



1999 TEXACO FINANCIAL AND OPERATIONAL SUPPLEMENT



Table of Contents

	CONSOLIDATED FINANCIAL DATA
2	Financial Highlights
3	Statement of Consolidated Income
4	Consolidated Balance Sheet
6	Statement of Consolidated Stockholders' Equity
8	Statement of Consolidated Cash Flows
9	Segment Information
10	Properties, Plant and Equipment
10	Depreciation, Depletion and Amortization Expense
11	Capital and Exploratory Expenditures
12	Operational Highlights
	PRODUCING ACTIVITIES
13	Estimated Net Proved Reserves of Crude Oil and Natural Gas Liquids
14	Estimated Net Proved Reserves of Natural Gas
15	Standardized Measure of Discounted Future Net Cash Flows
16	Capitalized Costs — Exploration and Producing Activities
17	Costs Incurred — Exploration and Development Activities
18	Results of Operations — Exploration and Producing Activities
19	Results of Operations Per Unit of Sold Production
20	Oil and Gas Net Acreage
21	Net Production of Crude Oil and Natural Gas Liquids
22	Net Production of Natural Gas
22	Natural Gas Sales
23	Number of Wells Capable of Producing
23	Additional Well Data
24	Exploratory and Development Wells Completed
	MANUFACTURING ACTIVITIES
25	Refinery Input of Crude Oil, Natural Gas Liquids and Distillates
26	Refinery Crude Oil Capacity
	MARKETING ACTIVITIES
27	Refined Product Sales
28	Branded Retail Outlets

Complete information regarding Texaco is contained in its Annual Reports to Stockholders and its Forms 10-K.

You may also visit our World Wide Web site at www.texaco.com.

Our discussions in the Financial & Operational Supplement represent our best estimate of the trends we know about and the trends we anticipate. Actual results may be different from our estimates.

Financial Highlights

(Millions of dollars, except per share amounts in dollars and ratio data)

	1999	1998	1997	1996	1995
Revenues	\$ 35,691	\$ 31,707	\$ 46,667	\$ 45,500	\$ 36,787
Net income before special items and cumulative effect of accounting change	\$ 1,214	\$ 894	\$ 1,894	\$ 1,665	\$ 1,152
Special items	(37)	(291)	770	353	(424)
Cumulative effect of accounting change	—	(25)	—	—	(121)
Net income	\$ 1,177	\$ 578	\$ 2,664	\$ 2,018	\$ 607
Diluted income per common share (dollars)*					
Before special items and cumulative effect of accounting change	\$ 2.21	\$ 1.59	\$ 3.45	\$ 3.03	\$ 2.10
Special items	(.07)	(.55)	1.42	.65	(.82)
Cumulative effect of accounting change	—	(.05)	—	—	(.23)
Net income	\$ 2.14	\$.99	\$ 4.87	\$ 3.68	\$ 1.05
Cash dividends paid					
Common	\$ 964	\$ 952	\$ 918	\$ 859	\$ 832
Per share*	\$ 1.80	\$ 1.80	\$ 1.75	\$ 1.65	\$ 1.60
Preferred	\$ 28	\$ 53	\$ 55	\$ 58	\$ 60
Total assets	\$ 28,972	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937
Total debt	\$ 7,647	\$ 7,291	\$ 6,392	\$ 5,590	\$ 6,240
Stockholders' equity	\$ 12,042	\$ 11,833	\$ 12,766	\$ 10,372	\$ 9,519
Capital and exploratory expenditures	\$ 3,893	\$ 4,019	\$ 5,930	\$ 3,431	\$ 3,128
Per common share*					
Common stockholders' equity at year-end	\$ 21.59	\$ 21.24	\$ 22.75	\$ 18.76	\$ 17.22
Market price					
High	\$ 70.06	\$ 65.00	\$ 63.44	\$ 53.57	\$ 40.25
Low	\$ 44.56	\$ 49.06	\$ 48.88	\$ 37.75	\$ 29.88
At year-end	\$ 54.31	\$ 53.00	\$ 54.38	\$ 49.07	\$ 39.25
Ratios					
Current ratio	1.05	1.07	1.07	1.24	1.24
Return on average stockholders' equity**	10.0%	4.9%	23.5%	20.4%	7.5%
Return on average capital employed**	8.1%	5.0%	17.3%	14.9%	6.9%
Total debt to total borrowed and invested capital	37.5%	36.8%	32.3%	33.6%	38.0%
Number of common stockholders at year-end	198,698	210,737	210,710	195,801	199,093
Number of common shares outstanding (thousands) at year-end	553,108 ^(a)	534,630 ^(a)	542,139 ^(a)	527,396 ^(a)	528,435 ^(a)

*Reflects two-for-one stock split effective September 29, 1997.

**Returns exclude the cumulative effect of accounting change.

(a) Includes 9.2 million shares in 1999, 1998 and 1997 and 8 million shares in 1996 and 1995 held in a benefit plan trust. These shares are not considered outstanding for earnings per share purposes.

Statement of Consolidated Income

<i>For the years ended December 31 (Millions of dollars)</i>	1999	1998	1997	1996	1995
Revenues					
Sales and services (includes transactions with significant affiliates of \$4,839; \$4,169; \$3,633; \$3,867 and \$3,146 in 1999 to 1995)					
Refined products	\$ 15,561	\$ 20,263	\$ 24,322	\$ 22,997	\$ 19,411
Crude oil	8,430	6,339	14,297	15,415	11,398
Natural gas	3,212	3,531	3,766	3,143	2,255
Other – including natural gas liquids	7,772	777	2,802	3,006	2,487
Total sales and services	34,975	30,910	45,187	44,561	35,551
Other revenues					
Equity in income of affiliates	482	485	702	711	530
Gains on asset sales	87	109	561	19	320
Other, including interest income	147	203	217	209	386
Total other revenues	716	797	1,480	939	1,236
	35,691	31,707	46,667	45,500	36,787
Deductions					
Purchases and other costs (includes transactions with significant affiliates of \$1,691; \$1,669; \$2,178; \$2,048 and \$1,733 in 1999 to 1995)	27,442	24,179	35,230	34,643	27,237
Operating expenses	2,319	2,508	3,251	3,235	3,195
Selling, general and administrative expenses	1,186	1,224	1,755	1,803	1,667
Exploratory expenses	501	461	471	379	289
Depreciation, depletion and amortization	1,543	1,675	1,633	1,455	2,385
Interest expense	504	480	412	434	483
Taxes other than income taxes*	334	423	520	496	491
Minority interest	83	56	68	72	54
	33,912	31,006	43,340	42,517	35,801
Income before income taxes and cumulative effect of accounting change	1,779	701	3,327	2,983	986
Provision for (benefit from) income taxes					
Current	742	250	212	985	360
Deferred	(140)	(152)	451	(20)	(102)
Total provision for income taxes	602	98	663	965	258
Net Income					
Income before cumulative effect of accounting change	1,177	603	2,664	2,018	728
Cumulative effect of accounting change	—	(25)	—	—	(121)
Net income	\$ 1,177	\$ 578	\$ 2,664	\$ 2,018	\$ 607
Preferred stock dividend requirements	\$ 29	\$ 54	\$ 56	\$ 58	\$ 60
Net income available for common stock	\$ 1,148	\$ 524	\$ 2,608	\$ 1,960	\$ 547
Net Income Per Common Share (dollars)					
Basic					
Income before cumulative effect of accounting change	\$ 2.14	\$ 1.04	\$ 4.99	\$ 3.77	\$ 1.29
Cumulative effect of accounting change	—	(.05)	—	—	(.24)
Net income	\$ 2.14	\$.99	\$ 4.99	\$ 3.77	\$ 1.05
Diluted					
Income before cumulative effect of accounting change	\$ 2.14	\$ 1.04	\$ 4.87	\$ 3.68	\$ 1.28
Cumulative effect of accounting change	—	(.05)	—	—	(.23)
Net income	\$ 2.14	\$.99	\$ 4.87	\$ 3.68	\$ 1.05
Average Number of Common Shares Outstanding (for computation of earnings per share) (thousands)					
Basic	535,369	528,416	522,234	520,392	519,793
Diluted	537,860	528,965	542,570	541,824	520,364

*In addition, motor fuel, value added, and other taxes collected from consumers for governmental agencies in the United States and abroad amounted to \$2,097; \$2,148; \$3,370; \$3,237; and \$3,069 million during 1999 to 1995.

Consolidated Balance Sheet

<i>As of December 31 (Millions of dollars)</i>	1999	1998	1997	1996	1995
Assets					
Current Assets					
Cash and cash equivalents	\$ 419	\$ 249	\$ 311	\$ 511	\$ 501
Short-term investments – 1999 to 1995 at fair value	29	22	84	41	35
Accounts and notes receivable (includes receivables from significant affiliates of \$585; \$694; \$234; \$299 and \$240 in 1999 to 1995), less allowance for doubtful accounts of \$27; \$28; \$22; \$34 and \$28 in 1999 to 1995	4,060	3,955	4,230	5,195	4,177
Inventories					
Crude oil	141	116	308	296	294
Petroleum products and other	857	839	952	962	866
Materials and supplies	184	199	223	202	197
Total inventories	1,182	1,154	1,483	1,460	1,357
Net assets of discontinued operations	—	—	—	—	164
Deferred income taxes and other current assets	273	256	324	458	224
Total current assets	5,963	5,636	6,432	7,665	6,458
Investments and Advances					
Affiliates accounted for on the equity method					
Equilon Enterprises LLC	1,953	2,266	—	—	—
Motiva Enterprises LLC	686	896	—	—	—
Star Enterprise	—	—	889	756	755
Caltex Group	2,139	2,199	2,297	2,127	2,480
Other affiliates	785	655	635	928	850
	5,563	6,016	3,821	3,811	4,085
Miscellaneous investments	863	1,168	1,276	1,185	1,193
Total investments and advances	6,426	7,184	5,097	4,996	5,278
Properties, Plant and Equipment					
At cost	36,527	35,494	38,956	33,988	32,903
Less – Accumulated depreciation, depletion and amortization	20,967	20,733	21,840	20,577	20,323
Net properties, plant and equipment	15,560	14,761	17,116	13,411	12,580
Deferred Charges	1,023	989	955	891	621
Total	\$ 28,972	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937

