results of operations or financial position. Because of Chevron's limited use of derivative instruments, the company elected not to account for its derivative instruments as hedges. Accordingly, upon adoption, the fair values of the derivative instruments were recorded as assets or liabilities, with the associated immaterial gains or losses reported in income. Changes in fair values of these instruments beyond normal sales and purchases were also reflected in current income. The company may elect in the future to apply the hedge accounting prescribed by FAS 133 and FAS 138 if the use of derivative instruments changes significantly. Such an election would reduce earnings volatility that might otherwise result if changes in fair values were recognized in current income.

In September 2000, the FASB issued Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement No. 125" (FAS 140). FAS 140 is effective for transfers occurring after March 31, 2001, and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. Adoption of FAS 140 will have no significant effect on Chevron's accounting or disclosures for the types of transactions in the scope of the new standard.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

First Quarter 2001 Compared With First Quarter 2000

Financial Results

EARNINGS SUMMARY

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items		
Exploration and Production	$1,409	$1,018
Refining, Marketing and Transportation	288	64
Chemicals	(36)	68
All Other *	(61)	(44)
Total *	1,600	1,106
Special Items	-	(62)
Net Income *	$1,600	$1,044
* Includes Foreign Currency Gains	$ 71	$ 46

Net income for the first quarter of 2001 was $1.600 billion ($2.49 per share-diluted and basic), an increase of 53 percent from 2000 first quarter net income of $1.044 billion ($1.59 per share-diluted and basic). Net income for the first quarter of 2000 included a special charge of $62 million for a patent litigation matter. Excluding the effect of the special item, operating earnings were up 45 percent from last year's first quarter results.

The company's exploration and production operations benefited from a sharp rise in U.S. natural gas prices and higher worldwide oil equivalent production to earn $1.409 billion in the 2001 first quarter. The company's refining, marketing and transportation businesses contributed $288 million, recovering from the depressed earnings of a year ago. Margins strengthened particularly in the United States, with higher product prices offsetting the higher costs of fuel and utilities used in refining operations. Also contributing to profits in the United States was higher refinery production - the result of less downtime for planned and unplanned maintenance than in last year's quarter.

Operating Environment and Outlook

Chevron's earnings are affected significantly by fluctuations in industry price levels for crude oil and natural gas. Average U.S. natural gas prices in the first quarter of 2001 were significantly higher than in last year's quarter. Henry Hub spot natural gas prices increased 158 percent to $6.69 per thousand cubic feet compared with $2.59 in the first quarter of 2000. The average spot price for West Texas Intermediate (WTI), a benchmark crude oil, remained relatively strong at $28.76 per barrel in the first quarter of 2001 - compared with $28.91 for last year's first quarter - although down from an average of just over $30 per barrel for all of 2000. In an effort to support crude oil prices, OPEC reached agreement in April 2001 to lower production for the second time this year. The near-term industry price effect of these curtailment agreements is uncertain.

Chevron's production levels have not been materially affected by production curtailments or increases by OPEC and non-OPEC producers. The company believes that in the current industry environment, the net effect of any production changes directed by host countries will not be significant to its overall production levels. However, limits on production may have an adverse effect on the level of new production from current and future development projects. In addition, civil unrest, political uncertainty and economic conditions may affect the company's producing operations. Community protests have disrupted the company's production in the past, most recently in Nigeria and Indonesia. The company continues to monitor developments closely in the countries in which it operates.

Both Chevron's domestic and international downstream businesses recovered from the depressed earnings of a year ago. Margins strengthened this year particularly in the United States, with higher product prices helping to offset the higher costs of fuel and utilities used in refining operations. Also contributing to profits in the United States was higher refinery production - the result of less downtime for planned and unplanned maintenance than in last year's quarter. International earnings also benefited from improved freight rates and increased tonnage in the company's international shipping operations

Chemicals earnings continue to suffer from higher raw material and energy costs, which are not fully recovered in prices of commodity chemicals because of industry over-capacity. Chemical margins remain weak, and no significant near-term improvement is expected.

Significant Developments Since the Beginning of 2001

ChevronTexaco Merger: Chevron continues to work cooperatively with various federal and state regulatory bodies, including the U.S. Federal Trade Commission and the U.S. Securities and Exchange Commission, in their review of the merger proposal. Concurrent with these reviews, integration teams from both Chevron and Texaco have developed plans and an organizational structure that will be used to help ensure a smooth post-merger transition. The combined companies expect to capitalize upon each other's strengths, with $1.2 billion in annual synergy savings targeted for realization within six to nine months of the merger.

Tengiz: In early January, Chevron closed on the purchase of an additional 5 percent equity stake in Tengizchevroil (TCO), increasing the company's ownership interest to 50 percent and adding 177 million barrels of proved oil-equivalent reserves. Total crude oil production from the Tengiz Field in Kazakhstan averaged about 280,000 barrels per day in the first quarter 2001 and is expected to average 260,000 barrels per day for the full year, reflecting the effect of planned shutdowns for maintenance.

Australia: Chevron will participate in a $1.6 billion expansion of the North West Shelf Venture liquefied natural gas (LNG) project in Western Australia, in which the company has a one-sixth interest. The expansion project will encompass construction of a fourth LNG processing train, development of an 80-mile pipeline from the offshore gas fields to onshore facilities and the design and construction of the venture's ninth LNG tanker.

Thailand: Chevron announced the discovery of the Chaba Field, which is located in the southern portion of the Chevron-operated B8/32 offshore concession in the Gulf of Thailand. Chevron has drilled three successful wells on Chaba. The recent discovery further confirms the crude oil reserve potential in the Gulf of Thailand, which historically has been an area known for its reserves of natural gas.

Bangladesh: In April, Chevron and its partners were awarded the rights to explore an onshore tract in Bangladesh. The tract, Block 9, surrounds the Bakhrabad gas field and lies adjacent to other gas-producing areas. Chevron has a 30 percent interest in the block.

U.S. Gulf of Mexico: Chevron, as operator and owner of a 57 percent interest, completed its tenth development well at the Genesis floating-spar platform in deepwater U.S. Gulf of Mexico. Total daily production for Genesis for 2001 is expected to average 42,000 barrels of oil and 54 million cubic feet of natural gas.

