UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1995 — Commission file number 1-27

T e x a c o I n c .

(Exact name of registrant as specified in its charter)

Delaware	74-1383447
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2000 Westchester Avenue White Plains, New York	10650
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (914) 253-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $6.25	New York Stock Exchange Chicago Stock Exchange The Stock Exchange, London Basle, Geneva and Zurich Exchanges Amsterdam, Antwerp and Brussels Exchanges
Rights to Purchase Series D Junior Participating Preferred Stock	New York Stock Exchange
Cumulative Adjustable Rate Monthly Income Preferred Shares, Series B*	New York Stock Exchange
6 7/8% Cumulative Guaranteed Monthly Income Preferred Shares, Series A*	New York Stock Exchange
8 1/2% Notes, due February 15, 2003**	New York Stock Exchange
8 5/8% Debentures, due June 30, 2010**	New York Stock Exchange
8.65% Notes, due January 30, 1998**	New York Stock Exchange
9% Notes, due November 15, 1996**	New York Stock Exchange
9% Notes, due November 15, 1997**	New York Stock Exchange
9% Notes, due December 15, 1999**	New York Stock Exchange
9 3/4% Debentures, due March 15, 2020**	New York Stock Exchange
Extendible Notes, due June 1, 1999 (81/2% to June 1, 1998)**	New York Stock Exchange
Extendible Notes, due March 1, 2000 (9.45% to March 1, 2000)**	New York Stock Exchange
Extendible Notes, due January 15, 2000 (8.95% to January 15, 2000)**	New York Stock Exchange

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* Issued by Texaco Capital LLC and the payments of dividends and payments on liquidation or redemption are guaranteed by Texaco Inc.

** Issued by Texaco Capital Inc. and unconditionally guaranteed by Texaco Inc.

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 and (2) has been subject to such filing requirements for the past 90 days.

The Registrant has disclosed, to the best of its knowledge, delinquent filers pursuant to Item 405 of Regulation S-K in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K.

The aggregate market value of Texaco Inc. Common Stock held by non-affiliates at the close of business on February 29, 1996, based on the New York Stock Exchange composite sales price, was approximately $21,039,000,000. The market value of Series B ESOP Convertible Preferred Stock held in the Employees Thrift Plan of Texaco Inc. at the close of business on February 29, 1996, totaled approximately $761,906,000. The market value of Series F ESOP Convertible Preferred Stock held in the Employees Savings Plan of Texaco Inc. at the close of business on February 29, 1996, totaled approximately $47,717,000.

As of February 29, 1996, there were 264,096,886 outstanding shares of Texaco Inc. Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE
(to the extent indicated herein)

	Part of Form 10-K
Texaco Inc. Annual Report to Stockholders for the year 1995................................	I, II
Proxy Statement of Texaco Inc. relating to the 1996 Annual Meeting of Stockholders..........	III

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TEXACO INC.

Items 1 and 2. Business and Properties

DEVELOPMENT AND DESCRIPTION OF BUSINESS

Texaco Inc. was incorporated in Delaware on August 26, 1926, as The Texas Corporation. Its name was changed in 1941 to The Texas Company and in 1959 to Texaco Inc. It is the successor of a corporation incorporated in Texas in 1902. As used herein and within the portions of the documents incorporated by reference, the term Texaco Inc. refers solely to Texaco Inc., a Delaware corporation. The use of such terms as "Texaco," "company," "division," "organization," "we," "us," "our" and "its," when referring either to Texaco Inc. and its consolidated subsidiaries or to subsidiaries and affiliates either individually or collectively, is for convenience only and is not intended to describe legal relationships.

Texaco Inc. and its subsidiary companies, together with affiliates owned 50% or less, represent a vertically integrated enterprise principally engaged in the worldwide exploration for and production, transportation, refining and marketing of crude oil, natural gas and petroleum products.

Research Expenditures

Worldwide expenditures of Texaco Inc. and subsidiary companies for research, development and technical support for continuing operations amounted to approximately $154 million in 1995, $175 million in 1994 and $185 million in 1993. These expenditures exclude amounts applicable to discontinued operations of approximately $14 million in 1995, $20 million in 1994 and $45 million in 1993.

Environmental Expenditures

Information regarding capital environmental expenditures of Texaco Inc. and subsidiary companies, including equity in affiliates, during 1995, and projections for 1996 and 1997, for air, water and solid waste pollution abatement, and related environmental projects and facilities, is incorporated herein by reference from page 32 of Texaco Inc.'s 1995 Annual Report to Stockholders.

Employees

The number of employees of Texaco Inc. and subsidiary companies engaged in continuing operations as of December 31, 1995 totaled 28,247. The comparable number of employees as of December 31, 1994 was 29,713.

The 1995 total excludes approximately 300 employees involved in discontinued operations supporting operations to be sold during 1996, and accordingly, these employees were also excluded from the 1994 total.

CERTAIN FACTORS WHICH MAY AFFECT BUSINESS

In recent years, a number of changes affecting the petroleum industry have occurred both in the United States and abroad. In the United States and other countries in which Texaco operates, various laws and regulations are either now in force, in standby status or under consideration, dealing with such matters as production restrictions, import and export controls, price controls, crude oil and refined product allocations, refined product specifications, environmental, health and safety regulations, retroactive and prospective tax increases, cancellation of contract rights, expropriation of property, divestiture of certain operations, foreign exchange rate changes and restrictions as to convertibility of currencies, tariffs and other international trade restrictions. The industry may also be affected by strikes and other industrial disputes.

A number of legislative proposals are currently under consideration by the U.S. Congress and various State legislatures. Although it is not possible at this time to predict the ultimate form that any such proposals might take, or the likelihood of their enactment, such legislation, if passed, could adversely affect the petroleum industry and Texaco.

In addition, operations and investments in some foreign areas are subject to political and business risks. The nature of these risks varies from country to country and from time to time. The overall effect of the foregoing on Texaco cannot be predicted with any certainty.

Industry Review of 1995

The world economy grew at a healthy 3.3% rate in 1995, led by robust growth in the developing world. The pivotal U.S. economy experienced a "soft landing," braked by the Federal Reserve's restrictive monetary measures. So too, a strong Deutsche Mark and the adoption of fiscal austerity measures led to lower-than-anticipated growth in Western Europe. Japan remained mired in its worst economic slowdown since the 1930's. In the developing world, on the other hand, economic expansion was generally robust, particularly in the Pacific Rim countries. Additionally, the economic downtrend in the former Soviet bloc appears to have bottomed out in 1995, as Eastern Europe enjoyed relatively strong Gross Domestic Product ("GDP") growth and the large Russian economy experienced only a small contraction.

The global economic expansion propelled oil demand to a new peak of 69.9 million barrels per day ("BPD") in 1995, an increase of over one million BPD from the prior year. Not since the late 1980's has consumption risen so rapidly, largely due to the expanding energy needs of the developing world. Also of importance, the significant "pull down" effect on world demand from sharply declining consumption in the former Soviet Union has ceased. In the industrialized nations, consumption grew by only 0.4 million BPD due to the adverse effects of mild winter weather in the U.S. and Western Europe, and a cool summer in Japan. In the developing world, on the other hand, demand rose strongly by one million BPD, buoyed by the growth in the Pacific Rim countries. Consumption fell by a mere 0.1 million BPD in the former Soviet bloc (including Eastern Europe) as the downward trend in Soviet demand bottomed out.

WORLD PETROLEUM DEMAND
(MILLIONS OF BARRELS A DAY)

	1995	1994	1993
INDUSTRIAL NATIONS	40.3	39.9	39.0
DEVELOPING NATIONS	23.5	22.5	21.7
FORMER SOVIET BLOC	6.1	6.2	7.0
TOTAL	69.9	68.6	67.7

During 1995, the growth in world oil demand was supplied overwhelmingly from non-OPEC sources. Overall, non-OPEC crude output averaged 36.1 million BPD, an increase of about 0.9 million BPD from year-ago levels. The North Sea led the advance, far exceeding all expectations. At the same time, supplies rose significantly from South America as production from Colombia's giant Cusiana field reached almost 0.2 million BPD by year-end.

There were also substantial gains in Angola, India, Syria and elsewhere. Yet, partially offsetting these increases, output from the former Soviet Union continued to fall, but at a much slower rate than in past years. In the United States, the decline rate also slowed, due largely to the technological advances and success in the deepwater Gulf of Mexico.

OPEC's ability to expand production was constrained by this surge in non-OPEC supplies. During 1995, OPEC crude oil production averaged 25.3 million BPD, just 0.3 million BPD above its prior-year level. OPEC crude production has nevertheless consistently exceeded the group's volumetric quota which, since late 1993, has been set at 24.5 million BPD.

Improved economic activity, robust demand growth and low oil inventories contributed to firmer crude oil prices in 1995. Overall, the spot price of U.S. benchmark West Texas Intermediate (WTI) averaged $18.43 per barrel, $1.24 per barrel higher than the previous year. Crude oil markets remained highly volatile, however. For example, spot WTI prices reached about $20.25 per barrel in the spring in response to low U.S. gasoline stocks and tight Atlantic basin crude oil supplies, but fell by about $3.00 per barrel by mid-summer due to high levels of OPEC and North Sea production. By year end, prices were again above $19.00 per barrel, due in part to the extreme cold weather in parts of the U.S. and Europe.

Refiners' margins remained depressed throughout 1995 in most regions despite the growth in world oil consumption. This reflected continued large-scale additions to refinery upgrading capacity, contributing to a persistent surplus of light product manufacturing capability. The situation was exacerbated by warm weather early in the year which resulted in a distillate inventory overhang.

Near-Term Outlook

World economic growth is projected to remain strong in 1996, sustained by robust expansion in the developing countries overall, modest increases in the industrialized nations, and some recovery in the former Soviet Union. Although GDP growth in the United States is forecast to decelerate further in 1996, Japan should gradually emerge from recession. Western Europe is expected to enjoy continued, but somewhat lower economic expansion in 1996, sustained by accommodative monetary policy. Within the developing world, expansion in Asia is expected to moderate slightly, but will still be relatively strong. The former Soviet bloc as a whole is anticipated to show positive GDP growth for the first time in six years, as the Russian economy will most likely turn around in 1996.