Consolidated Balance Sheet

<i>As of December 31 (Millions of dollars)</i>	1999	1998	1997	1996	1995
Liabilities and Stockholders' Equity					
Current Liabilities					
Notes payable, commercial paper and current portion of long-term debt	\$ 1,041	\$ 939	\$ 885	\$ 465	\$ 737
Accounts payable and accrued liabilities (includes payables to significant affiliates of \$61; \$395; \$106; \$144 and \$123 in 1999 to 1995)					
Trade liabilities	2,585	2,302	2,669	3,472	2,396
Accrued liabilities	1,203	1,368	1,480	1,333	1,381
Total accounts payable and accrued liabilities	3,788	3,670	4,149	4,805	3,777
Estimated income and other taxes	839	655	960	914	692
Total current liabilities	5,668	5,264	5,994	6,184	5,206
Long-Term Debt	6,567	6,297	5,388	4,993	5,412
Capital Lease Obligations	39	55	119	132	91
Deferred Income Taxes	1,468	1,644	1,825	795	634
Employee Retirement Benefits	1,184	1,248	1,224	1,236	1,138
Deferred Credits and Other Non-current Liabilities	1,294	1,550	1,639	2,593	2,270
Minority Interest in Subsidiary Companies	710	679	645	658	667
Total	16,930	16,737	16,834	16,591	15,418
Stockholders' Equity					
Market auction preferred shares (Series G, H, I and J)	300	300	300	300	300
ESOP convertible preferred stock	—	428	457	474	495
Unearned employee compensation and benefit plan trust	(306)	(334)	(389)	(378)	(437)
Common stock	1,774	1,774	1,774	1,714	1,714
Paid-in capital in excess of par value	1,287	1,640	1,688	630	655
Retained earnings	9,748	9,561	9,987	8,292	7,186
Other accumulated non-owner changes in equity	(119)	(101)	(95)	(32)	123
	12,684	13,268	13,722	11,000	10,036
Less – Common stock held in treasury, at cost	642	1,435	956	628	517
Total stockholders' equity	12,042	11,833	12,766	10,372	9,519
Total	\$ 28,972	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937
Number of Common Shares (850,000,000 authorized)					
Number of common shares issued (<i>thousands</i>)	567,577	567,606	567,606	548,587	548,587
Less – treasury shares (<i>thousands</i>)	14,469	32,976	25,467	21,191	20,152
Number of common shares outstanding at year-end (<i>thousands</i>)	553,108*	534,630*	542,139*	527,396*	528,435*

*Includes 9.2 million shares in 1999, 1998 and 1997 and 8 million shares in 1996 and 1995 held in a benefit plan trust, which are not considered outstanding for earnings per share purposes.

Statement of Consolidated Stockholders' Equity

	1999		1998		1997		1996		1995	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<i>(Shares in thousands; amounts in millions of dollars)</i>										
Preferred Stock par value \$1; Shares authorized – 30,000,000										
Market Auction Preferred Shares (Series G, H, I and J) – liquidation preference of \$250,000 per share										
Beginning and end of year	1	\$ 300	1	\$ 300	1	\$ 300	1	\$ 300	1	\$ 300
Series B ESOP Convertible										
Preferred Stock – liquidation value of \$600 per share										
Beginning of year	649	389	693	416	720	432	751	450	780	468
Redemptions	(587)	(352)	—	—	—	—	—	—	—	—
Retirements	(62)	(37)	(44)	(27)	(27)	(16)	(31)	(18)	(29)	(18)
End of year	—	—	649	389	693	416	720	432	751	450
Series F ESOP Convertible										
Preferred Stock – liquidation value of \$737.50 per share										
Beginning of year	53	39	56	41	57	42	60	45	63	47
Redemptions	(53)	(39)	—	—	—	—	—	—	—	—
Retirements	—	—	(3)	(2)	(1)	(1)	(3)	(3)	(3)	(2)
End of year	—	—	53	39	56	41	57	42	60	45
Unearned Employee Compensation (related to ESOP and restricted stock awards)										
Beginning of year		(94)		(149)		(175)		(234)		(282)
Awards		(18)		(36)		(16)		(22)		(8)
Amortization and other		46		91		42		81		56
End of year		(66)		(94)		(149)		(175)		(234)
Benefit Plan Trust (common stock)										
Beginning of year	9,200	(240)	9,200	(240)	8,000	(203)	8,000	(203)	—	—
Establishment/additions	—	—	—	—	1,200	(37)	—	—	8,000	(203)
End of year	9,200	(240)	9,200	(240)	9,200	(240)	8,000	(203)	8,000	(203)
Common Stock par value \$3.125; Shares authorized – 850,000,000										
Beginning of year	567,606	1,774	567,606	1,774	548,587	1,714	548,587	1,714	548,587	1,714
Monterey acquisition	(29)	—	—	—	19,019	60	—	—	—	—
End of year	567,577	1,774	567,606	1,774	567,606	1,774	548,587	1,714	548,587	1,714
Common Stock Held in Treasury, at Cost										
Beginning of year	32,976	(1,435)	25,467	(956)	21,191	(628)	20,152	(517)	29,523	(753)
Redemption of Series B and Series F ESOP Convertible Preferred Stock	(16,180)	699	—	—	—	—	—	—	—	—
Purchases of common stock	—	—	9,572	(551)	7,423	(410)	3,515	(159)	102	(4)
Transfer to benefit plan trust	—	—	—	—	(1,200)	37	—	—	—	—
Other – mainly employee benefit plans	(2,327)	94	(2,063)	72	(1,947)	45	(2,476)	48	(9,473)	240
End of year	14,469	\$ (642)	32,976	\$ (1,435)	25,467	\$ (956)	21,191	\$ (628)	20,152	\$ (517)

(continued on next page)

Statement of Consolidated Stockholders' Equity

<i>(Millions of dollars)</i>	1999	1998	1997	1996	1995
Paid-in Capital in Excess of Par Value					
Beginning of year	\$ 1,640	\$ 1,688	\$ 630	\$ 655	\$ 654
Redemption of Series B and Series F ESOP Convertible Preferred Stock	(308)	—	—	—	—
Monterey acquisition	(2)	—	1,091	—	—
Treasury stock transactions relating to investor services plan and employee compensation plans	(43)	(48)	(33)	(25)	1
End of year	1,287	1,640	1,688	630	655
Retained Earnings					
Balance at beginning of year	9,561	9,987	8,292	7,186	7,463
Add:					
Net income	1,177	578	2,664	2,018	607
Tax benefit associated with dividends on unallocated ESOP Convertible Preferred Stock and Common Stock	2	3	4	5	8
Deduct:					
Dividends declared on common stock (\$1.80 per share in 1999 and 1998; \$1.75 per share in 1997; \$1.65 per share in 1996 and \$1.60 per share in 1995)	964	952	918	859	832
Preferred stock					
Market Auction Preferred Shares (Series G, H, I and J of \$7,713, \$7,772, \$7,989 and \$7,935 in 1999; \$11,280, \$11,296, \$11,227 and \$11,218 per share in 1998; \$9,689, \$9,650, \$9,675 and \$9,774 per share in 1997; \$9,510, \$11,043, \$11,009 and \$11,015 per share in 1996 and \$12,255, \$10,558, \$10,521 and \$10,531 per share in 1995)	9	13	11	12	13
Series B ESOP Convertible Preferred Stock (\$57.00 per share in 1999 to 1995)	17	38	40	42	43
Series F ESOP Convertible Preferred Stock (\$64.53 per share in 1999 to 1995)	2	4	4	4	4
Balance at end of year	9,748	9,561	9,987	8,292	7,186
Other Accumulated Non-owner Changes in Equity					
Currency Translation Adjustment					
Beginning of year	(107)	(105)	(65)	61	87
Change during year	8	(2)	(40)	(126)	(26)
End of year	(99)	(107)	(105)	(65)	61
Minimum Pension Liability Adjustment					
Beginning of year	(24)	(16)	—	—	—
Establishment	—	—	(16)	—	—
Change during year	1	(8)	—	—	—
End of year	(23)	(24)	(16)	—	—
Unrealized Net Gain on Investments					
Beginning of year	30	26	33	62	51
Change during year	(27)	4	(7)	(29)	11
End of year	3	30	26	33	62
Total other accumulated non-owner changes in equity	(119)	(101)	(95)	(32)	123
Stockholders' Equity					
End of year (including preceding page)	\$ 12,042	\$ 11,833	\$ 12,766	\$ 10,372	\$ 9,519

Statement of Consolidated Cash Flows

<i>For the years ended December 31 (Millions of dollars)</i>	1999	1998	1997	1996	1995
Operating Activities					
Net income	\$ 1,177	\$ 578	\$ 2,664	\$ 2,018	\$ 607
Reconciliation to net cash provided by (used in) operating activities					
Cumulative effect of accounting changes	—	25	—	—	121
Depreciation, depletion and amortization	1,543	1,675	1,633	1,455	2,385
Deferred income taxes	(140)	(152)	451	(20)	(102)
Exploratory expenses	501	461	471	379	289
Minority interest in net income	83	56	68	72	54
Dividends from affiliates, greater than (less than) equity in income	233	224	(370)	167	(103)
Gains on asset sales	(87)	(109)	(558)	(19)	(320)
Changes in operating working capital					
Accounts and notes receivable	(637)	125	718	(1,072)	(766)
Inventories	(28)	(51)	(56)	(104)	(29)
Accounts payable and accrued liabilities	382	16	(856)	716	(116)
Other – mainly estimated income and other taxes	130	(205)	(64)	97	(44)
Other – net	12	(99)	(186)	73	146
Net cash provided by operating activities	3,169	2,544	3,915	3,762	2,122
Investing Activities					
Capital and exploratory expenditures	(2,957)	(3,101)	(3,628)	(2,897)	(2,386)
Proceeds from asset sales	321	282	1,036	125	1,150
Proceeds from sale of discontinued operations	—	—	—	344	—
Sales (purchases) of leasehold interests	(23)	25	(503)	261	248
Purchases of investment instruments	(432)	(947)	(1,102)	(1,668)	(1,238)
Sales/maturities of investment instruments	778	1,118	1,096	1,816	1,273
Collection of note/formation payments from U.S. affiliate	101	612	—	—	—
Other – net	—	—	(57)	70	12
Net cash used in investing activities	(2,212)	(2,011)	(3,158)	(1,949)	(941)
Financing Activities					
Borrowings having original terms in excess of three months					
Proceeds	2,353	1,300	507	307	313
Repayments	(1,080)	(741)	(637)	(802)	(358)
Net increase (decrease) in other borrowings	(983)	493	628	(143)	(137)
Purchases of common stock	—	(579)	(382)	(159)	(4)
Issuance of preferred stock by subsidiaries	—	—	—	—	65
Dividends paid to the company's stockholders					
Common	(964)	(952)	(918)	(859)	(832)
Preferred	(28)	(53)	(55)	(58)	(60)
Dividends paid to minority stockholders	(55)	(52)	(81)	(87)	(55)
Other – net	—	—	—	—	(2)
Net cash used in financing activities	(757)	(584)	(938)	(1,801)	(1,070)
Cash and Cash Equivalents					
Effect of exchange rate changes	(30)	(11)	(19)	(2)	(14)
Increase (decrease) during year	170	(62)	(200)	10	97
Beginning of year	249	311	511	501	404
End of year	\$ 419	\$ 249	\$ 311	\$ 511	\$ 501