Contingencies and Significant Litigation

Chevron and five other oil companies filed suit in 1995 contesting the validity of a patent granted to Unocal Corporation for reformulated gasoline, which Chevron sells in California in certain months of the year. In March 2000, the U. S. Court of Appeals for the Federal Circuit upheld a September 1998 District Court decision that Unocal's patent was valid and enforceable and assessed damages of 5.75 cents per gallon for gasoline produced in infringement of the patent. In May 2000, the Federal Circuit Court denied a petition for rehearing with the U.S. Court of Appeals for the Federal Circuit filed by Chevron and five other defendants in this case. The defendant companies petitioned the U.S. Supreme Court in August 2000 for the case to be heard. In February 2001, the Supreme Court denied the petition to review the lower court's ruling and the case has gone back to the District Court for an accounting of all infringing gasoline produced from August 1, 1996 to the present. The defendants have advised the Court that they intend to seek a new trial on the issues of damages and infringement. Additionally, the defendants have petitioned the U.S. Patent Office to reexamine the validity of Unocal's patent.

If Unocal's patent ultimately is upheld, the company's financial exposure includes royalties, plus interest, for production of gasoline that is proven to have infringed the patent. As a result of the March 2000 ruling, the company recorded in the first quarter 2000 an after-tax charge of $62 million. The majority of this charge pertained to the estimated royalty on gasoline production in the earlier part of a four-year period ending December 31, 1999, before Chevron modified its manufacturing processes to minimize the production of gasoline that allegedly infringed on Unocal's patented formulations. Subsequently, the company has been accruing in the normal course of business any future estimated liability for potential infringement of the patent covered by the trial court's ruling. In June 2000, Chevron paid $22.7 million to Unocal - $17.2 million for the original court judgement for California gasoline produced in violation of Unocal's patent from March through July 1996 and $5.5 million of interest and fees. Unocal has obtained additional patents for alternate formulations that could affect a larger share of U.S. gasoline production. Chevron believes these additional patents are invalid and unenforceable. However, if such patents are ultimately upheld, the competitive and financial effects on the company's refining and marketing operations, while presently indeterminable, could be material.

Another issue involving the company is the ongoing public debate concerning the petroleum industry's use of MTBE and its potential environmental impact through seepage into groundwater. Along with other oil companies, the company is a party to lawsuits and claims related to the use of the chemical MTBE in certain oxygenated gasolines. These actions may require the company to correct or ameliorate the alleged effects on the environment of prior disposal or release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE may be filed in the future. Costs to the company related to these lawsuits and claims are not currently determinable. Chevron has eliminated the use of MTBE in gasoline it sells in certain areas.

The company's U.S. federal income tax have been settled through 1993. The company's California franchise tax liabilities have been settled through 1991.

Settlement of open tax years, as well as tax issues in other countries where the company conducts its businesses, is not expected to have a material effect on the consolidated financial position or liquidity of the company and, in the opinion of management, adequate provision has been made for income and franchise taxes for all years under examination or subject to future examination.

The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or others and long-term unconditional purchase obligations and commitments, throughput agreements and take-or-pay agreements, some of which relate to suppliers' financing arrangements.

The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior disposal or release of chemical or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites including, but not limited to: Superfund sites and refineries, oil fields, service stations, terminals, and land development areas, whether operating, closed or sold. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties. While the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs to have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other domestic or international petroleum or chemical concerns.

The company believes it has no material market or credit risk to its operations, financial position or liquidity as a result of its commodities, and other derivatives activities. However, the results of operations and financial position of certain equity affiliates may be affected by their business activities involving the use of derivative instruments.

The company's operations, particularly oil and gas exploration and production, can be affected by changing economic, regulatory and political environments in the various countries, including the United States, in which it operates. In certain locations, host governments have imposed restrictions, controls and taxes, and, in others, political conditions have existed that may threaten the safety of employees and the company's continued presence in those countries. Internal unrest or strained relations between a host government and the company or other governments may affect the company's operations. Those developments have, at times, significantly affected the company's operations and related results, and are carefully considered by management when evaluating the level of current and future activity in such countries.

For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated oil and gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills in California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy (DOE). A wide range remains for a possible net settlement amount for the four zones. Chevron currently estimates its maximum possible net before-tax liability at less than $400 million. At the same time, a possible maximum net amount that could be owed to Chevron is estimated at more than $200 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Areas in which the company has significant operations include the United States, Canada, Australia, the United Kingdom, Norway, Republic of Congo, Angola, Nigeria, Chad, Equatorial Guinea, Democratic Republic of Congo, Papua New Guinea, China, Venezuela, Thailand, Argentina and Brazil. The company's Caltex affiliates have significant operations in Indonesia, Korea, Australia, Thailand, the Philippines, Singapore, and South Africa. The company's Tengizchevroil affiliate operates in Kazakhstan. The company's Dynegy affiliate has operations in the United States, Canada, the United Kingdom and other European countries.

Chevron receives claims from and submits claims to customers, trading partners, host governments, contractors, insurers and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve. The company also suspends the costs of exploratory wells pending a final determination of the commercial potential of the related oil and gas fields. The ultimate disposition of these well costs is dependent on the results of future drilling activity and/or development decisions. If the company decides not to continue development, the costs of these wells are expensed. The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

New Accounting Standards

The company adopted The Financial Accounting Standards Board (FASB) Statement No. 133, "Accounting for Derivative Instruments and Hedging Transactions" (FAS 133), as amended by FAS 138, "Accounting for Derivative Instruments and Hedging Transactions - An Amendment of FASB Statement No. 133," effective January 1, 2001. The company uses, on a limited basis, a variety of derivative instruments, principally swaps and futures, to manage a small portion of its exposure to price volatility stemming from its integrated petroleum activities. All of these instruments are commonly used in oil and gas trading activities and involve little complexity. The adoption of FAS 133 and FAS 138 did not have a significant impact on the company's results of operations or financial position. Because of Chevron's limited use of derivative instruments, the company elected not to account for its derivative instruments as hedges. Accordingly, upon adoption, the fair values of the derivative instruments were recorded as assets or liabilities, with the associated immaterial gains or losses reported in income. Changes in fair values of these instruments beyond normal sales and purchases were also reflected in current income. The company may elect in the future to apply the hedge accounting prescribed by FAS 133 and FAS 138 if the use of derivativeinstruments changes significantly. Such an election would reduce earnings volatility that might otherwise result if changes in fair values were recognized in current income.