NEAR-TERM WORLD SUPPLY/DEMAND BALANCE
(MILLIONS OF BARRELS A DAY)

	1996	1995
DEMAND	71.5	69.9
SUPPLY		
NON-OPEC CRUDE	37.3	36.1
OPEC CRUDE	25.3	25.3
OTHER LIQUIDS	9.1	8.7
TOTAL SUPPLY	71.7	70.1
STOCK CHANGE	0.2	0.2

Worldwide economic expansion is expected to increase oil consumption to about 71.5 million BPD in 1996, a gain of 1.6 million BPD from prior-year levels. Growth in the industrialized nations should account for about 0.6 million BPD of the total. Oil demand in the developing countries should rise by another one million BPD, with most of the growth continued to be concentrated in the Pacific Rim countries. In the former Soviet Union, demand is expected to fall slightly, yet this drop should be offset by increases in Poland, Hungary and the Czech Republic.

During 1996, the rise in non-OPEC production is expected to continue, once again boosted by expanding output from the North Sea. Non-OPEC crude output is expected to rise by 1.2 million BPD to 37.3 million BPD, with half of this growth coming from combined output from Norway and the United Kingdom. Significant increases should continue in Argentina, Brazil, Angola, Australia, Malaysia, and several other non-OPEC nations. The decrease in production in the former Soviet Union is expected to be a mere 0.1 million BPD, and production may even stabilize at 1995 levels. Also, the rate of decline in the United States is expected to moderate further, with production slippage of only 0.1 million BPD.

Once again, there appears to be little extra room for significant additional volumes of OPEC oil, given the increases in non-OPEC supplies. OPEC output is thus expected to remain roughly flat at 1995's level. With some OPEC members expanding productive capacity (despite essentially flat world requirements for their oil), petroleum prices could be potentially weak and volatile. Iraqi "humanitarian" oil exports resulting from acceptance of the terms of United Nations Resolution 986 could put substantial downward pressure on oil prices, depending on the response by other OPEC producers.

Spurred by colder-than-normal weather during the last months of 1995, U.S. natural gas consumption rose sharply to about 21.5 trillion cubic feet (TCF), up 0.8 TCF from prior-year levels. While natural gas prices surged toward year end, they were generally weak during most of the year, a result of high storage levels and strong competition from nuclear and hydropower. This year, demand should continue to grow, averaging over 22 TCF.

WORLDWIDE OPERATIONS

Texaco owns, leases, or has interests in extensive production, manufacturing, marketing, transportation and other facilities throughout the world. A description of the company's worldwide operations appears on pages 5 through 24, and information regarding sales to significant affiliates and geographical financial data appear on pages 37 and 60-61, respectively, of Texaco Inc.'s 1995 Annual Report to Stockholders, applicable portions of which are incorporated herein by reference. Except as indicated under Items 1, 2, 3, 5, 6, 7, 8 and 14, no other data and information appearing in the 1995 Annual Report to Stockholders are deemed to be filed as part of this Annual Report on Form 10-K.

In 1993, Texaco announced its intention to dispose of substantially all of its worldwide chemical operations, including its lubricant additives business.

In this regard, also, in 1993, Texaco entered into a memorandum of understanding with an affiliate of the Jon M. Huntsman Group of Companies for the sale of Texaco Chemical Company and related international chemical operations. On April 21, 1994, Texaco Inc. received from Huntsman Corporation $850 million, consisting of $650 million in cash and an 11-year subordinated note with a face amount of $200 million. The note was prepaid in January 1996.

Subsequent to the above sale to Huntsman Corporation, Texaco continued its efforts to sell its worldwide lubricant additives business, which includes manufacturing facilities in Port Arthur, Texas, Ghent, Belgium, and Rio de Janeiro, Brazil, as well as sales and marketing offices in various locations in the U.S. and abroad. In late 1995, Texaco entered into an agreement to sell this business to Ethyl Corporation, a fuel and lubricant additives manufacturer. Under the terms of the purchase and sale agreement, as amended in February 1996, Ethyl agreed to purchase this business for approximately $195 million. At the February 29, 1996 closing, Texaco received approximately $135 million in cash and a three year note with a face amount of $60 million.

On March 1, 1995, Texaco completed the sale of more than 300 scattered producing fields to Apache Corporation. The sale included properties located in the Permian Basin of Texas, offshore Gulf of Mexico, onshore Louisiana, East and South Texas, the Rocky Mountains and the Mid-Continent area of the United States.

SUPPLEMENTARY EXPLORATION AND PRODUCTION INFORMATION

The following information concerns the oil and gas exploration, development and producing activities of Texaco Inc. and consolidated subsidiaries, as well as Texaco's equity in P.T. Caltex Pacific Indonesia (CPI), a 50%-owned affiliate operating in Other Eastern Hemisphere:

Estimates of Total Proved Net Oil and Gas Reserve Data Provided to Other Governmental Bodies and Availability of Oil and Gas

Information concerning estimates of total proved net oil and gas reserve data provided to other governmental bodies and availability of oil and gas is incorporated herein by reference from pages 64 to 67 of Texaco Inc.'s 1995 Annual Report to Stockholders.

Average Sales Prices and Production Costs--Per Unit

Information concerning average sales prices and production costs on a per unit basis is incorporated herein by reference from page 70 of Texaco Inc.'s 1995 Annual Report to Stockholders.

Oil and Gas Acreage

Thousands of acres	As of December 31, 1995 Gross	Net
Producing		
Texaco Inc. and Consolidated Subsidiaries		
United States	3,298	1,905
Other Western Hemisphere	488	148
Europe	146	53
Other Eastern Hemisphere	790	197
Total Texaco Inc. and Consolidated Subsidiaries	4,722	2,303
Equity in an Affiliate-Other Eastern Hemisphere	203	101
Total worldwide	4,925	2,404
Undeveloped		
Texaco Inc. and Consolidated Subsidiaries		
United States	6,469	4,893
Other Western Hemisphere	9,835	6,653
Europe	6,601	2,441
Other Eastern Hemisphere	63,834	32,010
Total Texaco Inc. and Consolidated Subsidiaries	86,739	45,997
Equity in an Affiliate-Other Eastern Hemisphere	2,243	1,121
Total worldwide	88,982	47,118
Total Oil and Gas Acreage	93,907	49,522

Number of Wells Capable of Producing*

	As of December 31, 1995 Gross	Net
Oil wells		
Texaco Inc. and Consolidated Subsidiaries		
United States	28,974	14,090
Other Western Hemisphere	1,908	215
Europe	229	56
Other Eastern Hemisphere	1,343	457
Total Texaco Inc. and Consolidated Subsidiaries	32,454	14,818
Equity in an Affiliate-Other Eastern Hemisphere	4,140	2,070
Total worldwide**	36,594	16,888
Gas wells		
Texaco Inc. and Consolidated Subsidiaries		
United States	6,069	2,624
Other Western Hemisphere	266	64
Europe	42	9
Other Eastern Hemisphere	22	6
Total Texaco Inc. and Consolidated Subsidiaries	6,399	2,703
Equity in an Affiliate-Other Eastern Hemisphere	27	14
Total worldwide**	6,426	2,717

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* 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 plugging and abandonment have been excluded from the number of wells capable of producing.

** Includes 148 gross and 52 net multiple completion oil wells and 12 gross and 10 net multiple completion gas wells.

Oil, Gas and Dry Wells Completed

	For the years ended December 31,								
	1995			1994			1993		
	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry
Net exploratory wells*									
Texaco Inc. and Consolidated Subsidiaries									
United States	12	15	14	16	23	17	24	29	29
Other Western Hemisphere	--	2	1	--	--	1	--	--	1
Europe	14	1	3	--	--	2	--	--	8
Other Eastern Hemisphere	1	--	5	2	--	11	--	1	8
Total Texaco Inc. and Consolidated Subsidiaries	27	18	23	18	23	31	24	30	46
Equity in an Affiliate									
Other Eastern Hemisphere	--	--	--	--	--	1	1	--	1
Total worldwide	27	18	23	18	23	32	25	30	47
Net development wells									
Texaco Inc. and Consolidated Subsidiaries									
United States	291	91	19	244	82	7	212	101	13
Other Western Hemisphere	8	1	--	5	5	1	8	2	2
Europe	2	1	--	7	2	--	7	1	--
Other Eastern Hemisphere	23	--	1	13	--	--	14	--	--
Total Texaco Inc. and Consolidated Subsidiaries	324	93	20	269	89	8	241	104	15
Equity in an Affiliate									
Other Eastern Hemisphere	135	--	--	98	--	--	76	--	--
Total worldwide	459	93	20	367	89	8	317	104	15

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* 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 deep exploratory areas which may require extended time periods to assess, such as the U.K. sector of the North Sea.

Additional Well Data

	Wells in the process of drilling		As of December 31, 1995 — Pressure Maintenance	
	Gross	Net	Installations in operation	Projects in the process of being installed
Texaco Inc. and Consolidated Subsidiaries				
United States	55	38	260	--
Other Western Hemisphere	--	--	13	--
Europe	32	21	13	--
Other Eastern Hemisphere	27	8	5	1
Total Texaco Inc. and Consolidated Subsidiaries	114	67	291	1
Equity in an Affiliate				
Other Eastern Hemisphere	5	2	6	--
Total worldwide	119	69	297	1

Item 3. Legal Proceedings

Litigation--Information relative to legal proceedings pending against Texaco Inc. and subsidiary companies is presented in Note 17, Contingent Liabilities, on page 60 of Texaco Inc.'s 1995 Annual Report to Stockholders, which note is incorporated herein by reference.

As of December 31, 1995, Texaco Inc. and its subsidiaries were parties to various proceedings instituted or contemplated by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment, none of which is material to the business or financial condition of the company. The following is a brief description of proceedings which, because of the amounts involved, require disclosure under applicable Securities and Exchange Commission regulations.

On June 9, 1992, an administrative complaint was served on Texaco Chemical Company ("TCC")* by the U.S. Environmental Protection Agency ("EPA"), Region VI, alleging certain violations of the State Implementation Plan at TCC's Port Neches, Texas chemical plant. The EPA is seeking civil penalties of $149,000. Texaco Inc. is contesting liability.