Segment Information

<i>For the years ended December 31 (Millions of dollars)</i>	1999	1998	1997
Operating income (losses)			
Exploration and production			
United States			
Operating income before special items	\$ 666	\$ 381	\$ 1,038
Asset write-downs	—	(51)	(31)
Employee separation costs	(11)	(29)	—
Gains on major asset sales	18	—	26
Tax and other issues	(21)	—	(43)
	652	301	990
International			
Operating income before special items	386	181	479
Asset write-downs	—	(42)	(10)
Employee separation costs	(2)	(10)	—
Gains on major asset sales	—	—	328
Tax and other issues	(24)	—	15
	360	129	812
Total exploration and production	1,012	430	1,802
Refining, marketing and distribution			
United States			
Operating income before special items	287	276	312
Write-downs of assets	(76)	—	—
Inventory valuation adjustments	8	(34)	—
Reorganizations, restructurings and employee separation costs	(11)	(21)	—
Gains on major asset sales	—	—	13
	208	221	325
International			
Operating income before special items	338	503	524
Inventory valuation adjustments	144	(108)	—
Employee separation costs	(9)	(20)	—
Caltex reorganization	(32)	(43)	—
Write-downs of assets	(23)	—	—
Losses on major asset sales	(80)	—	—
Tax and other issues	32	—	(16)
	370	332	508
Total refining, marketing and distribution	578	553	833
Global gas and power			
Operating income (loss) before special items	21	(33)	(46)
Write-downs of assets	(32)	—	—
Employee separation costs	(3)	(3)	—
Gain on major asset sale	—	20	—
Total global gas and power	(14)	(16)	(46)
Segment totals	1,576	967	2,589
Other business units	(3)	(2)	2
Total operating earnings	1,573	965	2,591
Corporate/Non-operating			
Results before special items	(481)	(412)	(415)
Write-downs of assets	(26)	—	—
Employee separation costs	(6)	(18)	—
Tax benefits on asset sales	40	43	—
Tax issues	89	25	488
Environmental issues	(12)	—	—
Total Corporate/Non-operating	(396)	(362)	73
Income before cumulative effect of accounting change	1,177	603	2,664
Cumulative effect of accounting change	—	(25)	—
Net income	\$ 1,177	\$ 578	\$ 2,664

Properties, Plant and Equipment

<i>As of December 31 (Millions of dollars)</i>	1999		1998		1997	
	Gross	Net	Gross	Net	Gross	Net
Exploration and production						
United States	\$ 21,565	\$ 7,822	\$ 21,991	\$ 7,945	\$ 21,698	\$ 7,951
International	8,835	3,804	7,554	2,950	6,789	2,692
Total	30,400	11,626	29,545	10,895	28,487	10,643
Refining, marketing and distribution						
United States	33	22	75	27	4,600	2,743
International	4,575	3,107	4,487	3,055	4,309	2,894
Total	4,608	3,129	4,562	3,082	8,909	5,637
Global gas and power	748	317	660	267	593	224
Other	771	488	727	517	967	612
Total	\$ 36,527	\$ 15,560	\$ 35,494	\$ 14,761	\$ 38,956	\$ 17,116

Depreciation, Depletion and Amortization Expense

<i>For the years ended December 31 (Millions of dollars)</i>	1999	1998	1997
Exploration and production			
United States	\$ 758	\$ 892	\$ 783
International	451	513	442
Total	1,209	1,405	1,225
Refining, marketing and distribution			
United States	3	29	178
International	220	204	173
Total	223	233	351
Global gas and power	65	15	15
Other	46	22	42
Total	\$ 1,543	\$ 1,675	\$ 1,633

Capital and Exploratory Expenditures

<i>For the years ended December 31 (Millions of dollars)</i>	1999	1998	1997
Texaco Inc. and Subsidiary Companies:			
Exploration and production			
United States			
Exploratory expenses	\$ 234	\$ 257	\$ 189
Capital expenditures	666	1,177	2,845*
International			
Exploratory expenses	267	204	282
Capital expenditures	1,354	837	916
Total exploration and production	2,521	2,475	4,232
Refining, marketing and distribution			
United States			
Refining	—	—	86
Marketing	3	—	109
Distribution	—	—	63
International			
Refining	77	86	127
Marketing	281	311	357
Total refining, marketing and distribution	361	397	742
Global gas and power	156	121	114
Other			
United States	18	29	49
International	7	2	2
Total other	25	31	51
Total Texaco Inc. and subsidiary companies	3,063	3,024	5,139
Equity in Affiliates:			
Exploration and production			
United States	—	2	9
International	202	178	179
Total exploration and production	202	180	188
Refining, marketing, distribution and other			
United States			
Refining	140	174	80
Marketing	192	170	57
Distribution	44	87	32
International			
Refining	14	148	32
Marketing	108	172	323
Distribution	7	—	9
Other – United States	—	—	1
Total refining, marketing, distribution and other	505	751	534
Global gas and power	123	64	69
Total equity in affiliates	830	995	791
Total worldwide	\$ 3,893	\$ 4,019	\$ 5,930

*Includes the \$1,448 million acquisition of Monterey Resources Inc.

Operational Highlights

	1999	1998	1997	1996	1995
Estimated net proved reserves of crude oil and natural gas liquids <i>(Millions of barrels)</i>					
United States	1,782	1,824	1,767	1,322	1,341
International	1,698	1,749	1,500	1,382	1,317
Worldwide	3,480	3,573	3,267	2,704	2,658
Estimated net proved reserves of natural gas <i>(Billions of cubic feet)</i>					
United States	4,205	4,105	4,022	3,728	4,062
International	3,903	2,412	2,220	2,245	2,033
Worldwide	8,108	6,517	6,242	5,973	6,095
Net production of crude oil and natural gas liquids <i>(Thousands of barrels a day)</i>					
United States	395	433	396	388	381
International	490	497	437	399	381
Worldwide	885	930	833	787	762
Net production of natural gas available for sale* <i>(Millions of cubic feet a day)</i>					
United States	1,462	1,679	1,706	1,675	1,619
International	537	548	471	382	373
Worldwide	1,999	2,227	2,177	2,057	1,992
Natural gas sales* <i>(Millions of cubic feet a day)</i>					
United States	3,373	3,873	3,584	3,176	3,153
International	567	664	592	477	435
Worldwide	3,940	4,537	4,176	3,653	3,588
Natural gas liquids sales <i>(Thousands of barrels a day)</i>					
United States	216	233	184	206	216
International	66	120	97	89	80
Worldwide	282	353	281	295	296
Refinery input <i>(Thousands of barrels a day)</i>					
United States	671	698	747	724	693
International	820	832	804	762	788
Worldwide	1,491	1,530	1,551	1,486	1,481
Refined product sales <i>(Thousands of barrels a day)</i>					
United States	1,377	1,203	1,022	1,036	934
International	1,844	1,685	1,563	1,552	1,567
Worldwide	3,221	2,888	2,585	2,588	2,501
Number of employees at year-end					
United States	6,836	12,815	17,905	17,634	17,787
International	11,607	11,813	11,408	11,323	10,460
Worldwide	18,443	24,628	29,313	28,957	28,247
Payrolls and Benefits (For continuing operations)* <i>(Millions of dollars)</i>					
United States	\$ 774	\$ 1,186	\$ 1,197	\$ 1,286	\$ 1,279
International	532	605	554	597	570
Worldwide	\$ 1,306	\$ 1,791	\$ 1,751	\$ 1,883	\$ 1,849
Research, Development and Technical Support Expenditures (For continuing operations)* <i>(Millions of dollars)</i>					
Worldwide	\$ 96	\$ 138	\$ 147	\$ 139	\$ 154

*Texaco Inc. and subsidiary companies only.

Estimated Net Proved Reserves of Crude Oil and Natural Gas Liquids

(Millions of barrels)	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
Developed reserves	1,129	69	163	365	1,726	361	2,087
Undeveloped reserves	267	4	180	62	513	84	597
As of December 31, 1994	1,396	73	343	427	2,239	445	2,684
Discoveries & extensions	58	—	37	71	166	1	167
Improved recovery	56	—	15	—	71	45	116
Revisions	78	(2)	(3)	25	98	2	100
Net purchases (sales)	(108)	(11)	—	—	(119)	—	(119)
Production	(139)	(6)	(42)	(48)	(235)	(55)	(290)
Total changes	(55)	(19)	7	48	(19)	(7)	(26)
Developed reserves	1,125	52	142	413	1,732	350	2,082
Undeveloped reserves	216	2	208	62	488	88	576
As of December 31, 1995*	1,341	54	350	475	2,220	438	2,658
Discoveries & extensions	82	4	80	29	195	1	196
Improved recovery	20	—	—	—	20	81	101
Revisions	44	2	6	21	73	(3)	70
Net purchases (sales)	(23)	—	3	(1)	(21)	—	(21)
Production	(142)	(4)	(42)	(58)	(246)	(54)	(300)
Total changes	(19)	2	47	(9)	21	25	46
Developed reserves	1,100	50	165	418	1,733	354	2,087
Undeveloped reserves	222	6	232	48	508	109	617
As of December 31, 1996*	1,322	56	397	466	2,241	463	2,704
Discoveries & extensions	107	13	34	61	215	4	219
Improved recovery	15	—	65	—	80	18	98
Revisions	55	3	11	100	169	22	191
Net purchases (sales)	413	(2)	(31)	(8)	372	—	372
Production	(145)	(5)	(45)	(66)	(261)	(56)	(317)
Total changes	445	9	34	87	575	(12)	563
Developed reserves	1,374	54	210	463	2,101	354	2,455
Undeveloped reserves	393	11	221	90	715	97	812
As of December 31, 1997*	1,767	65	431	553	2,816	451	3,267
Discoveries & extensions	70	2	8	32	112	1	113
Improved recovery	136	—	16	3	155	156	311
Revisions	46	(15)	22	55	108	137	245
Net purchases (sales)	(38)	—	—	26	(12)	—	(12)
Production	(157)	(4)	(58)	(71)	(290)	(61)	(351)
Total changes	57	(17)	(12)	45	73	233	306
Developed reserves	1,415	39	246	490	2,190	456	2,646
Undeveloped reserves	409	9	173	108	699	228	927
As of December 31, 1998*	1,824	48	419	598	2,889	684	3,573
Discoveries & extensions	66	11	23	23	123	2	125
Improved recovery	34	—	2	29	65	52	117
Revisions	11	—	36	72	119	(132)	(13)
Net purchases (sales)	(9)	—	—	23	14	—	14
Production	(144)	(4)	(53)	(75)	(276)	(60)	(336)
Total changes	(42)	7	8	72	45	(138)	(93)
Developed reserves	1,361	39	261	545	2,206	316	2,522
Undeveloped reserves	421	16	166	125	728	230	958
As of December 31, 1999*	1,782	55	427	670	2,934	546	3,480
*Includes net proved NGL reserves							
As of December 31, 1995	206	1	28	—	235	6	241
As of December 31, 1996	207	1	54	1	263	6	269
As of December 31, 1997	246	—	71	—	317	4	321
As of December 31, 1998	250	—	68	22	340	6	346
As of December 31, 1999	250	—	74	134	458	1	459