In September 2000, the FASB issued Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement No. 125" (FAS 140). FAS 140 is effective for transfers occurring after March 31, 2001, and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. Adoption of FAS 140 will have no significant effect on Chevron's accounting or disclosures for the types of transactions in the scope of the new standard.

Review of Operations

First quarter 2001 operating earnings were $1.600 billion, compared with $1.106 billion in last year's first quarter. Last year's net income included a $62 million special charge for a patent litigation issue. Return on capital employed, excluding special items, improved to 22.6 percent for the 12 months ended March 31, 2001, up from 13.2 percent for the similar period last year.

Total revenues for the quarter were up 5 percent to $12.3 billion. The increase was primarily attributable to higher realizations from the sales of natural gas and refined products and higher sales volumes of natural gas in the United States and refined products worldwide. Partially offsetting the effect of higher sales realizations was the absence of sales revenues from Chevron's petrochemicals business, which was contributed to the formation of the Chevron Phillips Chemical Company LLC in July 2000 and subsequently accounted for as an equity affiliate.

Taxes on income for the first quarter of 2001 were $1,048 million, compared with $805 million in last year's first quarter. The effective tax rate for the first quarter of 2001 was 40 percent compared with 44 percent in last year's first quarter. The decrease in the effective tax rate was primarily the result of a shift in international before-tax income from countries with higher income tax rates to countries with lower income tax rates. Partially offsetting this decrease were higher state taxes and lower equity income from the company's share of affiliates' earnings as a proportion of before-tax income.

Foreign currency gains increased net income by $71 million, compared with $46 million in the year-ago quarter. The 2001 gains were primarily attributable to strengthening of the U.S. dollar against the currencies of Australia and Canada.

The following table details Chevron's net income by major operating area.

NET INCOME BY MAJOR OPERATING AREA

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
Exploration and Production		
United States	$ 720	$ 365
International	689	653
Total Exploration and Production	1,409	1,018
Refining, Marketing and Transportation		
United States	141	(7)
International	147	9
Total Refining, Marketing and Transportation	288	2
Chemicals	(36)	68
All Other *	(61)	(44)
Net Income	$1,600	$1,044

* Includes coal-mining operations, the company's ownership interest in Dynegy Inc., worldwide cash management and debt financing activities, corporate administrative costs, insurance operations, real estate activities and certain e-businesses.

U.S. Exploration and Production

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items	$720	$365
Special Items	-	-
Segment Income	$720	$365

U.S. exploration and production operating earnings were $720 million, nearly double the 2000 first quarter. Earnings rose on sharply higher natural gas prices and increased natural gas production and sales.

The company's average U.S.natural gas realization of $7.57 per thousand cubic feet more than tripled from $2.40 in last year's first quarter. Net natural gas production rose 6 percent to 1.6 billion cubic feet per day, primarily from higher output from the Viosca Knoll Carbonate Trend and the Genesis Field - both in the Gulf of Mexico.

Chevron's average U.S. crude oil realization declined $1.68 to $24.51 per barrel. Net liquids production of 299,000 barrels per day was down slightly compared with the same period last year. Liquids production was reduced somewhat in the first quarter 2001 due to operating decisions to maximize natural gas sales to capitalize on the high demand for natural gas in the United States.

International Exploration and Production

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items*	$689	$653
Special Items	-	-
Segment Income*	$689	$653
* Includes Foreign Currency Gains	$ 49	$ 28

International exploration and production operating earnings were $689 million, an increase of $36 million from 2000. The major driver of the earnings improvement was an increase in net oil-equivalent production of over 4 percent, more than offsetting a $1.32 per barrel decline in realizations.

Net international liquids production increased 25,000 barrels per day to 869,000 barrels per day, primarily due to higher production in Kazakhstan, Nigeria and Angola. These increases were partially offset by declines in the United Kingdom, Canada and Indonesia. Net natural gas production increased 12 percent to more than 1 billion cubic feet per day, reflecting higher volumes in Kazakhstan and Canada.

Foreign currency gains of $49 million in the 2001 quarter occurred mainly in the company's Canadian and Australian operations. In the first quarter of 2000, more than half of the foreign currency gains of $28 million was generated by fluctuations in the value of the Australian dollar.

U.S. Refining, Marketing and Transportation

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items	$141	$55
Special Items	-	(62)
Segment Income (Losses)	$141	$ (7)

U.S. refining, marketing and transportation operating earnings were $141 million compared with $55 million in the first quarter 2000. The $62 million special item in 2000 was for a patent litigation matter.

Higher earnings in 2001 primarily reflected higher sales margins for gasoline and other refined products. In addition, total refined product sales volumes were up more than 6 percent. This year's quarter also benefited from improved refining operations, which allowed the company to fulfill more of its supply commitments from refinery production rather than through higher cost product purchases in the open market, as was necessary in the first quarter of 2000.

Total refined product sales volumes were 1,286,000 barrels per day. Branded motor gasoline sales of 543,000 barrels per day rose nearly 6 percent. First quarter 2000 branded motor gasoline sales were constrained by the effect of late 1999 stockpiling in anticipation of possible Y2K-related supply disruptions. In early 2000, distributors deferred purchases while working off these excess inventories.

International Refining, Marketing and Transportation

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items*	$147	$ 9
Special Items	-	-
Segment Income*	$147	$ 9
* Includes Foreign Currency Gains	$ 33	$20

International refining, marketing and transportation operating earnings were $147 million, up from $9 million for the first quarter of 2000. The increase was attributable to higher profits from improved freight rates and increased tonnage in the company's international shipping operations, as well as a net improvement in combined refining and marketing margins in the Caltex areas of operation.

Sales volumes increased to 804,000 barrels per day, compared with 770,000 barrels per day in last year's quarter. The increase was mainly attributable to sales by the company's marine fuels and lubricants affiliate.