On December 28, 1992, an administrative complaint was served on TCC by the EPA, Region VI, alleging hazardous waste, PCB, release notification and reporting violations at TCC's Port Neches chemical plant. The EPA is seeking civil penalties of $3.8 million. Texaco Inc. is contesting liability. The EPA and the company agreed to consolidate this complaint with the above-referenced June 9, 1992 complaint, and the consolidated matter is pending before an EPA Region VI administrative law judge.

On January 21, 1994, an administrative proceeding was initiated by the Texas Natural Resource Conservation Commission ("TNRCC"), alleging violations of the Texas Solid Waste Disposal Act and the Texas Water Code at TCC's Port Neches chemical plant. The TNRCC is seeking civil penalties of $381,840 and remediation of certain areas of the chemical plant. A tentative settlement has been reached among TCC, Huntsman and the TNRCC whereby Huntsman will pay TNRCC $151,000, perform certain corrective actions and seek reimbursement for these costs from the company. The parties are awaiting final approval of the settlement's terms by the TNRCC's commissioners.

On May 23, 1994, the EPA, Region VII, instituted an administrative proceeding alleging that on 12 occasions pipelines owned by Texaco Trading and Transportation Inc. ("TTTI"), a wholly owned subsidiary of the registrant, released oil into surface waters in violation of the Federal Clean Water Act. The agency is seeking a penalty of $10,000 for each release. TTTI is contesting liability.

On June 6, 1995, the Delaware Department of Natural Resources and Environmental Control ("DNREC") informally cited Star Enterprise's Delaware City refinery for emitting nitrogen oxide in quantities exceeding the refinery's permit levels in 1993 and 1994. Star Enterprise and DNREC have agreed to settle the matter for $175,000.

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* Texaco Chemical Company was sold on April 21, 1994 to Huntsman Corporation ("Huntsman") and, by agreement, Texaco Inc. retains obligations applicable to events occurring prior to the closing date.

On December 21, 1995, the U.S. Department of Justice informed TTTI that it contemplated seeking civil penalties of $4,225,000 relating to spills along Texaco Pipeline Inc. systems in Kansas in 1991. A tolling agreement is in place while the parties discuss this matter.

In addition, Texaco Inc., on behalf of itself and its subsidiaries and affiliates, has agreed to participate in the U.S. Environmental Protection Agency's Toxic Substances Control Act ("TSCA") Section 8(e) Compliance Audit Program. There are 125 participants in this program. As a participant, Texaco has agreed to audit its files for materials which under current EPA guidelines would be subject to substantial risk notification under Section 8(e) of TSCA and to pay stipulated penalties for each such report submitted under this program. Based on its audit to date, Texaco estimates that its liability will be in excess of $100,000, but is unable to calculate the exact amount at this time. However, under this program, Texaco's liability cannot exceed $1 million in the aggregate. No administrative proceeding is pending; however, Texaco will be required to enter an Administrative Order On Consent pursuant to this program.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Executive Officers of Texaco Inc.

The executive and other elected officers of Texaco Inc. as of March 28, 1996 are:

Name	Age	Position
Alfred C. DeCrane, Jr...........	64	Chairman of the Board and Chief Executive Officer
Peter I. Bijur..................	53	Vice Chairman
Allen J. Krowe..................	63	Vice Chairman
C. Robert Black.................	60	Senior Vice President
William C. Bousquette...........	59	Senior Vice President and Chief Financial Officer
James L. Dunlap.................	58	Senior Vice President
William K. Tell, Jr.............	62	Senior Vice President
Glenn F. Tilton.................	47	Senior Vice President
Stephen M. Turner...............	57	Senior Vice President and General Counsel
John D. Ambler..................	61	Vice President
Clarence P. Cazalot, Jr.........	45	Vice President
Eugene G. Celentano.............	57	Vice President
David C. Crikelair..............	48	Vice President
Carl B. Davidson................	62	Vice President and Secretary
William P. Doyle................	64	Vice President
Patrick J. Lynch................	58	Vice President
Thomas M. Matthews..............	52	Vice President
Elizabeth P. Smith..............	46	Vice President
Robert A. Solberg...............	50	Vice President
Michael N. Ambler...............	59	General Tax Counsel
James F. Link...................	51	Treasurer
Robert C. Oelkers...............	51	Comptroller

For more than five years, each of the officers of Texaco Inc. listed above, except for Mr. William C. Bousquette, has been actively engaged in the business of Texaco Inc. or one of its subsidiary or affiliated companies.

Mr. Bousquette joined Texaco in January 1995 as Senior Vice President and Chief Financial Officer. Prior to joining Texaco, Mr. Bousquette was Executive Vice President and Chief Financial Officer of Tandy Corporation. Mr. Bousquette joined Tandy in 1990 as Chief Financial Officer.

On January 29, 1996, Texaco announced that Mr. Alfred C. DeCrane, Jr., will retire as Chairman of the Board of Directors and Chief Executive Officer of the company on July 1, 1996. The Board also announced that it had elected Mr. Peter I. Bijur a Director and Vice Chairman of Texaco Inc. and that he will become Chairman of the Board and Chief Executive Officer effective with Mr. DeCrane's retirement.

Effective April 1, 1996, Mr. Richard F. Brenner will join the company as President of the company's Human Resources Division and as a Texaco Inc. Vice President. Mr. Brenner currently is Vice President, Global Human Resources for AT&T/NCR, a computer subsidiary of AT&T. Mr. Brenner succeeds Mr. John D. Ambler, who has elected to take early retirement after more than 40 years of service.

Dr. William P. Doyle has elected to retire from the company, effective July 1, 1996, after more than 36 years of service.

There is no family relationship among any of the officers of Texaco Inc.

PART II

The following information, contained in Texaco Inc.'s 1995 Annual Report to Stockholders, is incorporated herein by reference. The page references indicated are to the actual and complete paper document version of Texaco Inc.'s 1995 Annual Report to Stockholders, as provided to stockholders:

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	Selected Quarterly Financial Data	72
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not applicable.

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(a) Only the data and information provided under the caption "Common Stock Market and Dividend Information" is deemed to be filed as part of this Annual Report on Form 10-K.

PART III

The following information, contained in Texaco Inc.'s Proxy Statement dated March 28, 1996, relating to the 1996 Annual Meeting of Stockholders, is incorporated herein by reference. Except as indicated under Items 10, 11, 12 and 13, no other data and information appearing in the Proxy Statement dated March 28, 1996 are deemed to be filed as part of this Annual Report on Form 10-K. The page references indicated are to the actual and complete paper document version of Texaco Inc.'s 1996 Proxy Statement, as provided to stockholders:

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PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

The following information, contained in Texaco Inc.'s 1995 Annual Report to Stockholders, is incorporated herein by reference. The page references indicated are to the actual and complete paper document version of Texaco Inc.'s 1995 Annual Report to Stockholders, as provided to stockholders:

(a) The following documents are filed as part of this report:

	1995 Annual Report To Stockholders Page Reference
1. Financial Statements (incorporated by reference from the indicated pages of Texaco Inc.'s 1995 Annual Report to Stockholders):	
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2. Financial Statement Schedules

Caltex Group of Companies Combined Financial Statements, the investments in which are accounted for on the equity method and are filed as part of this report.

Financial statements and schedules of certain affiliated companies have been omitted in accordance with the provisions of Rule 3.09 of Regulation S-X.

Financial Statement Schedules are omitted as permitted under Rule 4.03 and Rule 5.04 of Regulation S-X.

3. Exhibits

--	(3.1)	Copy of Restated Certificate of Incorporation of Texaco Inc., as amended to and including November 9, 1994, including Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock, Series D Junior Participating Preferred Stock, Series F ESOP Convertible Preferred Stock and Series G, H, I and J Market Auction Preferred Shares, filed as Exhibit 3.1 to Texaco Inc.'s Annual Report on Form 10-K for 1994 dated March 27, 1995, incorporated by reference, SEC File No. 1-27.
--	(3.2)	Copy of By-Laws of Texaco Inc., as amended to and including February 26, 1993, filed as Exhibit 3.2 to Texaco Inc.'s Annual Report on Form 10-K for 1994 dated March 27, 1995, incorporated by reference, SEC File No. 1-27.
--	(4)	Instruments defining the rights of holders of long-term debt of Texaco Inc. and its subsidiary companies are not being filed, since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Texaco Inc. and its subsidiary companies on a consolidated basis. Texaco Inc. agrees to furnish a copy of any instrument to the Securities and Exchange Commission upon request.
--	(10(iii)(a))	Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages A-1 through A-8 of Texaco Inc.'s proxy statement dated April 5, 1993, SEC File No. 1-27.
--	(10(iii)(b))	Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages IV-1 through IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989 and to Exhibit A of Texaco Inc.'s proxy statement dated March 29, 1991, SEC File No. 1-27.

--	(10(iii)(c))	Texaco Inc.'s Incentive Bonus Plan, incorporated by reference to page IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989, SEC File No. 1-27.
--	(10(iii)(d))	Description of Texaco Inc.'s Supplemental Pension Benefits Plan, incorporated by reference to pages 8 and 9 of Texaco Inc.'s proxy statement dated March 17, 1981, SEC File No. 1-27.
--	(10(iii)(e))	Description of Texaco Inc.'s Revised Supplemental Pension Benefits Plan, incorporated by reference to pages 24 through 27 of Texaco Inc.'s proxy statement dated March 9, 1978, SEC File No. 1-27.
--	(10(iii)(f))	Description of Texaco Inc.'s Revised Incentive Compensation Plan, incorporated by reference to pages 10 and 11 of Texaco Inc.'s proxy statement dated March 13, 1969, SEC File No. 1-27.
--	(11)	Computation of Earnings Per Share of Common Stock of Texaco Inc. and Subsidiary Companies.
--	(12.1)	Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.
--	(12.2)	Definitions of Selected Financial Ratios.
--	(13)	Copy of those portions of Texaco Inc.'s 1995 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.
--	(21)	Listing of significant Texaco Inc. subsidiary companies and the name of the state or other jurisdiction in which each subsidiary was organized.
--	(23)	Consent of Arthur Andersen LLP.
--	(24)	Powers of Attorney for the Directors and certain Officers of Texaco Inc. authorizing, among other things, the signing of Texaco Inc.'s Annual Report on Form 10-K on their behalf.
--	(27)	Financial Data Schedule.

(b) -- Reports on Form 8-K.