Estimated Net Proved Reserves of Natural Gas

<i>(Billions of cubic feet)</i>	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
Developed reserves	3,899	558	465	44	4,966	133	5,099
Undeveloped reserves	508	154	412	3	1,077	17	1,094
As of December 31, 1994	4,407	712	877	47	6,043	150	6,193
Discoveries & extensions	397	100	164	6	667	6	673
Improved recovery	21	—	—	—	21	—	21
Revisions	103	103	(15)	39	230	14	244
Net purchases (sales)	(261)	(6)	(2)	(1)	(270)	—	(270)
Production	(605)	(62)	(80)	(4)	(751)	(15)	(766)
Total changes	(345)	135	67	40	(103)	5	(98)
Developed reserves	3,666	522	452	84	4,724	140	4,864
Undeveloped reserves	396	325	492	3	1,216	15	1,231
As of December 31, 1995	4,062	847	944	87	5,940	155	6,095
Discoveries & extensions	436	263	34	3	736	15	751
Improved recovery	8	—	—	—	8	1	9
Revisions	(99)	(1)	58	13	(29)	—	(29)
Net purchases (sales)	(53)	(7)	—	1	(59)	—	(59)
Production	(626)	(71)	(75)	(4)	(776)	(18)	(794)
Total changes	(334)	184	17	13	(120)	(2)	(122)
Developed reserves	3,360	893	452	96	4,801	136	4,937
Undeveloped reserves	368	138	509	4	1,019	17	1,036
As of December 31, 1996	3,728	1,031	961	100	5,820	153	5,973
Discoveries & extensions	692	26	92	346	1,156	2	1,158
Improved recovery	7	—	22	—	29	5	34
Revisions	228	75	41	(22)	322	19	341
Net purchases (sales)	10	(118)	(7)	(310)	(425)	—	(425)
Production	(643)	(96)	(81)	(2)	(822)	(17)	(839)
Total changes	294	(113)	67	12	260	9	269
Developed reserves	3,379	792	576	110	4,857	145	5,002
Undeveloped reserves	643	126	452	2	1,223	17	1,240
As of December 31, 1997	4,022	918	1,028	112	6,080	162	6,242
Discoveries & extensions	599	6	47	98	750	1	751
Improved recovery	4	—	7	—	11	3	14
Revisions	152	(12)	(6)	34	168	10	178
Net purchases (sales)	(39)	—	—	250	211	—	211
Production	(633)	(92)	(112)	(17)	(854)	(25)	(879)
Total changes	83	(98)	(64)	365	286	(11)	275
Developed reserves	3,345	688	615	374	5,022	135	5,157
Undeveloped reserves	760	132	349	103	1,344	16	1,360
As of December 31, 1998	4,105	820	964	477	6,366	151	6,517
Discoveries & extensions	442	7	93	42	584	5	589
Improved recovery	4	—	2	235	241	1	242
Revisions	285	193	7	427	912	3	915
Net purchases (sales)	(81)	—	—	712	631	—	631
Production	(550)	(79)	(104)	(27)	(760)	(26)	(786)
Total changes	100	121	(2)	1,389	1,608	(17)	1,591
Developed reserves	3,388	865	557	787	5,597	131	5,728
Undeveloped reserves	817	76	405	1,079	2,377	3	2,380
As of December 31, 1999	4,205	941^(a)	962	1,866	7,974^(a)	134	8,108^(a)

(a) Additionally, there is approximately 489 BCF of natural gas in Other West which will be available from production during the period 2005-2016 under a long-term purchase associated with a service agreement.

Standardized Measure of Discounted Future Net Cash Flows

(Millions of dollars)	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
As of December 31, 1999							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 45,281	\$ 2,668	\$ 11,875	\$ 16,890	\$ 76,714	\$ 7,646	\$ 84,360
Future production costs	(10,956)	(913)	(2,264)	(2,946)	(17,079)	(2,254)	(19,333)
Future development costs	(3,853)	(239)	(1,749)	(1,956)	(7,797)	(767)	(8,564)
Future income tax expense	(8,304)	(758)	(2,428)	(7,665)	(19,155)	(2,340)	(21,495)
Net future cash flows before discount	22,168	758	5,434	4,323	32,683	2,285	34,968
10% discount for timing of future cash flows	(10,816)	(327)	(1,985)	(2,243)	(15,371)	(887)	(16,258)
Standardized measure of discounted future net cash flows	\$ 11,352	\$ 431	\$ 3,449	\$ 2,080	\$ 17,312	\$ 1,398	\$ 18,710
As of December 31, 1998							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 23,147	\$ 1,657	\$ 6,581	\$ 4,816	\$ 36,201	\$ 4,708	\$ 40,909
Future production costs	(10,465)	(605)	(2,574)	(2,551)	(16,195)	(1,992)	(18,187)
Future development costs	(4,055)	(142)	(1,695)	(761)	(6,653)	(803)	(7,456)
Future income tax expense	(2,583)	(419)	(715)	(1,023)	(4,740)	(967)	(5,707)
Net future cash flows before discount	6,044	491	1,597	481	8,613	946	9,559
10% discount for timing of future cash flows	(2,626)	(244)	(644)	(167)	(3,681)	(391)	(4,072)
Standardized measure of discounted future net cash flows	\$ 3,418	\$ 247	\$ 953	\$ 314	\$ 4,932	\$ 555	\$ 5,487
As of December 31, 1997							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 34,084	\$ 2,305	\$ 9,395	\$ 7,690	\$ 53,474	\$ 5,182	\$ 58,656
Future production costs	(10,980)	(807)	(2,854)	(2,303)	(16,944)	(1,840)	(18,784)
Future development costs	(4,693)	(132)	(1,809)	(749)	(7,383)	(476)	(7,859)
Future income tax expense	(5,512)	(652)	(898)	(3,445)	(10,507)	(1,519)	(12,026)
Net future cash flows before discount	12,899	714	3,834	1,193	18,640	1,347	19,987
10% discount for timing of future cash flows	(5,361)	(252)	(1,424)	(374)	(7,411)	(519)	(7,930)
Standardized measure of discounted future net cash flows	\$ 7,538	\$ 462	\$ 2,410	\$ 819	\$ 11,229	\$ 828	\$ 12,057
As of December 31, 1996							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 41,807	\$ 2,863	\$ 11,242	\$ 9,261	\$ 65,173	\$ 6,632	\$ 71,805
Future production costs	(8,080)	(894)	(2,368)	(1,993)	(13,335)	(1,776)	(15,111)
Future development costs	(2,790)	(141)	(2,094)	(551)	(5,576)	(740)	(6,316)
Future income tax expense	(10,444)	(758)	(1,946)	(5,099)	(18,247)	(2,181)	(20,428)
Net future cash flows before discount	20,493	1,070	4,834	1,618	28,015	1,935	29,950
10% discount for timing of future cash flows	(8,602)	(458)	(1,740)	(489)	(11,289)	(695)	(11,984)
Standardized measure of discounted future net cash flows	\$ 11,891	\$ 612	\$ 3,094	\$ 1,129	\$ 16,726	\$ 1,240	\$ 17,966
As of December 31, 1995							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 28,603	\$ 2,144	\$ 8,753	\$ 7,820	\$ 47,320	\$ 5,357	\$ 52,677
Future production costs	(8,232)	(628)	(2,150)	(2,210)	(13,220)	(1,448)	(14,668)
Future development costs	(2,618)	(181)	(1,352)	(439)	(4,590)	(515)	(5,105)
Future income tax expense	(5,505)	(573)	(1,457)	(3,862)	(11,397)	(1,799)	(13,196)
Net future cash flows before discount	12,248	762	3,794	1,309	18,113	1,595	19,708
10% discount for timing of future cash flows	(4,988)	(375)	(1,502)	(418)	(7,283)	(553)	(7,836)
Standardized measure of discounted future net cash flows	\$ 7,260	\$ 387	\$ 2,292	\$ 891	\$ 10,830	\$ 1,042	\$ 11,872