Chevron's share of earnings from Caltex was $48 million, compared with losses of $7 million in last year's first quarter. Included were foreign currency gains of $30 million in 2001 and $18 million in 2000. Operations in Australia and Korea accounted for most of the 2001 foreign currency gains.

Chemicals

Millions of Dollars	Three Months Ended March 31, 2001	2000
Earnings, Excluding Special Items*	$(36)	$68
Special Items	-	-
Segment (Losses) Income*	$(36)	$68
* Includes Foreign Currency Losses	$ (4)	$ -

Chemicals operating losses were $36 million compared with earnings of $68 million in the 2000 first quarter. Higher raw material and energy costs were not fully recovered in prices of commodity chemicals. Chemical margins remain weak because of higher feedstock and natural gas costs; no significant near-term improvement is expected.

All Other

Millions of Dollars	Three Months Ended March 31, 2001	2000
Net Charges, Excluding Special Items*	$(61)	$(44)
Special Items	-	-
Segment Charges*	$(61)	$(44)
* Includes Foreign Currency Losses	$(7)	$(2)

All Other consists of the company's ownership interest in Dynegy Inc., coal mining operations, worldwide cash management and debt financing activities, corporate administrative costs, insurance operations, real estate activities and certain e-businesses. In the first quarter of 2001, these activities incurred net charges of $61 million, compared with $44 million last year.

Chevron's share of Dynegy's operating earnings increased by $15 million to $34 million on the strength of Dynegy's core energy marketing and trading business.

Coal mining operations earned $6 million, compared with $3 million in the 2000 quarter. Higher earnings in 2001 were attributable to improved margins.

Net charges from other activities were $101 million, compared with $66 million in 2000. The favorable effects of lower interest expense and higher interest income were more than offset by increases to other corporate charges, including expenses associated with the pending merger with Texaco. Foreign currency losses contributed $7 million to the charges in 2001 compared with losses of $2 million in 2000.

Liquidity and Capital Resources

Cash and cash equivalents totaled $2.315 billion at March 31, 2001 - a $419 million increase from year-end 2000. Cash provided by operating activities of $2.503 billion in the first quarter of 2001 - versus $1.327 billion in the year-ago quarter - benefited from the higher natural gas and refined products prices and the resulting impact on revenues and net income. Cash provided by operating activities in the first quarter of 2001 exceeded total net cash used for investing and financing activities.

Total debt and capital lease obligations were $6.680 billion at March 31, 2001, $448 million higher than at year-end 2000. A net increase of about $850 million in short-term debt (excluding the current portion of long-term debt due within 12 months) was partially offset by a decrease of about $400 million in long-term debt (including the current portion of long-term debt due within 12 months), which included a non-cash reduction of $100 million of ESOP debt.

In order to allow Chevron to maintain active relationships with institutional investors in its commercial paper, the company continues a program instituted in 2000 under which it sells commercial paper and reinvests the borrowed funds in money market instruments with similar terms. As a result of this program, net commercial paper borrowings in the first quarter 2001 and net purchases of short-term investments rose about $650 million. The company's debt ratio (total debt to total-debt-plus-equity) was 24 percent at March 31, 2001, about the same as at year-end 2000. The company continually monitors its spending levels, market conditions and related interest rates to maintain what it perceives to be reasonable debt levels.

In February 2001, the company repurchased $235 million of its 7.45 percent notes due 2004. Also during the first quarter, Chevron made a scheduled repayment of $90 million of other long-term debt. These repayments were slightly offset by approximately $30 million of new long-term debt. The company also effected a non-cash reduction of $100 million of ESOP debt during the first quarter 2001.

At March 31, 2001, Chevron had $3.2 billion in committed credit facilities with various major banks, $2.725 billion of which had termination dates beyond one year. These facilities support commercial paper borrowing and also can be used for general requirements. No borrowings were outstanding under these facilities at March 31, 2001. The company's short-term debt, consisting primarily of commercial paper and the current portion of long-term debt, totaled $4.601 billion at March 31, 2001. Of the total short-term debt, $2.725 billion was reclassified to long-term debt. The settlement of these obligations is not expected to require the use of working capital during the next twelve months, since the company has the intent and the ability, as evidenced by committed credit arrangements, to refinance them on a long-term basis. The company's practice has been to continually refinance its commercial paper, maintaining levels it believes to be appropriate.

The company benefits from lower interest rates available on short-term debt; however, Chevron's proportionately large amount of short-term debt keeps its ratio of current assets to current liabilities at relatively low levels. The current ratio was 1.09 at March 31, 2001, about the same level as at December 31, 2000.

The company's future debt level is dependent primarily on its results of operations and capital-spending program. The company believes it has substantial borrowing capacity to meet unanticipated cash requirements. The company's senior debt is rated AA by Standard & Poor's Corporation, and Aa2 by Moody's Investors Service. Chevron's U.S. commercial paper is rated A-1+ by Standard & Poor's and Prime-1 by Moody's, and Chevron's Canadian commercial paper is rated R-1 (middle) by Dominion Bond Rating Service. Moody's counterparty rating for Chevron is also Aa2. All of these ratings denote high quality, investment-grade securities.

In December 1997, Chevron's Board of Directors approved the repurchase of up to $2 billion of its outstanding common stock, providing shares for use in its employee stock option programs. Prior to suspending the program in October 2000 upon announcement of the merger agreement with Texaco, Chevron had repurchased 23.3 million shares at a cost of $1.890 billion.

In April 2001, Chevron loaned $392 million to Caltex Corporation, and its subsidiaries, for the purpose of replacing existing Caltex bank financing. These loans, which bear interest at market-based floating rates, mature prior to the end of 2001 and are subject to mandatory prepayment on short notice at Chevron's election.

On April 25, 2001, Chevron declared a quarterly dividend of 65 cents per share, unchanged from the preceding quarter.