During the fourth quarter of 1995, Texaco Inc. filed Current Reports on Form 8-K relating to the following events:

1. October 3, 1995 (date of earliest event reported: October 2, 1995)
   Item 5. Other Events - reported that Texaco will record a third quarter 1995 after-tax charge of approximately $55 million for the cost of additional employee separations. Further, reported that the third quarter 1995 results will also include a $27 million gain from the sale of Texaco's interest in Pekin Energy Company and tax benefits of some $45 million realized through the sale of an interest in a subsidiary. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco to Record Third Quarter Charge For Ongoing Overhead Reduction Initiative" dated October 2, 1995.
2. October 23, 1995 (date of earliest event reported: October 23, 1995)
   Item 5. Other Events--reported that Texaco issued an Earnings Press Release for the third quarter and first nine months of 1995. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco Reports Results for the Third Quarter and Nine Months 1995" dated October 23, 1995.
3. October 30, 1995 (date of earliest event reported: October 27, 1995)
   Item 5. Other Events--reported that the Board of Directors approved the repurchase of up to $500 million of Texaco Inc. common stock through open market or privately negotiated transactions. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco Inc. Announces Stock Repurchase Program" dated October 27, 1995.
4. December 7, 1995 (date of earliest event reported: December 6, 1995)
   Item 5. Other Events--reported that its 50 percent owned affiliate, Caltex Petroleum Corporation ("Caltex"), had signed a letter of intent to sell its 50 percent interest in Nippon Petroleum Refining Company to Caltex' partner, Nippon Oil Company for approximately $2 billion. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Caltex to Sell Its 50 Percent Stake in Nippon Petroleum Refining Company" dated December 6, 1995.
5. December 11, 1995 (date of earliest event reported: December 8, 1995)
   Item 5. Other Events--reported that it will adopt Statement of Financial Accounting Standards (SFAS) 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" during the fourth quarter of 1995. Texaco appended as an exhibit thereto a copy of the press release entitled "Texaco to Adopt Required Accounting Change in Fourth Quarter of 1995" dated December 8, 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the Town of Harrison, State of New York, on the 28th day of March, 1996.

TEXACO INC.
(Registrant)

CARL B. DAVIDSON
By ....
(CARL B. DAVIDSON)
Vice President and Secretary

Attest:

R. E. KOCH
By ....
(R. E. KOCH)
Assistant Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

ALFRED C. DECRANE, JR.........Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

WILLIAM C. BOUSQUETTE.........Senior Vice President and Chief Financial Officer (Principal Financial Officer)

ROBERT C. OELKERS.............Comptroller (Principal Accounting Officer)

Directors:

ROBERT A. BECK	ALLEN J. KROWE
PETER I. BIJUR	THOMAS S. MURPHY
JOHN BRADEMAS	CHARLES H. PRICE, II
WILLARD C. BUTCHER	ROBIN B. SMITH
EDMUND M. CARPENTER	WILLIAM C. STEERE, JR.
ALFRED C. DECRANE, JR.	THOMAS A. VANDERSLICE
MICHAEL C. HAWLEY	WILLIAM WRIGLEY
FRANKLYN G. JENIFER	

R. E. KOCH
By ....
(R. E. KOCH)
Attorney-in-fact for the above-named officers and directors

March 28, 1996

INDEX TO EXHIBITS

The exhibits designated by an asterisk are incorporated herein by reference to documents previously filed by Texaco Inc. with the Securities and Exchange Commission, SEC File No. 1-27.

Exhibits

(3.1)	Copy of Restated Certificate of Incorporation of Texaco Inc., as amended to and including November 9, 1994, including Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock, Series D Junior Participating Preferred Stock, Series F ESOP Convertible Preferred Stock and Series G, H, I and J Market Auction Preferred Shares, incorporated by reference to Texaco Inc.'s Annual Report on Form 10-K for 1994 dated March 27, 1995.	*
(3.2)	Copy of By-Laws of Texaco Inc., as amended to and including February 26, 1993, incorporated by reference to Texaco Inc.'s Annual Report on Form 10-K for 1994 dated March 27, 1995.	*
(10(iii)(a))	Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages A-1 through A-8 of Texaco Inc.'s proxy statement dated April 5, 1993.	*
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(11)	Computation of Earnings Per Share of Common Stock of Texaco Inc. and Subsidiary Companies.	
(12.1)	Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.	

(12.2) Definitions of Selected Financial Ratios.

(13) Copy of those portions of Texaco Inc.'s 1995 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.

(21) Listing of significant Texaco Inc. subsidiary companies and the name of the state or other jurisdiction in which each subsidiary was organized.

(23) Consent of Arthur Andersen LLP.

(24) Powers of Attorney for the Directors and certain Officers of Texaco Inc. authorizing, among other things, the signing of Texaco Inc.'s Annual Report on Form 10-K on their behalf.

(27) Financial Data Schedule.

CALTEX GROUP OF COMPANIES
COMBINED FINANCIAL STATEMENTS

December 31, 1995

CALTEX GROUP OF COMPANIES
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 1995

INDEX

Note: Financial statement schedules are omitted as permitted by Rule 4.03 and Rule 5.04 of Regulation S-X.

CALTEX GROUP OF COMPANIES
GENERAL INFORMATION

The Caltex Group of Companies (Group) is jointly owned 50% each by Chevron Corporation and Texaco Inc. The private joint venture was created in Bahrain in 1936 by its two owners to produce, transport, refine and market crude oil and refined products. The Group is comprised of the following companies:

- Caltex Petroleum Corporation, a company incorporated in Delaware, that through its many subsidiaries and affiliates, conducts refining, marketing and transporting activities in the Eastern Hemisphere;

- P. T. Caltex Pacific Indonesia, an exploration and production company incorporated and operating in Indonesia;

- American Overseas Petroleum Limited, a company incorporated in the Bahamas, that, through its subsidiary, provides services for and manages certain exploration and production operations in Indonesia in which Chevron and Texaco have interests, but not necessarily jointly or in the same properties.

A brief description of each company's operations and the Group's environmental activities follows:

Caltex Petroleum Corporation (Caltex)

Through its subsidiaries and affiliates, Caltex operates in approximately 60 countries with some of the highest economic and petroleum growth rates in the world, principally in Africa, Asia, the Middle East, New Zealand and Australia. Certain refining and marketing operations are conducted through joint ventures, with equity interests in 15 refineries in 11 countries. Caltex' share of refinery inputs approximated 903,000 barrels per day in 1995. Caltex continues to improve its refineries with investments designed to provide higher yields and meet environmental regulations. Construction of a new 130,000 barrels per day refinery in Thailand is progressing with completion anticipated in 1996. At year end 1995, Caltex had over 7,000 employees, of which about 3% were located in the United States.

With a strong presence in its principal operating areas, Caltex has an average market share of 17.9% with refined product sales of approximately 1.3 million barrels per day in 1995. Caltex built 97 new branded retail outlets during 1995 and refurbished 85 existing locations in its aim to upgrade its retail distribution network.

Caltex conducts international crude oil and refined product logistics and trading operations from a subsidiary in Singapore. The company has an interest in a fleet of vessels and owns or has equity interests in numerous pipelines, terminals and depots. Caltex is also active in the petrochemical business, particularly in Japan and South Korea.

P. T. Caltex Pacific Indonesia (CPI)

CPI holds a Production Sharing Contract in Central Sumatra for which the Indonesian government granted an extension to the year 2021 during 1992. CPI also acts as operator for four other petroleum contract areas in Sumatra, which are jointly held by Chevron and Texaco. Exploration is pursued through an area comprising 2.446 million acres with production established in the giant Minas and Duri fields, along with 72 smaller fields. Gross production from fields operated by CPI for 1995 was over 753,000 barrels per day. CPI entitlements are sold to its shareholders, who use it in their systems or sell it to third parties. At year end 1995, CPI had about 6,300 employees, all located in Indonesia.

American Overseas Petroleum Limited (AOPL)

In addition to providing services to CPI, AOPL, through its subsidiary Amoseas Indonesia Inc., manages selective contract areas for Texaco's and Chevron's undivided interests in Indonesia, excluding Sumatra. One of the contract areas is dedicated to geothermal reserves. Geothermal proved reserves in Darajat, West Java, are able to supply a 100 megawatt power generating plant for over 30 years. Production of steam generation during 1995 was 368,219,927 KWH, with 55 megawatts being sold under a 30 year energy contract and 70 megawatts of electrical power generation being developed for sale. A joint operating agreement is being developed with a new Indonesian partner to carry out geothermal business interests. At year end, AOPL had about 275 employees, of which about 6% were located in the United States.

Environmental Activities

The Group's activities are subject to environmental, health and safety regulations in each of the countries in which it operates. Such regulations vary significantly in degree of scope, standards and enforcement. The Group's policy is to comply with all applicable environmental, health and safety laws and regulations. The Group has an active program to ensure its environmental standards are maintained, which includes closely monitoring applicable statutory and regulatory requirements, as well as enforcement policies in each of the countries in which it operates, and conducting periodic environmental compliance audits. At December 31, 1995, the Group had accrued $21 million for various remediation activities. The environmental guidelines and definitions promulgated by the American Petroleum Institute provide the basis for reporting the Group's expenditures. For the year ended December 31, 1995, the Group, including its equity share of nonsubsidiary companies, incurred capital costs of $206 million and nonremediation related operating expenses of $139 million. The major component of the Group's expenditures is for the prevention of air pollution. In addition, as of December 31, 1995, reserves relative to the future cost of restoring and abandoning existing oil and gas properties were $48 million. Based upon existing statutory and regulatory requirements, investment and operating plans and known exposures, the Group believes environmental expenditures will not materially affect its liquidity, financial position or results of operations.