Capitalized Costs — Exploration and Producing Activities

<i>(Millions of dollars)</i>	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
As of December 31, 1999							
Proved properties	\$ 20,364	\$ 304	\$ 5,327	\$ 2,273	\$ 28,268	\$ 1,085	\$ 29,353
Unproved properties	983	139	50	619	1,791	335	2,126
Support equipment and facilities	441	267	37	529	1,274	975	2,249
Gross capitalized costs	21,788	710	5,414	3,421	31,333	2,395	33,728
Accumulated depreciation, depletion and amortization	(13,855)	(298)	(3,955)	(1,365)	(19,473)	(1,217)	(20,690)
Net capitalized costs	\$ 7,933	\$ 412	\$ 1,459	\$ 2,056	\$ 11,860	\$ 1,178	\$ 13,038
As of December 31, 1998							
Proved properties	\$ 20,601	\$ 515	\$ 4,709	\$ 1,799	\$ 27,624	\$ 1,015	\$ 28,639
Unproved properties	1,188	53	71	390	1,702	408	2,110
Support equipment and facilities	437	27	37	342	843	768	1,611
Gross capitalized costs	22,226	595	4,817	2,531	30,169	2,191	32,360
Accumulated depreciation, depletion and amortization	(14,140)	(277)	(3,381)	(1,253)	(19,051)	(1,119)	(20,170)
Net capitalized costs	\$ 8,086	\$ 318	\$ 1,436	\$ 1,278	\$ 11,118	\$ 1,072	\$ 12,190
As of December 31, 1997							
Proved properties	\$ 20,196	\$ 581	\$ 4,584	\$ 1,623	\$ 26,984	\$ 1,112	\$ 28,096
Unproved properties	1,248	16	89	225	1,578	338	1,916
Support equipment and facilities	438	26	37	228	729	578	1,307
Gross capitalized costs	21,882	623	4,710	2,076	29,291	2,028	31,319
Accumulated depreciation, depletion and amortization	(13,849)	(298)	(3,135)	(1,131)	(18,413)	(1,013)	(19,426)
Net capitalized costs	\$ 8,033	\$ 325	\$ 1,575	\$ 945	\$ 10,878	\$ 1,015	\$ 11,893
As of December 31, 1996							
Proved properties	\$ 17,450	\$ 603	\$ 4,102	\$ 1,372	\$ 23,527	\$ 1,018	\$ 24,545
Unproved properties	370	15	81	210	676	293	969
Support equipment and facilities	432	32	38	185	687	548	1,235
Gross capitalized costs	18,252	650	4,221	1,767	24,890	1,859	26,749
Accumulated depreciation, depletion and amortization	(13,158)	(308)	(2,739)	(1,012)	(17,217)	(903)	(18,120)
Net capitalized costs	\$ 5,094	\$ 342	\$ 1,482	\$ 755	\$ 7,673	\$ 956	\$ 8,629
As of December 31, 1995							
Proved properties	\$ 17,384	\$ 505	\$ 3,551	\$ 1,279	\$ 22,719	\$ 900	\$ 23,619
Unproved properties	383	11	125	116	635	320	955
Support equipment and facilities	381	28	47	133	589	494	1,083
Gross capitalized costs	18,148	544	3,723	1,528	23,943	1,714	25,657
Accumulated depreciation, depletion and amortization	(13,298)	(291)	(2,520)	(905)	(17,014)	(793)	(17,807)
Net capitalized costs	\$ 4,850	\$ 253	\$ 1,203	\$ 623	\$ 6,929	\$ 921	\$ 7,850

Costs Incurred – Exploration and Development Activities

(Millions of dollars)	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
For the year ended December 31, 1999							
Proved property acquisition	\$ 4	\$ —	\$ —	\$ 481	\$ 485	\$ —	\$ 485
Unproved property acquisition	39	25	—	27	91	—	91
Exploration	204	92	23	224	543	19	562
Development	698	97	319	301	1,415	183	1,598
Total	\$ 945	\$ 214	\$ 342	\$ 1,033	\$ 2,534	\$ 202	\$ 2,736
For the year ended December 31, 1998							
Proved property acquisition	\$ 27	\$ —	\$ —	\$ 199	\$ 226	\$ —	\$ 226
Unproved property acquisition	85	1	—	32	118	—	118
Exploration	417	92	65	277	851	19	870
Development	1,073	25	308	204	1,610	160	1,770
Total	\$ 1,602	\$ 118	\$ 373	\$ 712	\$ 2,805	\$ 179	\$ 2,984
For the year ended December 31, 1997							
Proved property acquisition	\$ 1,099*	\$ —	\$ —	\$ —	\$ 1,099	\$ —	\$ 1,099
Unproved property acquisition	527*	1	—	23	551	—	551
Exploration	480	15	59	234	788	18	806
Development	1,220	62	419	108	1,809	167	1,976
Total	\$ 3,326	\$ 78	\$ 478	\$ 365	\$ 4,247	\$ 185	\$ 4,432
For the year ended December 31, 1996							
Proved property acquisition	\$ 56	\$ —	\$ —	\$ —	\$ 56	\$ —	\$ 56
Unproved property acquisition	91	5	—	20	116	—	116
Exploration	356	18	90	225	689	9	698
Development	827	107	384	113	1,431	144	1,575
Total	\$ 1,330	\$ 130	\$ 474	\$ 358	\$ 2,292	\$ 153	\$ 2,445
For the year ended December 31, 1995							
Proved property acquisition	\$ 7	\$ 31	\$ —	\$ —	\$ 38	\$ —	\$ 38
Unproved property acquisition	35	3	2	11	51	—	51
Exploration	151	48	76	117	392	11	403
Development	845	66	207	105	1,223	99	1,322
Total	\$ 1,038	\$ 148	\$ 285	\$ 233	\$ 1,704	\$ 110	\$ 1,814

*Includes the acquisition of Monterey Resources on a net cost basis of \$1,520 million, which is net of deferred income taxes amounting to \$469 million and \$245 million for the acquired proved and unproved properties, respectively.

Results of Operations — Exploration and Producing Activities

(Millions of dollars)	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
For the year ended December 31, 1999							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,936	\$ —	\$ 617	\$ 935	\$ 4,488	\$ 592	\$ 5,080
Sales to unaffiliated entities	230	116	498	202	1,046	24	1,070
Production costs	(943)	(39)	(435)	(252)	(1,669)	(205)	(1,874)
Exploration expenses	(243)	(97)	(21)	(154)	(515)	(17)	(532)
Depreciation, depletion and amortization	(794)	(22)	(336)	(134)	(1,286)	(109)	(1,395)
Other expenses	(138)	(15)	(1)	(53)	(207)	(3)	(210)
Results before estimated income taxes	1,048	(57)	322	544	1,857	282	2,139
Estimated income taxes	(312)	(8)	(114)	(457)	(891)	(143)	(1,034)
Net results	\$ 736	\$ (65)	\$ 208	\$ 87	\$ 966	\$ 139	\$ 1,105
For the year ended December 31, 1998							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,570	\$ —	\$ 438	\$ 571	\$ 3,579	\$ 454	\$ 4,033
Sales to unaffiliated entities	218	120	509	122	969	28	997
Production costs	(1,066)	(35)	(400)	(250)	(1,751)	(150)	(1,901)
Exploration expenses	(286)	(31)	(53)	(137)	(507)	(16)	(523)
Depreciation, depletion and amortization	(832)	(22)	(422)	(113)	(1,389)	(106)	(1,495)
Other expenses	(198)	—	(4)	(10)	(212)	(1)	(213)
Results before estimated income taxes	406	32	68	183	689	209	898
Estimated income taxes	(49)	(14)	(27)	(166)	(256)	(102)	(358)
Net results	\$ 357	\$ 18	\$ 41	\$ 17	\$ 433	\$ 107	\$ 540
For the year ended December 31, 1997							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 3,492	\$ —	\$ 495	\$ 934	\$ 4,921	\$ 610	\$ 5,531
Sales to unaffiliated entities	312	165	499	178	1,154	43	1,197
Production costs	(986)	(57)	(323)	(249)	(1,615)	(192)	(1,807)
Exploration expenses	(238)	(10)	(60)	(195)	(503)	(16)	(519)
Depreciation, depletion and amortization	(735)	(27)	(382)	(129)	(1,273)	(110)	(1,383)
Other expenses	(249)	—	—	(24)	(273)	9	(264)
Results before estimated income taxes	1,596	71	229	515	2,411	344	2,755
Estimated income taxes	(511)	(40)	(85)	(418)	(1,054)	(173)	(1,227)
Net results	\$ 1,085	\$ 31	\$ 144	\$ 97	\$ 1,357	\$ 171	\$ 1,528
For the year ended December 31, 1996							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 3,383	\$ —	\$ 524	\$ 863	\$ 4,770	\$ 648	\$ 5,418
Sales to unaffiliated entities	310	140	475	181	1,106	45	1,151
Production costs	(937)	(54)	(321)	(215)	(1,527)	(183)	(1,710)
Exploration expenses	(196)	(27)	(57)	(150)	(430)	(8)	(438)
Depreciation, depletion and amortization	(652)	(24)	(310)	(107)	(1,093)	(110)	(1,203)
Other expenses	(241)	(1)	(1)	(40)	(283)	8	(275)
Results before estimated income taxes	1,667	34	310	532	2,543	400	2,943
Estimated income taxes	(534)	(26)	(112)	(417)	(1,089)	(212)	(1,301)
Net results	\$ 1,133	\$ 8	\$ 198	\$ 115	\$ 1,454	\$ 188	\$ 1,642
For the year ended December 31, 1995							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,652	\$ —	\$ 394	\$ 613	\$ 3,659	\$ 583	\$ 4,242
Sales to unaffiliated entities	291	127	485	131	1,034	35	1,069
Production costs	(951)	(45)	(314)	(198)	(1,508)	(169)	(1,677)
Exploration expenses	(87)	(35)	(79)	(96)	(297)	(9)	(306)
Depreciation, depletion and amortization	(682)	(20)	(293)	(109)	(1,104)	(94)	(1,198)
Other expenses	(254)	(6)	—	(24)	(284)	(13)	(297)
Results before estimated income taxes	969	21	193	317	1,500	333	1,833
Estimated income taxes	(295)	(14)	(74)	(260)	(643)	(177)	(820)
Net results	\$ 674	\$ 7	\$ 119	\$ 57	\$ 857	\$ 156	\$ 1,013