Worldwide capital and exploratory expenditures, including the company's share of affiliates' expenditures, were $1.736 billion in the first quarter of 2001, compared with $1.195 billion in last year's first quarter. Expenditures for international exploration and production projects were $1.056 billion, or 61 percent of the total expenditures - reflecting the company's continued emphasis on increasing international oil and gas production. In the first quarter 2001, expenditures included the acquisition of an additional 5 percent interest in the Tengizchevroil affiliate and increased spending in the Gulf of Mexico. Chemicals spending is lower this year due to poor market conditions. First quarter 2000 expenditures included an additional investment of $200 million in Dynegy Inc.

CAPITAL AND EXPLORATORY EXPENDITURES BY MAJOR OPERATING AREA

	Three Months Ended March 31,	
Millions of Dollars	2001	2000
United States		
Exploration and Production	$ 369	$ 210
Refining, Marketing and Transportation	94	81
Chemicals	12	23
All Other	86	301
Total United States	561	615
International		
Exploration and Production	1,056	456
Refining, Marketing and Transportation	115	108
Chemicals	4	16
Total International	1,175	580
Worldwide	$1,736	$1,195

SELECTED OPERATING DATA (1) (2)

	Three Months Ended March 31, 2001	2000
U.S. Exploration and Production		
Net Crude Oil and Natural Gas Liquids Production (MBPD)	299	307
Net Natural Gas Production (MMCFPD)	1,605	1,515
Sales of Natural Gas (MMCFPD)	3,640	3,331
Sales of Natural Gas Liquids (MBPD)	187	113
Revenue from Net Production		
Crude Oil ($/Bbl.)	$24.51	$26.19
Natural Gas ($/MCF)	$ 7.57	$ 2.40
International Exploration and Production		
Net Crude Oil and Natural Gas Liquids Production (MBPD)	869	844
Net Natural Gas Production (MMCFPD)	1,027	915
Sales of Natural Gas (MMCFPD)	1,720	2,050
Sales of Natural Gas Liquids (MBPD)	64	70
Revenue from Liftings		
Liquids ($/Bbl.)	$24.44	$25.76
Natural Gas ($/MCF)	$ 3.07	$ 2.22
Other Produced Volumes (MBPD) (3)	111	112
U.S. Refining, Marketing and Transportation		
Sales of Gasoline (MBPD) (4)	664	646
Sales of Other Refined Products (MBPD)	622	568
Refinery Input (MBPD)	894	816
Average Refined Product Sales Price ($/Bbl.)	$38.01	$36.47
International Refining, Marketing and Transportation		
Sales of Refined Products (MBPD)	804	770
Refinery Input (MBPD)	414	399

(1) Includes equity in affiliates.
(2) MBPD = thousand barrels per day; MMCFPD=million cubic feet per day; Bbl.=barrel; MCF=thousand cubic feet
(3) Represents total field production under the Boscan operating service agreement in Venezuela and in 2000, included a Colombian operating service agreement.
(4) Includes branded and unbranded gasoline.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(3) By-laws of Chevron Corporation, as amended April 25, 2001

(4) Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. A copy of any such instrument will be furnished to the Commission upon request.

(12) Computation of Ratio of Earnings to Fixed Charges

Copies of above exhibits not contained herein are available, at a fee of $2 per document, to any security holder upon written request to the Secretary's Department, Chevron Corporation, 575 Market Street, San Francisco, California 94105.

(b) Reports on Form 8-K

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHEVRON CORPORATION
(Registrant)

Date May 11, 2001

/s/ S.J. CROWE
S. J. Crowe, Vice President and Comptroller
(Principal Accounting Officer and
Duly Authorized Officer)

Exhibit 12

CHEVRON CORPORATION - TOTAL ENTERPRISE BASIS
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in Millions)

	Three Months Ended March 31, 2001	Year Ended December 31, 2000	1999	1998	1997	1996
Net Income	$1,600	$5,185	$2,070	$1,339	$3,256	$2,607
Income Tax Expense	1,048	4,085	1,578	495	2,246	2,133
Distributions (Less Than) Greater Than Equity in Earnings of Affiliates	(14)	(154)	(258)	25	(353)	83
Minority Interest	1	6	4	7	11	4
Previously Capitalized Interest Charged to Earnings During Period	11	48	59	35	28	24
Interest and Debt Expense	87	460	472	405	312	364
Interest Portion of Rentals*	68	246	160	172	151	143
Earnings Before Provision for Taxes And Fixed Charges	$2,801	$9,876	$4,085	$2,478	$5,651	$5,358
Interest and Debt Expense	$87	$ 460	$ 472	$ 405	$ 312	$ 364
Interest Portion of Rentals*	68	246	160	172	151	143
Capitalized Interest	14	32	9	39	82	108
Total Fixed Charges	$ 169	$ 738	$ 641	$ 616	$ 545	$ 615
Ratio Of Earnings To Fixed Charges	16.57	13.38	6.37	4.02	10.37	8.71

* Calculated as one-third of rentals.

Exhibit 3

BY-LAWS

of

CHEVRON CORPORATION

As Amended

April 25, 2001

ARTICLE I.

The Board of Directors

SECTION 1. Authority of Board. The business and affairs of Chevron Corporation (herein called the "Corporation") shall be managed by or under the direction of the Board of Directors (the "Board") or, if authorized by the Board, by or under the direction of one or more committees thereof, to the extent permitted by law and by the Board. Except as may be otherwise provided by law or these By-Laws or, in the case of a committee of the Board, by applicable resolution of the Board or such committee, the Board or any committee thereof may act by unanimous written consent or, at an authorized meeting at which a quorum is present, by the vote of the majority of the Directors present at the meeting. Except as may be otherwise provided by law, the Board shall have power to determine from time to time whether, and if allowed, when and under what conditions and regulations any of the accounts and books of the Corporation shall be open to inspection.

SECTION 2. Number of Directors; Vacancies. The authorized number of Directors who shall constitute the Board shall be fixed from time to time by resolution of the Board approved by at least a majority of the Directors then in office, provided that no such resolution other than a resolution to take effect as of the next election of Directors by the stockholders shall have the effect of reducing the authorized number of Directors to less than the number of Directors in office as of the effective time of the resolution.

Whenever there shall be fewer Directors in office than the authorized number of Directors, the Board may, by resolution approved by a majority of the Directors then in office, choose one or more additional Directors, each of whom shall hold office until the next annual meeting of stockholders and until his or her successor is duly elected.