KPMG Peat Marwick LLP

Certified Public Accountants

200 Crescent Court   Telephone 214 754 2000   Telefax 214 754 2297
Suite 300
Dallas, TX 75201-1885

Independent Auditors' Report

To the Stockholders
The Caltex Group of Companies:

We have audited the accompanying combined balance sheets of the Caltex Group of Companies as of December 31, 1995 and 1994, and the related combined statements of income, retained earnings, and cash flows for each of the years in the three-year period ended December 31, 1995. These combined financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Caltex Group of Companies as of December 31, 1995 and 1994 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the combined financial statements, effective January 1, 1994, the Group adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

/s/ KPMG Peat Marwick LLP
KPMG Peat Marwick LLP

Dallas, Texas
February 12, 1996

Member Firm of
Klvnveld Peat Marwick Goerdeler

CALTEX GROUP OF COMPANIES
COMBINED BALANCE SHEET - DECEMBER 31, 1995 AND 1994
(MILLIONS OF DOLLARS)

ASSETS

	1995	1994
CURRENT ASSETS:		
Cash and cash equivalents (including time deposits of $60 in 1995 and $136 in 1994)	$ 166	$ 251
Notes and accounts receivable, less allowance for doubtful accounts of $11 in 1995 and $14 in 1994:		
Trade	1,002	1,107
Other	238	187
Nonsubsidiary companies	210	88
	1,450	1,382
Inventories:		
Crude oil	130	132
Refined products	516	573
Materials and supplies	61	73
	707	778
Other	-	10
Total current assets	2,323	2,421
INVESTMENTS AND ADVANCES:		
Nonsubsidiary companies at equity	3,163	2,370
Miscellaneous investments and long-term receivables, less allowance of $8 in 1995 and 1994	207	198
	3,370	2,568
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Producing	3,485	3,284
Refining	1,468	1,787
Marketing	2,160	2,552
Other	9	154
	7,122	7,777
Less: Accumulated depreciation, depletion and amortization	2,868	3,165
	4,254	4,612
PREPAID AND DEFERRED CHARGES	170	209
Total assets	$10,117	$9,810

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED BALANCE SHEET - DECEMBER 31, 1995 AND 1994
(MILLIONS OF DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY

	1995	1994
CURRENT LIABILITIES:		
Notes payable to banks and other financial institutions	$ 1,576	$1,229
Long-term debt due within one year	89	157
Accounts payable:		
Trade and other	1,195	1,240
Stockholder companies	90	77
Nonsubsidiary companies	74	123
	1,359	1,440
Accrued liabilities	97	113
Estimated income taxes	102	133
Total current liabilities	3,223	3,072
LONG-TERM DEBT	628	715
ACCRUED LIABILITY FOR EMPLOYEE BENEFITS	98	113
DEFERRED CREDITS AND OTHER NON-CURRENT LIABILITIES	864	789
DEFERRED INCOME TAXES	209	236
MINORITY INTEREST IN SUBSIDIARY COMPANIES	136	152
STOCKHOLDERS' EQUITY:		
Common stock	355	355
Additional paid-in capital	2	2
Retained earnings	4,187	3,898
Currency translation adjustment	350	399
Unrealized holding gain on investments	65	79
Total stockholders' equity	4,959	4,733
COMMITMENTS AND CONTINGENT LIABILITIES	--	--
Total liabilities and stockholders' equity	$10,117	$9,810

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(MILLIONS OF DOLLARS)

	1995	1994	1993
SALES AND OTHER OPERATING REVENUES(1)	$15,067	$14,751	$15,409
OPERATING CHARGES:			
Cost of sales and operating expenses(2)	13,045	12,801	13,431
Selling, general and administrative expenses	620	568	496
Depreciation, depletion and amortization	361	331	295
Maintenance and repairs	104	160	170
	14,130	13,860	14,392
Operating income	937	891	1,017
OTHER INCOME (DEDUCTIONS):			
Equity in net income of nonsubsidiary companies	425	263	140
Dividends, interest and other income	130	134	99
Foreign exchange, net	37	(73)	23
Interest expense	(159)	(101)	(93)
Minority interest in subsidiary companies	(4)	(3)	(8)
	429	220	161
Income before provision for income taxes	1,366	1,111	1,178
PROVISION FOR INCOME TAXES:			
Current	449	467	433
Deferred	18	(45)	25
Total provision for income taxes	467	422	458
Net income	$899	$689	$720
(1) Includes sales to:			
Stockholder companies	$1,376	$1,250	$ 943
Nonsubsidiary companies	$1,524	$1,044	$ 944
(2) Includes purchases from:			
Stockholder companies	$1,834	$1,662	$2,410
Nonsubsidiary companies	$1,638	$1,587	$1,356

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(MILLIONS OF DOLLARS)

	1995	1994	1993
Balance at beginning of year	$3,898	$3,688	$3,310
Net income	899	689	720
Cash dividends	(610)	(479)	(342)
Balance at end of year	$4,187	$3,898	$3,688

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(MILLIONS OF DOLLARS)

	1995	1994	1993
OPERATING ACTIVITIES:			
Net income	$899	$689	$720
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	361	331	295
Dividends from nonsubsidiary companies, less than equity in net income	(349)	(220)	(103)
Net gains/losses on asset sales	11	(17)	(4)
Deferred income taxes	18	(45)	25
Prepaid charges and deferred credits	69	115	(41)
Changes in operating working capital	(27)	58	31
Other	66	77	10
Net cash provided by operating activities	1,048	988	933
INVESTING ACTIVITIES:			
Capital expenditures	(663)	(837)	(763)
Investments in and advances to nonsubsidiary companies	(150)	(131)	(149)
Net purchases/sales of investment instruments	(7)	14	(21)
Proceeds from asset sales	46	37	73
Net cash used in investing activities	(774)	(917)	(860)
FINANCING ACTIVITIES:			
Proceeds from borrowings having original terms in excess of three months	1,063	1,257	745
Repayments of borrowings having original terms in excess of three months	(1,093)	(880)	(704)
Net increase in other borrowings	275	135	140
Dividends paid, including minority interest	(617)	(482)	(342)
Net cash provided by (used in) financing activities	(372)	30	(161)
Effect of exchange rate changes on cash and cash equivalents	13	(16)	15
Net change in cash and cash equivalents	(85)	85	(73)
Cash and cash equivalents at beginning of year	251	166	239
Cash and cash equivalents at end of year	$166	$251	$166

See accompanying Notes to Combined Financial Statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Caltex Group of Companies (Group) include the accounts of Caltex Petroleum Corporation and subsidiaries, American Overseas Petroleum Limited and subsidiary and P.T. Caltex Pacific Indonesia after the elimination of intercompany balances and transactions. Subsidiaries include companies owned directly or indirectly more than 50 percent except cases in which control does not rest with the Group.

A subsidiary of Chevron Corporation and two subsidiaries of Texaco Inc. (stockholders) each own 50% of the outstanding common shares of the Group companies. The Group is primarily engaged in exploring, producing, refining and marketing crude oil and refined products in the Eastern Hemisphere. The Group employs accounting policies that are in accordance with generally accepted accounting principles in the United States.

Translation of Foreign Currencies

The U.S. dollar is the functional currency for all principal subsidiary operations. Nonsubsidiary companies in Japan and Korea use the local currency as the functional currency.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Group believes that the effects of any such changes in the near term would not have a material impact on the financial statements.

Inventories

Crude oil and refined product inventories are stated at the lower of cost (primarily determined on the last-in, first-out (LIFO) method) or current market value. Costs include applicable purchase and refining costs, duties, import taxes, freight, etc. Materials and supplies are valued at average cost.

Investments and Advances

Investments in and advances to nonsubsidiary companies in which 20% to 50% of the voting stock is owned by the Group, or in which the Group has the ability to exercise significant influence, are accounted for by the equity method. Under this method, the Group's equity in the earnings or losses of these companies is included in current results, and the related investments reflect the equity in the book value of underlying net assets. Investments in other nonsubsidiary companies are carried at cost and related dividends are reported as income.

Property, Plant and Equipment

Exploration and production activities are accounted for under the "successful efforts" method. Depreciation, depletion and amortization expenses for capitalized costs relating to the producing area, including intangible development costs, are computed using the unit-of-production method.

(1) Summary of Significant Accounting Policies - Continued

All other assets are depreciated by class on a uniform straight-line basis. Depreciation rates are based upon the estimated useful life of each class of property.

Maintenance and repairs necessary to maintain facilities in operating condition are charged to income as incurred. Additions and betterments that materially extend the life of properties are capitalized. Upon disposal of properties, any net gain or loss is included in other income.

Derivative Financial Instruments

Gains and losses on hedges of existing assets or liabilities are included in the carrying amounts of those assets and liabilities and are ultimately recognized in income as part of those carrying amounts. Gains and losses related to qualifying hedges of firm commitments or anticipated transactions also are deferred and are recognized in income or as adjustments of carrying amounts when the underlying hedged transaction occurs. If, subsequent to being hedged, underlying transactions are no longer likely to occur, the related derivatives' gains and losses are recognized currently in income.

Environmental Matters

Compliance with environmental regulations is determined in consideration of the existing laws in each of the countries in which the Group operates and the Group's own internal standards. The Group capitalizes expenditures that create future benefits or contribute to future revenue generation. Remediation costs are accrued based on estimates of known environmental exposure even if uncertainties exist about the ultimate cost of the remediation. Such accruals are based on the best available nondiscounted estimated costs using data developed by third party experts. Costs of environmental compliance for past and ongoing operations, including maintenance and monitoring, are expensed as incurred. Recoveries from third parties are recorded as assets when realizable.

Reclassifications

Certain amounts have been reclassified for preceding periods to conform with the current year's presentation.

(2) Changes In Accounting Principles

The Group adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities" effective January 1, 1994. SFAS No. 115 requires that investments in equity securities that have readily determinable fair values and all investments in debt securities be classified into three categories based on management's intent. Such investments are to be reported at fair value except for debt securities intended to be held to maturity which are to be reported at amortized cost. Previously, all such investments were accounted for at amortized cost. The cumulative effect of this change at January 1, 1994 was an increase in stockholders' equity of $70 million, after related taxes, representing unrealized net gains applicable to securities categorized as available-for-sale under the new standard. Such securities are primarily held by nonsubsidiary companies accounted for by the equity method.

Effective October 1, 1995, the Group adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 121 establishes guidelines for recognizing and measuring impairment of long-lived assets. Adoption of this standard did not impact the combined financial statements of the Group.

(3) Inventories

The excess of current cost over the stated value of inventory maintained on the LIFO basis was approximately $52 million and $56 million at December 31, 1995 and 1994, respectively.

During 1995, 1994 and 1993, inventory quantities maintained on the LIFO basis were reduced at certain locations. The inventory reductions, net of market valuation adjustments, resulted in a decrease in the earnings of consolidated subsidiaries and nonsubsidiary companies at equity of approximately $1 million and $8 million in 1995 and 1994, respectively, and an increase of $1 million in 1993.