Results of Operations Per Unit of Sold Production*

(Dollars per unit)	Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
For the year ended December 31, 1999							
Revenues:							
Liquids (\$/bbl.)	\$ 14.27	\$ 14.12	\$ 17.06	\$ 15.33	\$ 15.10	\$ 13.24	\$ 14.84
Natural Gas (\$/mcf)	2.07	.77	1.99	.18	1.86	—	1.86
Total (\$/BOE)	13.57	6.86	15.80	14.70	13.92	13.24	13.85
Production costs	(4.04)	(2.28)	(6.17)	(2.84)	(4.07)	(4.40)	(4.11)
Exploration expenses	(1.04)	(5.75)	(.30)	(1.74)	(1.26)	(.36)	(1.17)
Depreciation, depletion and amortization	(3.40)	(1.32)	(4.75)	(1.50)	(3.14)	(2.36)	(3.06)
Other expenses	(.59)	(.89)	(.02)	(.60)	(.51)	(.06)	(.46)
Results before estimated income taxes	4.50	(3.38)	4.56	8.02	4.94	6.06	5.05
Estimated income taxes	(1.38)	(.46)	(1.62)	(5.15)	(2.20)	(3.07)	(2.29)
Net results	\$ 3.12	\$ (3.84)	\$ 2.94	\$ 2.87	\$ 2.74	\$ 2.99	\$ 2.76
For the year ended December 31, 1998							
Revenues:							
Liquids (\$/bbl.)	\$ 10.14	\$ 9.65	\$ 11.73	\$ 9.61	\$ 10.31	\$ 9.81	\$ 10.24
Natural Gas (\$/mcf)	1.93	.92	2.42	.38	1.86	—	1.86
Total (\$/BOE)	10.72	6.35	12.34	9.44	10.57	9.81	10.50
Production costs	(4.10)	(1.82)	(5.22)	(3.04)	(4.00)	(3.06)	(3.90)
Exploration expenses	(1.10)	(1.65)	(.69)	(1.66)	(1.16)	(.32)	(1.07)
Depreciation, depletion and amortization	(3.20)	(1.15)	(5.50)	(1.38)	(3.17)	(2.16)	(3.07)
Other expenses	(.76)	(.01)	(.06)	(.13)	(.49)	(.01)	(.44)
Results before estimated income taxes	1.56	1.72	.87	3.23	1.75	4.26	2.02
Estimated income taxes	(.19)	(.77)	(.35)	(2.02)	(.59)	(2.07)	(.74)
Net results	\$ 1.37	\$.95	\$.52	\$ 1.21	\$ 1.16	\$ 2.19	\$ 1.28
For the year ended December 31, 1997							
Revenues:							
Liquids (\$/bbl.)	\$ 16.32	\$ 14.40	\$ 18.41	\$ 16.87	\$ 16.78	\$ 14.89	\$ 16.51
Natural Gas (\$/mcf)	2.32	1.03	2.42	1.89	2.17	—	2.17
Total (\$/BOE)	15.31	8.04	17.54	16.86	15.51	14.89	15.45
Production costs	(3.97)	(2.77)	(5.71)	(3.77)	(4.13)	(4.38)	(4.15)
Exploration expenses	(.96)	(.51)	(1.06)	(2.95)	(1.28)	(.35)	(1.19)
Depreciation, depletion and amortization	(2.96)	(1.32)	(6.73)	(1.95)	(3.25)	(2.52)	(3.17)
Other expenses	(1.00)	—	—	(.37)	(.70)	.21	(.61)
Results before estimated income taxes	6.42	3.44	4.04	7.82	6.15	7.85	6.33
Estimated income taxes	(2.06)	(1.97)	(1.50)	(6.34)	(2.69)	(3.94)	(2.82)
Net results	\$ 4.36	\$ 1.47	\$ 2.54	\$ 1.48	\$ 3.46	\$ 3.91	\$ 3.51
For the year ended December 31, 1996							
Revenues:							
Liquids (\$/bbl.)	\$ 16.97	\$ 16.80	\$ 20.37	\$ 18.61	\$ 17.90	\$ 16.30	\$ 17.66
Natural Gas (\$/mcf)	2.10	.96	2.47	3.20	2.03	—	2.03
Total (\$/BOE)	15.14	8.76	19.15	18.62	15.95	16.30	15.98
Production costs	(3.84)	(3.39)	(6.16)	(3.85)	(4.15)	(4.26)	(4.16)
Exploration expenses	(.80)	(1.66)	(1.09)	(2.68)	(1.17)	(.19)	(1.06)
Depreciation, depletion and amortization	(2.67)	(1.53)	(5.94)	(1.91)	(2.97)	(2.56)	(2.93)
Other expenses	(.99)	(.04)	(.02)	(.70)	(.77)	.19	(.67)
Results before estimated income taxes	6.84	2.14	5.94	9.48	6.89	9.48	7.16
Estimated income taxes	(2.19)	(1.65)	(2.16)	(7.46)	(2.95)	(4.93)	(3.15)
Net results	\$ 4.65	\$.49	\$ 3.78	\$ 2.02	\$ 3.94	\$ 4.55	\$ 4.01
For the year ended December 31, 1995							
Revenues:							
Liquids (\$/bbl.)	\$ 14.25	\$ 13.34	\$ 16.57	\$ 15.90	\$ 14.98	\$ 14.05	\$ 14.83
Natural Gas (\$/mcf)	1.62	.87	2.50	2.61	1.65	—	1.65
Total (\$/BOE)	12.38	8.10	16.20	15.89	13.24	14.05	13.33
Production costs	(4.00)	(2.85)	(5.79)	(4.23)	(4.26)	(3.84)	(4.21)
Exploration expenses	(.37)	(2.22)	(1.45)	(2.05)	(.84)	(.20)	(.77)
Depreciation, depletion and amortization	(2.87)	(1.32)	(5.40)	(2.33)	(3.12)	(2.14)	(3.01)
Other expenses	(1.06)	(.37)	—	(.51)	(.80)	(.30)	(.75)
Results before estimated income taxes	4.08	1.34	3.56	6.77	4.22	7.57	4.59
Estimated income taxes	(1.24)	(.89)	(1.37)	(5.55)	(1.81)	(4.03)	(2.06)
Net results	\$ 2.84	\$.45	\$ 2.19	\$ 1.22	\$ 2.41	\$ 3.54	\$ 2.53

*Units of production are on an as-sold basis, whereas units used to calculate production costs per composite barrel by geographic area on page 61 of the Annual Report are on an as-produced basis. Barrels of oil equivalent (BOE) are calculated at a rate of 6 mcf of natural gas equals 1 BOE.

Oil and Gas Net Acreage

<i>As of December 31 (Thousands of acres)</i>	1999	1998	1997	1996	1995
Producing Subsidiaries					
United States					
California	77	90	114	84	90
Louisiana	626	637	642	643	651
New Mexico	107	107	110	106	109
Oklahoma	112	111	111	114	113
Texas	662	692	723	714	756
Other	155	155	175	174	186
	1,739	1,792	1,875	1,835	1,905
Other Western Hemisphere	28	53	63	169	148
Eastern Hemisphere					
Europe	125	53	53	29	53
Australia	75	57	57	102	102
China	836	836	19	19	19
Other Eastern Hemisphere	80	79	78	78	76
	1,116	1,025	207	228	250
Total subsidiaries	2,883	2,870	2,145	2,232	2,303
Equity in an Affiliate – Other Eastern Hemisphere	105	105	103	103	101
Worldwide – Producing	2,988	2,975	2,248	2,335	2,404
Undeveloped Subsidiaries					
United States					
Louisiana	1,436	1,537	1,441	1,432	1,150
Texas	3,268	3,366	2,949	2,754	2,724
Other	1,101	1,170	1,139	1,049	1,019
	5,805	6,073	5,529	5,235	4,893
Other Western Hemisphere					
Brazil	2,774	—	—	—	—
Colombia	6,638	6,873	474	556	784
Trinidad	353	391	83	83	83
Venezuela	49	33	33	—	—
Other	2,200	2,200	4,371	4,623	5,786
	12,014	9,497	4,961	5,262	6,653
Eastern Hemisphere					
Europe	2,281	2,549	3,032	2,831	2,441
Angola	2,241	2,425	1,835	834	834
Australia	2,797	2,874	2,874	761	1,120
China	8,783	11,903	11,849	11,849	13,698
Indonesia	2,802	6,527	6,527	5,784	5,786
Nigeria	1,809	1,363	1,363	484	484
Thailand	—	2,900	2,900	4,369	1,789
Other Eastern Hemisphere	1,038	967	287	7,023	8,299
	21,751	31,508	30,667	33,935	34,451
Total subsidiaries	39,570	47,078	41,157	44,432	45,997
Equity in an Affiliate – Other Eastern Hemisphere	873	873	1,120	1,120	1,121
Worldwide – Undeveloped	40,443	47,951	42,277	45,552	47,118
Total Oil and Gas Acreage	43,431	50,926	44,525	47,887	49,522

Net Production of Crude Oil and Natural Gas Liquids

<i>For the years ended December 31 (Thousands of barrels a day)</i>	1999	1998	1997	1996	1995
United States					
California	166	167	124	118	117
Louisiana	72	97	97	102	102
Texas	83	95	98	91	84
Other	74	74	77	77	78
	395	433	396	388	381
Other Western Hemisphere					
Colombia	—	—	—	—	4
Trinidad	11	10	9	10	9
Canada	—	—	3	2	2
	11	10	12	12	15
Eastern Hemisphere					
Angola	14	17	17	14	7
Nigeria	7	10	12	11	9
United Kingdom	112	126	93	86	90
Denmark	35	32	32	29	26
Kazakhstan	13	7	—	—	—
China	14	12	13	14	9
Indonesia	25	31	30	29	31
West Australia	8	9	11	12	16
Neutral Zone	124	108	97	76	59
	352	352	305	271	247
Total	758	795	713	671	643
Equity in an Affiliate – Other Eastern Hemisphere	127	135	120	116	119
Worldwide	885	930	833	787	762
Natural gas liquids included above:					
United States	67	80	82	80	78
Eastern Hemisphere	8	10	10	8	9
Worldwide	75	90	92	88	87

Net Production of Natural Gas*

<i>For the years ended December 31 (Millions of cubic feet a day)</i>	1999	1998	1997	1996	1995
United States					
Alabama	69	69	64	59	45
California	11	34	44	50	59
Louisiana	633	754	790	793	727
New Mexico	131	46	108	109	126
Oklahoma	59	73	75	67	73
Texas	375	462	476	455	480
Wyoming	184	76	77	74	90
Other	—	165	72	68	19
Total United States	1,462	1,679	1,706	1,675	1,619
International					
Other Western Hemisphere					
Canada	—	—	10	33	40
Colombia	165	180	177	125	119
Trinidad	46	69	73	33	8
	211	249	260	191	167
Eastern Hemisphere					
Australia	—	1	2	3	3
Denmark	93	92	98	80	66
United Kingdom	170	175	111	108	134
Kazakhstan	63	31	—	—	—
Netherlands	—	—	—	—	3
	326	299	211	191	206
Total International	537	548	471	382	373
Worldwide	1,999	2,227	2,177	2,057	1,992

*Represents marketable production on an "as sold" basis and not total gas recovered at the surface from producing wells. Excluded are quantities not sold, such as those applicable to flared gas, injected gas and gas consumed in producing operations.