SECTION 3. Authorized Meetings of the Board. The Board shall have authority to hold annual, regular and special meetings. An annual meeting of the Board may be held immediately after the conclusion of the annual meeting of the stockholders. Regular meetings of the Board may be held at such times as the Board may determine. Special meetings may be held if called by the Chairman of the Board, a Vice-Chairman of the Board, or by at least one third of the Directors then in office.

Notice of the time or place of a meeting may be given in person or by telephone by any officer of the Corporation, or transmitted electronically to the Director's home or office, or entrusted to a third party company or governmental entity for delivery to the Director's business address. Notice of annual or regular meetings is required only if the time for the meeting is changed or the meeting is not to be held at the principal executive offices of the Corporation. When notice is required, it shall be given not less than four hours prior to the time fixed for the meeting; provided, however, that if

notice is transmitted electronically or entrusted to a third party for delivery, the electronic transmission shall be effected or the third party shall promise delivery by not later than the end of the day prior to the day fixed for the meeting. The Board may act at meetings held without required notice if all Directors consent to the holding of the meeting before, during or after the meeting.

At all meetings of the Board, a majority of the Directors then in office shall constitute a quorum for all purposes. If any meeting of the Board shall lack a quorum, a majority of the Directors present may adjourn the meeting from time to time, without notice, until a quorum is obtained.

SECTION 4. Committees. The Board may, by resolution approved by at least a majority of the authorized number of Directors, establish committees of the Board with such powers, duties and rules of procedure as may be provided by the resolutions of the Board establishing such committees. Any such committee shall have a secretary and report its actions to the Board.

SECTION 5. Compensation. Directors who are not also employees of the

Corporation shall be entitled to such compensation for their service on the Board or any committee thereof as the Board may from time to time determine.

ARTICLE II

Officers

SECTION 1. Executive Committee. The Board may, by resolution approved by at least a majority of the authorized number of Directors, establish and appoint one or more officers of the Corporation to constitute an Executive Committee (the "Executive Committee"), which, under the direction of the Board and subject at all times to its control, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, except as may be provided in the resolution establishing the Executive Committee or in another resolution of the Board or by the General Corporation Law of the State of Delaware. The Executive Committee shall have a secretary and report its actions to the Board.

SECTION 2. Designated Officers. The officers of the Corporation shall be elected by, and serve at the pleasure of, the Board and shall consist of a Chairman of the Board and a Secretary and such other officers, including, without limitation, one or more Vice-Chairmen of the Board, a Vice-President and Chief Financial Officer, a Vice-President and General Counsel, one or more other Vice-Presidents, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, a Comptroller and a General Tax Counsel, as may be elected by the Board to hold such offices or such other offices as may be created by resolution of the Board.

SECTION 3. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation. He shall be a member of the Board and Chairman of the Executive Committee. He shall preside at meetings of the stockholders, the Board and the Executive Committee, and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board. In his absence, each Vice-Chairman of the Board, as available, shall rotate in presiding at meetings of the stockholders, the Board and the Executive Committee.

SECTION 4. Vice-Chairman of the Board. Each Vice-Chairman of the Board shall be a member of the Board and a Vice-Chairman of the Executive Committee, and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 5. Vice-President and Chief Financial Officer. The Vice-President and Chief Financial Officer shall consider the adequacy of, and make recommendations to the Board and Executive Committee concerning, the capital resources available to the Corporation to meet its projected obligations and business plans; report periodically to the Board on financial results and trends affecting the business; and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 6. Vice-President and General Counsel. The Vice-President and General Counsel shall supervise and direct the legal affairs of the Corporation and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 7. Vice-Presidents. In the event of the absence or disability of the Chairman of the Board and the Vice-Chairmen of the Board, one of the Vice-Presidents may be designated by the Board to exercise their powers and perform their duties, and the Vice-Presidents shall have such other powers and perform such other duties as may from time to time be granted or assigned to them by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 8. Secretary. The Secretary shall keep full and complete records of the proceedings of the Board, the Executive Committee and the meetings of the stockholders; keep the seal of the Corporation, and affix the same to all instruments which may require it; have custody of and maintain the Corporation's stockholder records; and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 9. Assistant Secretaries. The Assistant Secretaries shall assist the Secretary in the performance of his duties and shall have such other powers and perform such other duties as may from time to time be granted or assigned to them by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 10. Treasurer. The Treasurer shall have custody of the funds of the Corporation and deposit and pay out such funds, from time to time, in such manner as may be prescribed by, or be in accordance with the direction of, the Board, and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 11. Assistant Treasurers. The Assistant Treasurers shall assist the Treasurer in the performance of his duties and shall have such other powers and perform such other duties as may from time to time be granted or assigned to them by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 12. Comptroller. The Comptroller shall be the principal accounting officer of the Corporation and shall have charge of the Corporation's books of accounts and records; and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 13. General Tax Counsel. The General Tax Counsel shall supervise and direct the tax matters of the Corporation and shall have such other powers and perform such other duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 14. Other Officers. Any other elected officer shall have such powers and perform such duties as may from time to time be granted or assigned to him by the Board or, subject to the control of the Board, by a committee thereof or by the Executive Committee, or otherwise be in accordance with the direction of the Board.

SECTION 15. Powers of Attorney. Whenever an applicable statute, decree, rule or regulation requires a document to be subscribed by a particular officer of the Corporation, such document may be signed on behalf of such officer by a duly appointed attorney-in-fact, except as otherwise directed by the Board or the Executive Committee or limited by law.

SECTION 16. Compensation. The officers of the Corporation shall be entitled to compensation for their services. The amounts and forms of compensation which each of such officers shall receive, and the manner and times of its payment, shall be determined by, or be in accordance with the direction of, the Board.

ARTICLE III

Stock and Stock Certificates

SECTION 1. Stock. The Board or, to the extent permitted by the General Corporation Law of the State of Delaware, any committee of the Board expressly so authorized by resolution of the Board may authorize from time to time the issuance of new shares of the Corporation's Common Stock ("Common Stock") or any series of Preferred Stock ("Preferred Stock"), for such lawful consideration as may be approved by the Board or such committee, up to the limit of authorized shares of Common Stock or such series of Preferred Stock. The Board, the Executive Committee or any committee of the Board expressly so authorized by resolution of the Board may authorize from time to time the purchase on behalf of the Corporation for its treasury of issued and outstanding shares of Common Stock or Preferred Stock and the resale, assignment or other transfer by the Corporation of any such treasury shares.