Charges of $104 million reduced income in 1993 to reflect a market value of certain inventories lower than their LIFO carrying value. Earnings of $25 million and $30 million, net of inventory reduction effects, were recorded in 1995 and 1994, respectively, to reflect a partial recovery of prior year charges.

(4) Nonsubsidiary Companies at Equity

Investments in and advances to nonsubsidiary companies at equity at December 31 include the following (in millions):

	Equity Share	1995	1994
Nippon Petroleum Refining Company, Limited	50%	$1,132	$997
Koa Oil Company, Limited	50%	427	448
Honam Oil Refinery Company, Limited	50%	762	557
Australian Petroleum Pty. Limited	50%	412	-
Star Petroleum Refining Company, Ltd.	64%	327	266
All other	Various	103	102
		$3,163	$2,370

Effective May 1995, Caltex Australia Limited (CAL), a subsidiary of the Group, combined its petroleum refining and marketing operations with those of Ampol Limited, a competitor, to form Australian Petroleum Pty. Limited (APPL) which owns and manages the combined refining and marketing operations. CAL contributed net assets with a carrying value of $419 million for its 50% equity interest in APPL. CAL's petroleum refining and marketing net assets were contributed at their historical basis, and no gain or loss was recognized on the transaction. The carrying value of CAL's investment in APPL exceeds its proportionate share of APPL's net equity. The excess will be amortized over a period of 20 years.

The remaining interest in Star Petroleum Refining Company, Ltd. (SPRC) is owned by a Thailand governmental entity. Due to provisions in the SPRC shareholder agreement, control over SPRC does not rest with the Group. In addition, the Group's degree of ownership is temporary. The SPRC construction and operation agreement between the government's Ministry of Industry and the Group stipulates that the Group must reduce its interest in SPRC to a minority share by the year 2000.

(4) Nonsubsidiary Companies at Equity - Continued

Shown below is summarized combined financial information for these nonsubsidiary companies (in millions):

	100%		Equity Share	
	1995	1994	1995	1994
Current assets	$7,125	$5,352	$3,556	$2,651
Other assets	10,415	7,821	5,368	3,858
Current liabilities	5,608	4,940	2,804	2,363
Other liabilities	5,865	3,504	3,039	1,776
Net worth	6,067	4,729	3,081	2,370

	100%			Equity Share		
	1995	1994	1993	1995	1994	1993
Operating revenues	$15,396	$10,886	$10,679	$7,674	$5,418	$5,304
Operating income	955	770	494	472	381	242
Net income	859	526	281	425	263	140

During 1995, a nonsubsidiary company of the Group sold certain property required by a local government. The nonsubsidiary was compensated for the value of the property transferred and the cost of replacing operating assets affected by the transfer. While the compensation is to be fully utilized in the reconstruction program over a five year period, the excess of the compensation over the net book value of the property and the dismantled operating assets was recognized in 1995 earnings by the nonsubsidiary. The Group's after-tax equity share of the gain was $171.5 million.

Retained earnings at December 31, 1995 and 1994, includes $1.7 billion and $1.4 billion, respectively, representing the Group's share of undistributed earnings of nonsubsidiary companies at equity.

Cash dividends received from these nonsubsidiary companies were $76 million, $43 million, and $37 million in 1995, 1994, and 1993, respectively.

Sales to the other 50 percent owner of Nippon Petroleum Refining Company, Limited of products refined by Nippon Petroleum Refining Company, Limited and Koa Oil Company, Limited were approximately $2.1 billion, $2 billion, and $1.9 billion in 1995, 1994, and 1993, respectively.

On December 6, 1995, the Group signed a memorandum of understanding with Nippon Oil Company, Limited (NOC) to sell the Group's interest in Nippon Petroleum Refining Company, Limited. Subsequently, on January 30, 1996, the Group signed binding agreements for the sale and scheduled the closing for April 1, 1996. The agreed proceeds are 200 billion yen (approximately $2 billion) and the impact on the Group's earnings in 1996 is currently estimated to be a net after-tax gain of approximately $650 million, inclusive of the impact of a forward exchange contract hedge.

(5) Notes Payable

Short-term financing consists primarily of demand loans, promissory notes, acceptance credits and overdrafts. The weighted average interest rates on short-term financing at December 31, 1995, and 1994 were 7.0% and 6.8%, respectively.

Unutilized lines of credit available for short-term financing totaled $844 million at December 31, 1995.

(6) Long-Term Debt

Long-term debt, with related interest rates at December 31, 1995, consist of the following (in millions):

	1995	1994
U.S. dollars:		
Variable interest rate term loans	$243	$233
Fixed interest rate term loans with 6.7% average rate	58	206
Australian dollars:		
Variable interest rate term loan	50	-
Promissory notes payable with 7.6% average rate	19	81
Fixed interest rate loans with 11.2% rate due 2001-2002	230	132
Other	-	38
New Zealand dollars:		
Variable interest rate term loans	13	16
Other	15	9
	$628	$715

At December 31, 1995 and 1994, $19 million and $124 million, respectively, of short-term borrowings were classified as long-term debt. Settlement of these obligations is not expected to require the use of working capital in 1996, as the Group has both the intent and ability to refinance this debt on a long-term basis. At December 31, 1995 and 1994, $19 million and $170 million, respectively, of long-term committed credit facilities were available with major banks to support notes payable classified as long-term debt.

Aggregate maturities of long-term debt for the next five years are as follows (in millions): 1996 - $89 (included on the combined balance sheet as a current liability and excluding short-term borrowings classified as long-term debt); 1997 - $56; 1998 - $70; 1999 - $95; 2000 - $97; 2001 and thereafter - $310.

(7) Employee Benefits

The Group has retirement plans covering substantially all eligible employees. Generally, these plans provide defined benefits based on final or final average pay, as defined. The benefit levels, vesting terms and funding practices vary among plans.

The funded status of retirement plans, primarily foreign and inclusive of nonsubsidiary companies at equity, at December 31 follows (in millions):

Funding Status	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
	1995	1994	1995	1994
Actuarial present value of:				
Vested benefit obligation	$186	$224	$215	$194
Accumulated benefit obligation	208	248	251	229
Projected benefit obligation	362	408	308	308
Amount of assets available for benefits:				
Funded assets at fair value	$341	$385	$123	$109
Net pension (asset) liability recorded	(23)	(22)	146	149
Total assets	$318	$363	$269	$258
Assets less than projected benefit obligation	$(44)	$(45)	$(39)	$(50)
Consisting of:				
Unrecognized transition net assets (liabilities)	13	21	(5)	(7)
Unrecognized net losses	(38)	(39)	(30)	(40)
Unrecognized prior service costs	(19)	(27)	(4)	(3)
Weighted average rate assumptions:				
Discount rate	10.5%	10.5%	5.1%	6.3%
Rate of increase in compensation	8.2%	7.9%	3.1%	4.4%
Expected return on plan assets	10.1%	10.8%	4.5%	5.5%

Components of Pension Expense	1995	1994	1993
Cost of benefits earned during the year	$32	$27	$27
Interest cost on projected benefit obligation	55	55	58
Actual return on plan assets	(47)	(23)	(59)
Net amortization and deferral	12	(16)	16
Total	$52	$43	$42

(8) Operating Leases

The Group has various operating leases involving service stations, equipment and other facilities for which net rental expense was $91 million, $121 million, and $110 million in 1995, 1994, and 1993, respectively.

Future net minimum rental commitments under operating leases having non-cancelable terms in excess of one year are as follows (in millions): 1996 - $35; 1997 - $37; 1998 - $38; 1999 - $40; 2000 - $41; 2001 and thereafter - $73.

(9) Commitments and Contingencies

On January 25, 1990, Caltex Petroleum Corporation and certain of its subsidiaries were named as defendants, along with privately held Philippine ferry and shipping companies and the shipping company's insurer, in a lawsuit filed in Houston, Texas State Court. After removal to Federal District Court in Houston, the litigation's disposition turned on questions of federal court jurisdiction and whether the case should be dismissed for forum non conveniens. The plaintiffs' petition purported to be a class action on behalf of at least 3,350 parties, who were either survivors of, or next of kin of persons deceased in a collision in Philippine waters on December 20, 1987. One vessel involved in the collision was carrying Group products in connection with a freight contract. Although the Group had no direct or indirect ownership in or operational responsibility for either vessel, various theories of liability were alleged against the Group. No specific monetary recovery was sought although the petition contained a variety of demands for various categories of compensatory as well as punitive damages. Consequently, no reasonable estimate of damages involved or being sought can be made. These issues were resolved in the Group's favor by the Federal District Court in March 1992, through a forum non conveniens dismissal. Subsequent to that dismissal, but consistent with its terms, cases were filed against the Group entities in the Philippine courts (over and above those previously filed there subsequent to the collision, all of which are in various stages of litigation and are being vigorously resisted). However, and notwithstanding the Houston Federal District Court dismissal, the plaintiffs filed another lawsuit, alleging the same causes of action as in the Texas litigation, in Louisiana State Court in New Orleans. The Group removed that case to Federal District Court in New Orleans from which it was remanded back to Louisiana State Court. The Group then sought injunctive and other relief from the Federal District Court in Houston in order to ensure that Court's previous dismissal would be given proper effect. On having its request for relief denied, the Group then filed an expedited appeal to the U. S. Fifth Circuit Court of Appeals. That court, in January of 1996, affirmed the Federal District Court's refusal to enjoin the plaintiffs' proceeding with their Louisiana lawsuit. The Group has filed requests for rehearing with the Fifth Circuit three judge panel which heard the case and, additionally, for en banc consideration of the case by the entire Fifth Circuit.
Management is contesting this case vigorously.

The Group may be subject to loss contingencies pursuant to environmental laws and regulations in each of the countries in which it operates that, in the future, may require the Group to take action to correct or remediate the effects on the environment of prior disposal or release of petroleum substances by the Group. The amount of such future cost is indeterminable due to such factors as the nature of the new regulations, the unknown magnitude of any possible contamination, the unknown timing and extent of the corrective actions that may be required, and the extent to which such costs are recoverable from third party insurance.

The Group is also involved in certain other litigation and Internal Revenue Service tax audits that could involve significant payments if such items are all ultimately resolved adversely to the Group.