Natural Gas Sales

<i>(includes purchased volumes)</i> <i>For the years ended December 31 (Millions of cubic feet a day)</i>	1999	1998	1997	1996	1995
United States	3,373	3,873	3,584	3,176	3,153
International					
Other Western Hemisphere	282	287	270	207	177
Eastern Hemisphere					
Europe	285	376	320	267	255
Other Eastern Hemisphere	—	1	2	3	3
Total	285	377	322	270	258
International	567	664	592	477	435
Worldwide	3,940	4,537	4,176	3,653	3,588

Number of Wells Capable of Producing*

As of December 31	Gross					Net				
	1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
Oil Wells										
Subsidiaries										
United States	34,934	33,876	34,498	29,439	28,974	17,683	18,033	19,110	14,377	14,090
Other Western Hemisphere	689	661	1,747	1,912	1,908	230	220	262	227	215
Europe	236	258	237	238	229	69	75	64	61	56
Other Eastern Hemisphere	1,678	1,568	1,692	1,574	1,343	648	592	616	558	457
Total Subsidiaries	37,537	36,363	38,174	33,163	32,454	18,630	18,920	20,052	15,223	14,818
Equity in an Affiliate –										
Other Eastern Hemisphere	5,085	4,744	4,698	4,334	4,140	2,543	2,372	2,349	2,167	2,070
Worldwide**	42,622	41,107	42,872	37,497	36,594	21,173	21,292	22,401	17,390	16,888
Gas Wells										
Subsidiaries										
United States	7,785	7,363	7,607	6,838	6,069	3,516	3,233	3,463	3,119	2,624
Other Western Hemisphere	33	33	33	273	266	17	17	17	69	64
Europe	55	36	50	44	42	9	10	11	10	9
Other Eastern Hemisphere	54	34	2	22	22	11	6	—	7	6
Total Subsidiaries	7,927	7,466	7,692	7,177	6,399	3,553	3,266	3,491	3,205	2,703
Equity in an Affiliate –										
Other Eastern Hemisphere	55	47	40	32	27	28	24	20	16	14
Worldwide**	7,982	7,513	7,732	7,209	6,426	3,581	3,290	3,511	3,221	2,717

*Producible well counts include active wells and wells temporarily shut-in. Consistent with general industry practice, injection or service wells and wells shut-in that have been identified for plug and abandonment have been excluded from the number of wells capable of producing.

**Includes 522 gross and 172 net multiple completion oil wells and 25 gross and 19 net multiple completion gas wells in 1999.

Additional Well Data

As of December 31, 1999	Texaco Inc. and Subsidiaries					Equity	
	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Total	Affiliate–Other Eastern Hemisphere	Worldwide
Wells in the process of drilling							
Gross	83	1	6	21	111	5	116
Net	72	—	1	7	80	3	83
Pressure maintenance installations in operation							
	333	21	12	258	624	8	632

Exploratory and Development Wells Completed

For the years ended December 31	1999			1998			1997			1996			1995		
	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry
Net exploratory wells*															
Subsidiaries															
United States	3	15	10	14	14	26	32	22	35	29	28	29	12	15	14
Other Western Hemisphere	—	1	2	—	2	2	1	—	1	—	3	1	—	2	1
Europe	—	—	—	—	—	1	4	—	1	3	—	1	14	1	3
Other Eastern Hemisphere	2	2	4	4	4	2	1	3	5	1	2	2	1	—	5
Total	5	18	16	18	20	31	38	25	42	33	33	33	27	18	23
Equity in an Affiliate –															
Other Eastern Hemisphere	—	—	—	3	—	—	2	—	—	—	—	—	—	—	—
Worldwide	5	18	16	21	20	31	40	25	42	33	33	33	27	18	23
Net development wells															
Subsidiaries															
United States	345	100	7	585	106	14	769	165	23	283	191	44	291	91	19
Other Western Hemisphere	9	—	—	109	3	—	107	1	3	33	8	—	8	1	—
Europe	2	4	—	21	2	—	6	3	—	1	—	1	2	1	—
Other Eastern Hemisphere	58	6	1	38	27	—	45	1	—	44	—	1	23	—	1
Total	414	110	8	753	138	14	927	170	26	361	199	46	324	93	20
Equity in an Affiliate –															
Other Eastern Hemisphere	219	—	—	271	—	—	143	1	—	259	1	—	135	—	—
Worldwide	633	110	8	1,024	138	14	1,070	171	26	620	200	46	459	93	20
Gross exploratory and development wells															
Subsidiaries															
United States	475	225	27	913	260	77	1,210	343	103	707	325	106	629	173	45
Other Western Hemisphere	27	2	5	326	11	4	164	6	4	67	24	4	34	8	3
Europe	13	6	—	34	12	3	23	10	5	16	3	4	26	5	11
Other Eastern Hemisphere	129	22	15	118	161	7	112	5	16	125	7	10	77	—	21
Total	644	255	47	1,391	444	91	1,509	364	128	915	359	124	766	186	80
Equity in an Affiliate –															
Other Eastern Hemisphere	439	1	—	546	—	—	291	2	—	518	2	—	269	1	—
Worldwide	1,083	256	47	1,937	444	91	1,800	366	128	1,433	361	124	1,035	187	80

*Exploratory wells which identify oil and gas reserves, but have not resulted in recording of proved reserves pending further evaluation, are not considered completed wells. Reserves which are identified by such wells are included in Texaco's proved reserves when sufficient information is available to make that determination. This is particularly applicable to deepwater exploratory areas which may require extended time periods to assess, such as the U.K. sector of the North Sea and the U.S. Gulf of Mexico.

Refinery Input of Crude Oil, Natural Gas Liquids and Distillates

	Percent Ownership 12-31-99	1999	1998	1997	1996	1995
<i>For the years ended December 31 (Thousands of barrels a day)</i>						
United States*						
Equilon Area						
Wood River, IL	44.0	130	127	—	—	—
Martinez, CA	44.0	71	70	—	—	—
Anacortes, WA	44.0	60	62	146	146	143
El Dorado, KS	—	44	48	104	105	102
Los Angeles, CA	44.0	40	43	99	96	88
Bakersfield, CA	44.0	29	28	64	57	60
Odessa, TX	—	—	9	—	—	—
Motiva Area						
Port Arthur, TX	32.5	90	107	133	133	119
Convent, LA	32.5	71	93	118	113	108
Delaware City, DE	32.5	54	70	83	74	73
Norco, LA	32.5	82	41	—	—	—
Total United States		671	698	747	724	693
Other Western Hemisphere*						
Panama	100.0	49	45	40	40	25
Guatemala	100.0	17	16	16	14	16
Martinique	11.5	2	2	2	2	2
Total Other Western Hemisphere		68	63	58	56	43
Europe						
United Kingdom	100.0	241	224	210	205	173
Netherlands	31.0	112	126	126	135	127
Total Europe		353	350	336	340	300
Other Eastern Hemisphere*						
Caltex Operations						
Kenya – Mombasa	8.0	3	3	2	2	2
Bahrain	—	—	—	—	13	50
Australia – Kurnell	25.0	28	29	22	22	26
– Lytton	25.0	22	22	17	17	12
Philippines – Batangas	50.0	35	33	35	35	33
Japan – Negishi	—	—	—	—	20	79
– Muroran	—	—	—	—	10	30
– Marifu	—	14	26	27	25	28
– Osaka	—	10	23	19	19	19
Korea – Yocheon	25.0	155	148	143	93	89
New Zealand – Whangarei	6.3	6	7	6	5	5
Singapore – Pualau Merlimau	16.7	39	41	51	51	36
South Africa – Capetown	50.0	36	43	43	32	34
Thailand – Map Ta Phut	32.0	49	42	43	20	—
Total Caltex Operations		397	417	408	364	443
Ivory Coast	3.7	2	2	2	2	2
Total Other Eastern Hemisphere		399	419	410	366	445
Worldwide		1,491	1,530	1,551	1,486	1,481

*See refinery capacity footnotes on page 26.

Refinery Crude Oil Capacity

<i>(including interests in affiliates)</i> As of December 31 (Thousands of barrels a day)	Percent Ownership 12-31-99	1999	1998	1997	1996	1995
United States*						
Equilon Area						
Wood River, IL	44.0	126	121	—	—	—
Martinez, CA	44.0	68	67	—	—	—
Anacortes, WA	44.0	64	64	140	140	136
El Dorado, KS	—	—	48	100	100	99
Los Angeles, CA	44.0	42	40	90	91	92
Bakersfield, CA	44.0	27	27	58	57	58
Motiva Area						
Port Arthur, TX	32.5	78	77	118	118	118
Convent, LA	32.5	73	73	113	112	112
Delaware City, DE	32.5	49	51	70	70	70
Norco, LA	32.5	75	73	—	—	—
Total United States		602	641	689	688	685
Other Western Hemisphere						
Panama	100.0	60	60	60	60	60
Guatemala	100.0	17	17	16	16	16
Martinique	11.5	2	2	2	2	2
Total Other Western Hemisphere		79	79	78	78	78
Europe						
United Kingdom	100.0	190	190	180	180	180
Netherlands	31.0	124	118	140	140	140
Total Europe		314	308	320	320	320
Other Eastern Hemisphere**						
Caltex Operations						
Kenya – Mombasa	8.0	7	7	5	5	5
Bahrain	—	—	—	—	—	53
Australia – Kurnell	25.0	29	29	27	20	20
– Lytton	25.0	25	25	25	19	15
Philippines – Batangas	50.0	38	36	36	36	35
Japan – Negishi	—	—	—	—	—	90
– Muroran	—	—	—	—	—	38
– Marifu	—	—	32	32	32	27
– Osaka	—	—	26	26	26	26
Korea – Yocheon	25.0	163	163	150	150	95
New Zealand – Whangarei	6.3	7	7	6	6	5
Singapore – Pualau Merlimau	16.7	47	47	53	53	47
South Africa – Capetown	50.0	56	56	56	56	50
Thailand – Map Ta Phut	32.0	48	48	42	42	—
Total Caltex Operations		420	476	458	445	506
Ivory Coast	3.7	2	2	1	1	1
Total Other Eastern Hemisphere		422	478	459	446	507
Worldwide		1,417	1,506	1,546	1,532	1,590
Weighted Average Crude Utilization Rate		95%	92%	95%	93%	90%

*Effective January 1, 1998 Texaco and Shell formed the joint venture Equilon Enterprises LLC, in which Texaco has a 44% interest. As a result, Texaco added interests in the Wood River, Martinez and Odessa refineries. Odessa was sold in October 1998. Prior to 1998, Texaco had a 100% interest in the Anacortes, Los Angeles, Bakersfield and El Dorado refineries. The El Dorado refinery was sold in November 1999.

Effective July 1, 1998 Texaco, Saudi Aramco and Shell formed the joint venture Motiva Enterprises LLC, in which Texaco has a 32.5% interest. As a result, Texaco added an interest in the Norco refinery. Prior to July 1, 1998 Texaco held a 50% interest in Star Enterprise refineries located at Port Arthur, Convent and Delaware City.

**During 1996, Caltex sold its interests in two Japanese refineries in Negishi and Muroran. Also, in 1996, Caltex ceded its throughput rights in the Bahrain refinery which was sold effective April 1, 1997. Excluded are those refineries in Pakistan and Thailand where Caltex has only purchase agreements. Caltex' interest in Koa Oil Company, Limited was sold effective August 26, 1999.