SECTION 2. Stock Certificates. Shares of Stock shall be represented by certificates, which shall be registered upon the books of the Corporation; provided, that the Board may provide by resolution that some or all of any or all classes or series of the Corporation's Stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of stock represented by a certificate and, upon request, every holder of uncertificated shares shall be entitled to have a certificate signed by the Chairman of the Board, a Vice-Chairman of the Board or a Vice-President, together with the Secretary or an Assistant Secretary of the Corporation representing the number of shares owned by him or her. Certificates of Stock shall not have any validity whatsoever until and unless they have been signed and countersigned as herein provided. All such certificates shall bear the seal of the Corporation or a facsimile thereof, and shall be countersigned by a Transfer Agent and the Registrar for the Stock, each of whom shall by resolution of the Board be appointed with authority to act as such at the pleasure of the Board. No certificate for a fractional share of Common Stock shall be issued.

Certificates of Stock signed by the Chairman of the Board, a Vice-Chairman of the Board or a Vice-President, together with the Secretary or an Assistant Secretary, being such at the time of such signing, if properly countersigned as set forth above by a Transfer Agent and the Registrar, and if regular in other respects, shall be valid, whether such officers hold their respective positions at the date of issue or not. Any signature or countersignature on certificates of Stock may be an actual signature or a printed or engraved facsimile thereof.

SECTION 3. Lost or Destroyed Certificates. The Board or the Executive Committee may designate certain persons to authorize the issuance of new certificates of Stock or uncertificated shares to replace certificates alleged to have been lost or destroyed, upon the filing with such designated persons of both an affidavit or affirmation of such loss or destruction and a bond of indemnity or indemnity agreement covering the issuance of such replacement certificates or uncertificated shares, as may be requested by and be satisfactory to such designated persons.

SECTION 4. Stock Transfers. Transfer of shares of Stock represented by certificates shall be made on the books of the Corporation only upon the surrender of a valid certificate or certificates for not less than such number of shares, duly endorsed by the person named in the certificate or by an attorney lawfully constituted in writing. Transfer of uncertificated shares of Stock shall be made on the books of the Corporation upon receipt of proper transfer instructions from the registered owner of the uncertificated shares, an instruction from an approved source duly authorized by such owner or from an attorney lawfully constituted in writing. The Corporation may impose such additional conditions to the transfer of its Stock as may be necessary or appropriate for compliance with applicable law or to protect the Corporation, a Transfer Agent or the Registrar from liability with respect to such transfer.

SECTION 5. Stockholders of Record. The Board may fix a time as a record date for the determination of stockholders entitled to receive any dividend or distribution declared to be payable on any shares of the Corporation; or to vote upon any matter to be submitted to the vote of any stockholders of the Corporation; or to be present or to be represented by proxy at any meeting of the stockholders of the Corporation, which record date in the case of a meeting of the stockholders shall be not more than sixty nor less than ten days before the date set for such meeting; and only stockholders of record as of the record date shall be entitled to receive such dividend or distribution, or to vote on such matter, or to be present or represented by proxy at such meeting.

ARTICLE IV

Meetings of Stockholders

SECTION 1. Meetings of Stockholders. An annual meeting of the stockholders of the Corporation shall be held each year, at which Directors shall be elected to serve for the ensuing year and until their successors are elected. Special meetings of the stockholders for any purpose or purposes, unless prohibited by law, may be called by the Board or the Chairman of the Board and shall be called by the Chairman of the Board or the Secretary at the request in writing of at least one third of the members of the Board. The time and place of any meeting of stockholders shall be determined by the Board in accordance with law.

SECTION 2. Conduct of Meetings. The Chairman of the Board, or such other officer as may preside at any meeting of the stockholders, shall have authority to establish, from time to time, such rules for the conduct of such meeting, and to take such action, as may in his judgment be necessary or proper for the conduct of the meeting and in the best interests of the Corporation and the stockholders in attendance in person or by proxy.

SECTION 3. Quorum for Action by Stockholders; Elections. At all elections or votes had for any purpose, there must be a majority of the outstanding shares of Common Stock represented. All elections for Directors shall be held by written ballot and determined by a plurality of the votes cast. Except as may otherwise be required by law or the Restated Certificate of Incorporation, all other matters shall be decided by a majority of the votes cast affirmatively or negatively.

SECTION 4. Proxies. To the extent permitted by law, any stockholder of record may appoint a person or persons to act as the stockholder's proxy or proxies at any stockholder meeting for the purpose of representing and voting the stockholder's shares. The stockholder may make this appointment by any means the General Corporation Law of the State of Delaware specifically authorizes, and by any other means the Secretary of the Corporation may permit. Prior to any vote, and subject to any contract rights of the proxy holder, the stockholder may revoke the proxy appointment either directly or by the creation of a new appointment, which will automatically revoke the former one. The Inspector of Elections appointed for the meeting may establish requirements concerning such proxy appointments or revocations that the Inspector considers necessary or appropriate to assure the integrity of the vote and to comply with law.

SECTION 5. Adjournments. Any meeting of the stockholders (whether annual or special and whether or not a quorum shall have been present), may be adjourned from time to time and from place to place by vote of a majority of the shares of Common Stock represented at such meeting, without notice other than announcement at such meeting of the time and place at which the meeting is to be resumed--such adjournment and the reasons therefor being recorded in the journal of proceedings of the meeting; provided, however, that if the date of any adjourned meeting is more than thirty days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date and time of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At any meeting so resumed after such adjournment, provided a majority of the outstanding shares of Common Stock shall then be represented, any business may be transacted which might have been transacted at the meeting as originally scheduled.

ARTICLE V

Corporate Seal

The seal of the Corporation shall have inscribed thereon the name of the Corporation and the words "Incorporated Jan. 27, 1926 Delaware."