(9) Commitments and Contingencies - Continued

While it is impossible to ascertain the ultimate legal and financial liability with respect to the above mentioned and other contingent liabilities, the aggregate amount that may arise from such liabilities is not anticipated to be material in relation to the Group's combined financial position, results of operations, or liquidity.

Unconditional purchase obligations in 1993 were not considered material. However, in April 1994, a Group subsidiary entered into a contractual commitment, effective October 1996, for a period of eleven years, to purchase refined products in conjunction with the financing of a refinery that is presently under construction by a nonsubsidiary company. Total future estimated commitments (in billions) for the Group under this and other similar contracts, based on current pricing and projected growth rates, are: 1996 - $1.1, 1997 - $1.1, 1998 - $1.2, 1999 - $1.3, 2000 - $1.3, and 2001 to expiration of contracts - - $6.1. Purchases (in billions) under similar contracts were $.5, $.5, and $.6 in 1995, 1994, and 1993, respectively.

(10) Financial Instruments

Certain Group companies are parties to financial instruments with off-balance sheet credit and market risk, principally interest rate risk. As of December 31, the Group had commitments outstanding for interest rate swaps and foreign currency transactions for which the notional or contractual amounts are as follows (in millions):

	1995	1994
Interest rate swaps - Pay Fixed, Receive Floating	$ 485	$ 363
Interest rate swaps - Pay Floating, Receive Fixed	$ 230	$ 182
Commitments to purchase foreign currencies	$ 439	$ 252
Commitments to sell foreign currencies	$2,001	$ 274

The Group enters into interest rate swaps in managing its interest rate risk, and their effects are recognized in the statement of income at the same time as the interest expense on the debt to which they relate. The swap contracts have remaining maturities up to ten years. Unrealized gains and losses on contracts outstanding at year-end 1995 and 1994 were not material.

The Group enters into forward exchange contracts to hedge against some of its foreign currency exposure stemming from existing liabilities and firm commitments. Forward exchange contracts hedging existing liabilities have maturities of up to seven years, and those contracts hedging firm commitments have maturities of under a year. Contracts at December 31, 1995 primarily reflect a hedge of the agreed proceeds of 200 billion yen (approximately $2 billion) from the April 1, 1996 sale of the Group's interest in Nippon Petroleum Refining Company, Limited, a nonsubsidiary. As of December 31, 1995, the estimated unrealized exchange gain on this hedge is $42 million. Unrealized gains and losses applicable to the remaining forward exchange contracts at December 31, 1995 and to the contracts at December 31, 1994 were immaterial since the forward rates approximated year-end spot rates.

The Group's activity in commodity-based derivative contracts, that must be settled in cash, is not material. Unrealized gains and losses on commodity-based derivative contracts outstanding at year-end 1995 and 1994 were not material.

(10) Financial Instruments - Continued

The Group's long-term debt of $628 million and $715 million at December 31, 1995 and 1994, respectively, had fair values of $639 million and $707 million at December 31, 1995 and 1994, respectively. The fair value estimates were based on the present value of expected cash flows discounted at current market rates for similar obligations. The reported amounts of financial instruments such as cash and cash equivalents, notes and accounts receivable, and all current liabilities approximate fair value because of their short maturity.

The Group had investments in debt securities available-for-sale at amortized costs of $65 million and $63 million at December 31, 1995 and 1994, respectively, and investments in debt securities held to maturity at amortized costs of $14 million and $77 million at December 31, 1995 and 1994, respectively. The fair value of these securities at December 31, 1995 and 1994 approximates amortized costs. At December 31, 1995 and 1994, investments in debt securities available-for-sale had maturities less than ten years and investments in debt securities held to maturity had maturities less than one year. At December 31, 1995 and 1994, the Group's carrying amount for investments in nonsubsidiary companies accounted for at equity included $65 million and $83 million, respectively, for net-of-tax unrealized net gains on investments held by these nonsubsidiaries.

The Group had commitments of $12 million and $99 million at December 31, 1995 and 1994, respectively, in the form of letters of credit which have been issued on behalf of Group companies to facilitate either the Group's or other parties' ability to trade in the normal course of business. In addition, the Group is contingently liable at December 31, 1995, for a maximum of $192 million, for precompletion sponsor support of project finance obligations of a nonsubsidiary. Considering the status of the construction at December 31, 1995, the need for precompletion sponsor support is unlikely. The Group will become contingently liable for post-completion support of these project finance obligations when the nonsubsidiary has met certain plant physical completion requirements.

The Group is exposed to credit risks in the event of non-performance by counterparties to financial instruments. For financial instruments with institutions, the Group does not expect any counterparty to fail to meet their obligations given their high credit ratings. Other financial instruments exposed to credit risk consist primarily of trade receivables. These receivables are dispersed among the countries in which the Group operates, thus limiting concentrations of such risk.

The Group performs ongoing credit evaluations of its customers and generally does not require collateral. Letters of credit are the principal security obtained to support lines of credit when the financial strength of a customer or country is not considered sufficient. Credit losses have been historically within management's expectations.

(11) Taxes

Taxes charged to income consist of the following (in millions):

	1995	1994	1993
Taxes other than income taxes:			
Duties, import and excise taxes	$1,660	$2,384	$1,978
Other	29	32	29
Total taxes other than income taxes	1,689	2,416	2,007
Provision for income taxes	467	422	458
	$2,156	$2,838	$2,465

(11) Taxes - Continued

The provision for income taxes, substantially all foreign, has been computed on an individual company basis at rates in effect in the various countries of operation. The actual tax expense differs from the "expected" tax expense (computed by applying the U.S. Federal corporate tax rate to income before provision for income taxes) as follows:

	1995	1994	1993
Computed "expected" tax expense	35.0%	35.0%	35.0%
Effect of recording equity in net income of nonsubsidiary companies on an after tax basis	(10.9)	(8.3)	(4.2)
Effect of dividends received from subsidiary and nonsubsidiary companies	2.9	4.4	4.2
Foreign income subject to foreign taxes in excess of U.S. statutory tax rate	8.3	6.9	7.4
Increase/(Decrease) in deferred tax asset valuation allowance	.6	.3	(3.1)
Other	(1.7)	(.3)	(.4)
	34.2%	38.0%	38.9%

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. Temporary differences and tax loss carryforwards which give rise to deferred tax assets and liabilities at December 31, 1995 and 1994 are as follows (in millions):

	Deferred Tax Assets		Deferred Tax Liabilities	
	1995	1994	1995	1994
Inventory	$ 4	$ 17	$ 9	$ 12
Depreciation	-	-	306	310
Retirement plans	29	34	3	2
Tax loss carryforwards	24	27	-	-
Investment allowances	62	40	-	-
Other	43	30	44	41
	162	148	362	365
Valuation allowance	(17)	(9)	-	-
Total deferred taxes	$145	$139	$362	$365

The Group classifies deferred taxes as net current or net non-current based on the balance sheet classification of the related assets or liabilities. Deferred taxes were classified on the combined balance sheet as current liabilities, included in estimated income taxes, $8 million and non-current liabilities $209 million at December 31, 1995 and as other current assets $10 million and non-current liabilities $236 million at December 31, 1994.

(11) Taxes - Continued

The valuation allowance has been established to record deferred tax assets at amounts where recoverability is more likely than not. Net income was decreased in 1995 and 1994 by $8 million and $3 million, respectively, and increased by $36 million in 1993 for changes in the deferred tax asset valuation allowance.

Undistributed earnings for which no deferred income tax provision has been made approximated $4.1 billion at December 31, 1995 and $3.8 billion at December 31, 1994. Such earnings have been or are intended to be indefinitely reinvested. These earnings would become taxable in the U.S. only upon remittance as dividends. It is not practical to estimate the amount of tax that might be payable on the eventual remittance of such earnings. Upon remittance, certain foreign countries impose withholding taxes which, subject to certain limitations, are then available for use as tax credits against a U.S. tax liability, if any.

(12) Cash Flows

For purposes of the statement of cash flows, all highly liquid debt instruments with original maturities of three months or less are considered cash equivalents.

The "Changes in Operating Working Capital" consists of the following (in millions):

	1995	1994	1993
Notes and accounts receivable	$42	$(97)	$82
Inventories	(89)	(37)	66
Accounts payable	15	152	(147)
Accrued liabilities	31	16	16
Estimated income taxes	(26)	24	14
Total	$(27)	$ 58	$ 31

"Net Cash Provided by Operating Activities" includes the following cash payments for interest and income taxes (in millions):

	1995	1994	1993
Interest paid (net of capitalized interest)	$144	$ 94	$ 92
Income taxes paid	$466	$444	$391

During 1995, Caltex Australia Limited exchanged, in a non-cash investing transaction, its petroleum refining and marketing net assets of $419 million for an investment in Australian Petroleum Pty. Limited, a nonsubsidiary of the Group. No significant non-cash investing or financing transactions occurred in 1994 or 1993.

(13) Oil and Gas Exploration, Development and Producing Activities

The financial statements of Chevron Corporation and Texaco Inc. contain required supplementary information on oil and gas producing activities, including disclosures on equity affiliates. Accordingly, such disclosures are not presented herein.

APPENDIX

DESCRIPTION OF GRAPHIC/IMAGE/ILLUSTRATION MATERIAL INCLUDED IN EXHIBIT 13 - TEXACO INC.'S 1995 ANNUAL REPORT TO STOCKHOLDERS.

The following information is depicted in graphic/image/illustration form in Texaco Inc.'s 1995 Annual Report to Stockholders filed as Exhibit 13 to Texaco Inc.'s 1995 Annual Report on Form 10-K and all page references included in the following descriptions are to the actual and complete paper format version of

Texaco Inc.'s 1995 Annual Report to Stockholders as provided to Texaco Inc.'s stockholders:

This Appendix is separated into two parts. Part A (Items A1-A15) describes the graphic/image/illustration material contained in the portion of Texaco Inc.'s 1995 Annual Report to Stockholders which is incorporated by reference into Texaco Inc.'s 1995 Annual Report on Form 10-K, in response to Form 10-K Items l and 2-Business and Properties. Part B (Items B1-B15) describes the graphic material contained in the portion of Texaco Inc.'s 1995 Annual Report to Stockholders which is incorporated by reference into Texaco Inc.'s 1995 Annual Report on Form 10-K, in response to Form 10-K Item 7- Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART A
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A1. The first item is an illustration in the left margin on page 6. The illustration depicts 3-D visualization technology. Below the illustration on the bottom of page 6 in the left margin is a caption which reads as follows, "Texaco is a leader in the practical application of advanced 3-D visualization technology."