Refined Product Sales — By Operating Area

<i>For the years ended December 31 (Thousands of barrels a day)</i>	1999	1998	1997	1996	1995
Volumes					
Texaco Inc. and Subsidiary Companies (including interest in affiliates)					
United States					
Equilon Area	712	585	493	478	460
Motiva Area	377	377	323	316	311
Other Operations	288	241	206	242	163
	1,377	1,203	1,022	1,036	934
International					
Europe	606	571	509	496	473
Caltex	669	593	571	601	658
Latin America/West Africa	493	462	418	391	362
Other Operations	76	59	65	64	74
	1,844	1,685	1,563	1,552	1,567
Worldwide	3,221	2,888	2,585	2,588	2,501

Refined Product Sales — Other Information *

<i>For the years ended December 31, excluding interest in affiliates (Millions of dollars)</i>	1999	1998	1997	1996	1995
Revenues					
Refined Product Revenues					
United States	\$ 2,035	\$ 2,488	\$ 7,474	\$ 7,993	\$ 5,974
International	19,022	17,775	16,848	15,004	13,437
Worldwide	\$ 21,057	\$ 20,263	\$ 24,322	\$ 22,997	\$ 19,411
Refined Product Volumes (Thousands of barrels per day)					
United States	288	241	699	720	623
International	1,151	1,070	969	928	886
Worldwide	1,439	1,311	1,668	1,648	1,509
Outside Unit Sales Revenue Per Barrel					
United States					
Gasolines	\$ 26.73	\$ 22.16	\$ 32.21	\$ 32.24	\$ 28.42
Middle distillates	19.06	15.03	27.10	28.84	23.59
Avjet fuels	22.78	18.90	25.64	26.78	23.00
Residual fuel oils	13.86	10.56	15.23	16.47	14.34
International					
Gasolines	\$ 38.09	\$ 39.29	\$ 44.75	\$ 39.73	\$ 34.79
Middle distillates	27.65	27.15	32.64	32.90	27.80
Avjet fuels	26.71	23.60	31.06	32.57	27.22
Residual fuel oils	15.52	12.10	16.56	17.98	16.25

*Excludes motor fuel, value added and other taxes collected from consumers for government agencies in the United States and abroad.

Effective January 1, 1998 Texaco formed the joint venture Equilon Enterprises LLC, in which it owns a 44% interest. Accordingly, Texaco's 1998 refined product sales exclude the results of the formerly consolidated operations which were contributed to Equilon.

Branded Retail Outlets

(Units in which Texaco holds ownership interest) As of December 31	1999	1998	1997	1996	1995
United States	23,989	23,651	13,859	13,550	13,751
International					
Other Western Hemisphere					
Brazil	3,082	3,157	3,022	2,992	2,951
Colombia	299	288	298	296	270
Dominican Republic	169	164	163	159	159
Guatemala	186	200	194	181	154
Honduras	98	95	91	84	82
Panama	115	100	100	93	86
Peru	123	114	111	33	—
Puerto Rico	298	297	293	294	286
Uruguay	90	91	92	91	89
Venezuela	77	80	—	—	—
Other areas	768	684	673	596	540
Total	5,305	5,270	5,037	4,819	4,617
Eastern Hemisphere, including Europe					
Cameroun	107	110	110	115	112
Nigeria	265	311	314	360	366
United Kingdom	848	755	993	460	793
Belgium/Luxembourg	445	464	479	488	513
Denmark*	514	535	526	425	405
Greece	394	388	343	334	384
Ireland	370	338	441	423	368
Netherlands	558	507	551	555	551
Norway*	411	411	444	400	435
Caltex areas of operation	4,544	4,700	4,600	4,600	4,500
Other areas*	180	182	189	149	144
Total	8,636	8,701	8,990	8,309	8,571
Total International	13,941	13,971	14,027	13,128	13,188
Worldwide	37,930	37,622	27,886	26,678	26,939

Included above are all branded outlets either owned, leased or otherwise supplied, including affiliates. U.S. amounts since 1998 include total branded retail outlets for Equilon and Motiva.

*Includes Hydro Texaco joint venture co-branded stations in Denmark and Norway since 1995 and the Baltics since 1997.

A Brief History of Texaco

INTRODUCTION

In 1903, vision, opportunity and a little luck came together for Joe “Buckskin” Cullinan, an oilpatch veteran, and Arnold Schlaet, a New York investor. Their fledgling oil firm, The Texas Company, formed in Beaumont, Texas, just a year earlier, hit “black gold” in the nearby Sour Lake field.

What started on a \$3 million investment in 1902 grew to become Texaco Inc., a perennial Fortune 50 performer. At year-end 1999, over 18,400 employees operated in some 150 countries, our assets totaled \$29 billion, and our annual revenues were nearly \$36 billion.

In the company’s infancy, Cullinan and Schlaet moved swiftly from exploration and production to include all the activities of a vertically integrated oil company. Not long after the Sour Lake discovery, we erected our first refinery, at Port Arthur, Texas. A retail marketing network soon followed. At the refinery, the company gained its first technological advantage — a strategy we still pursue today — with a new continuous refining process that dramatically boosted gasoline yields to supply the fast-growing motoring public.

On the retail side, Texaco grew rapidly throughout the U.S. In addition, by the end of the century’s first decade, products bearing the bright red star logo had gained footholds in Europe, Latin America and Asia. In 1928, Texaco proudly proclaimed it had become the first U.S. oil company to market in all 48 states.

During the 1930s, Texaco stepped up its international expansion. It allied with Standard Oil of California, now Chevron, in several joint ventures: Aramco, Caltex Petroleum Corporation and P.T. Caltex Pacific Indonesia. Expansion resumed after World War II, as Texaco increased its myriad of activities — in exploration, production, manufacturing, transportation, research and marketing — to meet the burgeoning post-war demand.

Our growth in the ‘50s, ‘60s and ‘70s paralleled the marketing successes that derived impetus from memorable ad campaigns and the magnetism of entertainer-spokespersons Milton Berle and Bob Hope.

In the ‘80s and ‘90s, Texaco fueled its expansion through acquisitions and business combinations. We acquired Getty Oil Company in 1984. In 1998, we completed two historic U.S. downstream joint ventures. Effective January 1, 1998, Texaco and Shell Oil Company formed a western alliance, Equilon Enterprises LLC (Equilon). Effective July 1, 1998, Texaco, Shell and Saudi Refining, Inc. formed an eastern alliance, Motiva Enterprises LLC (Motiva). Prior to Motiva, our business in the eastern U.S. was carried on through Star Enterprise, our 50/50 joint venture with Saudi Refining, Inc. formed in 1988.

TEXACO TODAY

In 1999, we strengthened and diversified the long-term asset base of our company. We replaced 111% of our worldwide production, excluding purchases and sales — the seventh consecutive year in which we posted replacement numbers in excess of 100%. We also increased our worldwide gas reserves by 25%. Our overall reserve base grew by 4% to more than 4.8 billion barrels of oil equivalent (BOE), our highest level since 1984. This increased the average life of our reserves to 10.3 years, the longest reserve life we have seen in over 20 years.

We made key moves in 1999 which shifted our upstream portfolio to high-margin, high-impact projects, such as the Agbami discovery offshore Nigeria. In 1999, an appraisal well at Agbami confirmed a major discovery, and potentially one of the largest single finds in deepwater West Africa. We also acquired a 45% interest in the huge Malampaya natural gas project

in the Philippines, which we expect will add over 180 million BOE to our reserve base over its lifetime.

Our U.S. downstream activities are primarily conducted through Equilon and Motiva. The two companies have nine refineries with a combined capacity of about 1.6 million barrels per day and interests in about 30,600 miles of pipelines and distribute gasoline through about 24,000 retail outlets. In 1999, Equilon and Motiva ranked second in earnings growth against our downstream U.S. competitors, due in large part to their success in improving efficiencies and reducing costs.

Elsewhere, through our subsidiaries and affiliates, we continued to improve our marketing revenues in West Africa, Central America and the Caribbean as a result of increased high-margin sales volumes. However, our business in Brazil and other parts of Latin America was significantly impacted by economic recession and currency devaluation. In Europe, we have focused on regional markets, with our assets concentrated in the United Kingdom, Ireland and the Benelux countries. In addition, we are the number one supplier of lubricants and coolants to original equipment manufacturers in Europe. Our 50%-owned Caltex affiliate, operating in some 55 countries in Asia-Pacific, the Middle East and Africa, has focused on tight cost controls and revenue enhancements to compete more effectively in Asian countries where demand growth has been slow due to the economic downturn in the Far East and refining margins have been under constant pressure.

In 1999, we also reduced our cash expenses per barrel by 5.3%. Through an aggressive and focused effort across all our businesses, we achieved pre-tax cost savings and efficiency improvements of \$743 million — well in excess of our \$650 million target and a year ahead of schedule. We have identified other opportunities to add another \$410 million in cost savings, bringing the total to some \$1.2 billion by 2001.

LOOKING FORWARD

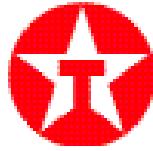
In 1999, we shifted our upstream strategy to pursue high-margin, high-impact projects rather than multiple projects with incremental potential. In this connection, we expect to divest producing properties that no longer fit this strategy. We have identified over 100,000 BOE of daily production in the U.S. and internationally which we intend to sell.

For 2000, we project our capital and exploratory spending to be about \$4.7 billion, up \$800 million from 1999 as we redirect our resources to high-impact projects that promise the greatest return on our investments, particularly in the international upstream. We will direct about \$1.5 billion of this investment to activities that will bring new, long-term sources of production. In the U.S. upstream, spending will be directed primarily toward continuing development of the deepwater Gulf of Mexico. Major international upstream projects include exploration activities in Nigeria, Angola and offshore Brazil. Development work will also continue in the Philippines, Venezuela and Kazakhstan, where we have acquired significant reserves.

Our downstream investments will focus on areas such as the Caribbean and Central America, where we have a strong market position, as well as countries such as the U.K., where we are pursuing an aggressive growth strategy. We will also place a greater emphasis on higher margin, higher return businesses such as transportation, trading and lubricants.

We will continue to invest in strategic power development opportunities that will enhance our long-term growth.

For more information on Texaco’s strategies for building value, please refer to the 1999 Texaco Annual Report or visit our Web site at www.texaco.com.



TEXACO INC.
2000 Westchester Avenue
White Plains, NY 10650
www.texaco.com

A World of Energy