ARTICLE VI

Change in Control Benefit Protection

SECTION 1. As used in this Article VI, the following terms shall have the meanings here indicated:

"Beneficial Ownership," when attributed to a Person with respect to a security, means that the Person is deemed to be a beneficial owner of such security pursuant to Rule 13d-3 promulgated under the Exchange Act.

"Benefit Plan" means any pension, retirement, profit-sharing, employee stock ownership, 401(k), excess benefit, supplemental retirement, bonus, incentive, salary deferral, stock option, performance unit, restricted stock, tax gross-up, life insurance, dependent life insurance, accident insurance, health coverage, short-term disability, long-term disability, severance, welfare or similar plan or program (or any trust, insurance arrangement or any other fund forming a part or securing the benefits thereof) maintained prior to a Change in Control by the Corporation or a Subsidiary for the benefit of directors, officers, employees or former employees, and shall include any successor to any such plan or program; provided, however, that "Benefit Plan" shall include only those plans and programs which have been designated by the Corporation as a constituent part of the Change in Control benefit protection program.

"Board" means the Board of Directors of the Corporation.

"Change in Control" means the occurrence of any of the following:

(A) A Person other than the Corporation, a Subsidiary, a Benefit Plan or, pursuant to a Non-Control Merger, a Parent Corporation, acquires Common Stock or other Voting Securities (other than directly from the Corporation) and, immediately after the acquisition, the Person has Beneficial Ownership of twenty percent (20%) or more of the Corporation's Common Stock or Voting Securities;

(B) The Incumbent Directors cease to constitute a majority of the Board or, if there is a Parent Corporation, the board of directors of the Ultimate Parent, unless such event results from the death or disability of an Incumbent Director and, within

30 days of such event, the Incumbent Directors constitute a majority of such board; or

(C) There is consummated a Merger (other than a Non-Control Merger), a complete liquidation or dissolution of the Corporation, or the sale or other disposition of all or substantially all of the assets of the Corporation (other than to a Subsidiary or as a distribution of a Subsidiary to the stockholders of the Corporation).

"Common Stock" means the Common Stock of the Corporation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Incumbent Directors" means the Directors of the Corporation as of March 29, 2000 and any Director of the Corporation or, if there is a Parent Corporation, any Director of the Ultimate Parent, elected after such date, provided that (A) the election, or nomination for election by the stockholders of the Corporation, of such new Director was approved by a vote of at least two-thirds of the Persons then constituting the Incumbent Directors, (B) any Director who assumes office as a result of a Merger after March 29, 2000 shall not be deemed an Incumbent Director until the Director has been in office for at least three years, and (C) no Director who assumes office as a result of a Proxy Contest shall be considered an Incumbent Director.

"Merger" means a merger, consolidation or reorganization or similar business combination of the Corporation with or into another Person or in which securities of the Corporation are issued.

"Non-Control Merger" means a Merger if immediately following the Merger (A) the stockholders of the Corporation immediately before the Merger own directly or indirectly at least fifty-five percent (55%) of the outstanding common stock and the combined voting power of the outstanding voting securities of the Surviving Corporation (if there is no Parent Corporation) or of the Ultimate Parent, if there is a Parent Corporation, and (B) no Person other than a Benefit Plan owns twenty percent (20%) or more of the combined voting power of the outstanding voting securities of the Ultimate Parent, if there is a Parent Corporation, or of the Surviving Corporation, if there is no Parent Corporation.

"Parent Corporation" means a corporation with Beneficial Ownership of more than fifty percent (50%) of the combined voting power of the Surviving Corporation's outstanding voting securities immediately following a Merger.

"Person" means a person as such term is used for purposes of Section 13(d) or Section 14(d) of the Exchange Act.

"Proxy Contest" means any actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board, including, without limitation, any solicitation with respect to the election or removal of Directors of the Corporation, and any agreement intended to avoid or settle the results of any such actual or threatened solicitation.

"Subsidiary" means any corporation or other Person (other than a human being) of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Corporation.

"Surviving Corporation" means the corporation resulting from a Merger.

"Ultimate Parent" means, if there is a Parent Corporation, the Person with Beneficial Ownership of more than fifty percent (50%) of the Surviving Corporation and of any other Parent Corporation.

"Voting Securities" means the outstanding Common Stock and other voting securities, if any, of the Corporation entitled to vote for the election of Directors of the Corporation.

SECTION 2. The Corporation and one or more of its Subsidiaries may, from time to time, maintain Benefit Plans providing for payments or other benefits or protections conditioned partly or solely on the occurrence of a Change in Control. The Corporation shall cause any Surviving Corporation (or any other successor to the business and assets of the Corporation) to assume any such obligations of such Benefit Plans and make effective provision therefor, and such Benefit Plans shall not be amended except in accordance with their terms.

SECTION 3. No amendment or repeal of this Article VI shall be effective if adopted within six months before or at any time after the public announcement of an event or proposed transaction which would constitute a Change in Control (as such term is defined prior to such amendment); provided, however, that an amendment or repeal of this Article VI may be effected, even if adopted after such a public announcement, if (a) the amendment or repeal has been adopted after any plans have been abandoned to cause the event or effect the transaction which, if effected, would have constituted the Change in Control, and the event which would have constituted the Change in Control has not occurred, and (b) within a period of six months after such adoption, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed transaction which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred. In serving and continuing to serve the Corporation, an employee is entitled to rely and shall be presumed to have relied on the provisions of this Article VI, which shall be enforceable as contract rights and inure to the benefit of the heirs, executors and administrators of the employee, and no repeal or modification of this Article VI shall adversely affect any right existing at the time of such repeal or modification.

ARTICLE VII

Amendments

Any of these By-Laws may be altered, amended or repealed by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock at any annual or special meeting of the stockholders, if notice of the proposed alteration, amendment or repeal be contained in the notice of the meeting; or any of these By-Laws may be altered, amended or repealed by resolution of the Board approved by at least a majority of the Directors then in office. Notwithstanding the preceding sentence, any amendment or repeal of Article VI of the By-Laws shall be made only in accordance with the terms of said Article VI, and the authority of the Directors to amend the By-Laws is accordingly hereby limited.