A2. The second item is an illustration in the right margin on page 7. The illustration is entitled, "Worldwide Reserve Replacement Ratios And Finding And Development Costs - Three-Year Rolling Average." There are three separate three-year periods analyzed. Each period has an illustration containing dollars along with a barrel of oil. The text accompanying each period reads as follows: "1991-1993 - 101% Of Production Replaced At $4.53 Per Barrel"; "1992-1994 - 106% Of Production Replaced At $4.04 Per Barrel" and "1993-1995 - 117% of Production Replaced At $3.54 Per Barrel". Below the illustration on the bottom of page 7 in the right margin is a caption which reads as follows, "Texaco consistently ranks high in profitable reserve additions and cost-competitive exploration and development."

A3. The third item is a full two-page illustration on pages 8 and 9. The illustration is entitled, "New Technology Yields Deepwater Discovery." The illustration depicts various stages (five shown) of a deepwater discovery utilizing seismic technology. Accompanying the illustration is text on the top of page 8 which reads as follows, "Our proprietary vertical cable seismic technology reveals hydrocarbon zones not found with conventional towed-streamer seismic. Its tolerance for inclement weather and heavy seas is an advantage in the North Sea, where it has identified new gas reserves in the Strathspey field. And in the deepwater Gulf of Mexico, vertical cable seismic provided data that led to the 1995 Gemini discovery."

A4. The fourth item is an illustration in the left margin on page 10. The illustration depicts multi-lateral horizontal drilling techniques (two shown). Under the illustration on the bottom of page 10 in the left margin is a caption which reads as follows, "Texaco is invigorating production in a mature field with multi-lateral horizontal wells drilled in a waterflood project."

A5. The fifth item is an illustration in the right margin on page 11. The illustration depicts development drilling techniques (three shown) that Texaco utilizes in the North Sea. Under the illustration on the bottom of page 11 in the right margin is a caption which reads as follows, "Development drilling in the North Sea Erskine field draws on Texaco's experience in the Gulf of Mexico."

A6. The sixth item is a full two-page illustration on pages 12 and 13. The illustration is entitled, "Steamflooding Drives Duri's Production." The illustration depicts the various stages (six shown) of steamflooding technology. Accompanying the illustration is text on the top of page 12 which reads as follows, "At the Duri field, Texaco's affiliate P.T. Caltex Pacific Indonesia (CPI) uses steam to extract heavy crude oil that has a consistency of honey. Texaco, with CPI, is a leader in achieving production efficiencies through advanced heat management. Our Kern River field in California, a steamflood second in size only to Duri, uses similar technology, creating synergies that benefit Texaco and CPI."

A7. The seventh item is an illustration in the left margin on page 14. The illustration is entitled, "Lease Operating Expenses In The U.S. - Cost Per Barrel Of Oil Extracted." The illustration depicts the per barrel lease operating expenses for the years 1993, 1994 and 1995. Each year has an illustration containing dollars which represent the per barrel expenses. The per-barrel amounts for 1993, 1994 and 1995 are $4.60, $4.33 and $3.97, respectively. Under the illustration on the bottom of page 14 in the left margin is a caption which reads as follows, "Progress in reducing our U.S. lease operating expenses contributes to lowering operating expenses overall."

A8. The eighth item is an illustration in the left margin on page 16. The illustration is entitled "Total Refinery Utilization - Texaco's Company - Owned Refineries In The U.S." The illustration depicts the refinery utilization percentage for the years 1993, 1994 and 1995. Each year has an illustration containing refineries which represents the percentage of refinery utilization. The utilization percentages for 1993, 1994 and 1995 are 90.9%, 94.8% and 96.1%, respectively. Under the illustration on the bottom of page 16 in the left margin is a caption which reads as follows, "We improved refinery utilization in 1995 with initiatives to maximize the value of our manufacturing assets."

A9. The ninth item is an illustration of a container of Texaco's Havoline Extended Anti-Freeze/Coolant which appears in the right margin on page 17. Under the illustration on the bottom of page 17 in the right margin is a caption which reads as follows, "Texaco's long-life coolant lasts 100,000 miles, contributing to sound environmental management of the product."

A10. The tenth item is a full two-page illustration on pages 18 and 19. The illustration is entitled, "New Stations Generate Retail Profits." The illustration depicts a widespread layout (six features shown) of Texaco's newest retail outlets. Accompanying the illustration is text on the top of page 18 which reads as follows, "Texaco's newest retail outlets offer customers convenient one-stop shopping for CleanSystem3 gasoline, a fast-food snack or last-minute groceries, a quick oil change or a car wash. We began introducing these highly profitable redesigned stations in 1995 in key markets in the Kansas City area and in Southern California. Star Enterprise will open a prototype station in Atlanta early in 1996."

A11. The eleventh item is an illustration in the left margin on page 20. The illustration is entitled, "Latin America Refined Product Sales - Thousands Of Barrels A Day." The illustration depicts refined product sales for the years 1993, 1994 and 1995. Each year has an illustration of barrels representing the refined product sales. The refined product sales, in thousands of barrels a day, for 1993, 1994 and 1995 are 307, 325 and 355, respectively. Under the illustration at the bottom of page 20 in the left margin is a caption which reads as follows, "Increased sales volumes in Latin America in 1995 brought earnings growth of 17% in the region."

A12. The twelfth item is an illustration in the right margin on page 21. The illustration is entitled, "Caltex Refined Product Sales - Millions Of Barrels A Day." The illustration depicts refined product sales for Caltex for the years 1993, 1994 and 1995. Each year has an illustration of barrels representing the refined product sales. The refined product sales, in millions of barrels a day, for 1993, 1994 and 1995 are 1.2, 1.2 and 1.3, respectively. Under the illustration at the bottom of page 21 in the right margin is a caption which reads as follows, "Caltex sales of refined products, including Havoline Formula3 motor oil, regained solid growth in 1995."

A13. The thirteenth item is an illustration in the left margin on page 22. The illustration is entitled, "Texaco's Lost - Time Incidence Rate - Number Of Injuries Resulting In Lost Time Per 1,000 Workers." The illustration depicts the number of injuries resulting in lost time during 1991, 1992, 1993, 1994 and 1995. Each year has an illustration of safety helmets representing the number of injuries. The number of injuries resulting in lost time per 1,000 workers in 1991, 1992, 1993, 1994 and 1995 are 7.2, 9.3, 6.9, 7.5 and 5.9, respectively. Under the illustration on the bottom of page 22 in the left margin is a caption which reads as follows, "We made progress during 1995 in preventing incidents that result in lost workdays."

A14. The fourteenth item is two separate illustrations in the right margin on page 23. The first illustration is entitled, "Women In Texaco's U.S. Workforce." The illustration depicts the percentage of women that made up Texaco's U.S. workforce for the years 1989 and 1994. Each year has an illustration of figures representing the percentage of women. The percentage of women for the years 1989 and 1994 are 23.8% and 29.3%, respectively. The second illustration is entitled, "Minorities in Texaco's U.S. Workforce." The illustration depicts the percentage of minorities that made up Texaco's U.S. workforce for the years 1989 and 1994. Each year has an illustration of figures representing the percentages of minorities. The percentage of minorities for the years 1989 and 1994 are 15.2% and 19.4%, respectively. Under the second illustration on the bottom of page 23 in the right margin is a caption which reads as follows, "Our progress in hiring and promoting minorities and women reflects Texaco's commitment to equal opportunity."

A15. The fifteenth item is an illustration of the Metropolitan Opera in the left margin on page 24. Under the illustration on the bottom of page 24 in the left margin is a caption that reads as follows, "Texaco brings Metropolitan Opera broadcasts to music lovers on both sides of the Atlantic."

PART B
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B1. The first graph is located on the bottom of page 26 on the left side of the page. The bar graph is entitled "Returns on Average Stockholders' Equity." The X axis depicts percentages from 0% to 15% with 3% increments. The Y axis depicts the years 1993, 1994 and 1995. Each year has 2 bar graphs, one on top of the other, representing rate of return based on net income excluding special items (blue) and rate of return based on net income as reported (yellow). The returns are depicted as follows:

	Excluding Special Items	As Reported
1993	11.3%	12.5%
1994	9.2%	9.8%
1995	11.9%	7.5%

Below the graph a footnote appears which states "Returns exclude the 1995 cumulative effect of accounting change and discontinued operations."

B2. The second graph is located on the bottom of page 26 on the right side of the page. The bar graph is entitled "Total Debt to Total Borrowed and Invested Capital." The X axis depicts percentages from 0% to 40% with 10% increments. The Y axis depicts the years 1993, 1994 and 1995. The percentages are depicted as follows:

1993	38.7%
1994	38.5%
1995	38.0%

B3. The third graph is located on the bottom of page 27 on the left side of the page. The bar graph is entitled "Revenues." The X axis depicts dollars in billions from $0 to $40 with $10 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 4 colors representing the sources of revenues from refined products (blue), crude oil (red), natural gas (green) and other revenues (including equity and services) (yellow). The revenues, in billions of dollars, for each year and segment are depicted as follows:

	Refined Products	Crude Oil	Natural Gas	Other Revenues (Including Equity and Services)	Total
1993	$17.5	$11.1	$2.3	$3.2	$34.1
1994	$17.9	$ 9.8	$2.4	$3.3	$33.4
1995	$19.4	$11.4	$2.3	$3.7	$36.8

Below the graph a footnote appears which states "Excludes revenues for discontinued operations."

B4. The fourth graph is located on the bottom of page 27 on the right side of the page. The bar graph is entitled "Costs and Expenses." The X axis depicts dollars in billions from $0 to $40 with $10 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 2 colors representing purchases and other costs (red) and expenses (yellow). Purchases and other costs and expenses, in billions of dollars, for each year and segment are depicted as follows:

	Purchases and Other Costs	Expenses	Total
1993	$24.7	$8.2	$32.9
1994	$23.9	$8.2	$32.1
1995	$27.2	$8.5	$35.7

Below the graph a footnote appears which states "Excludes amounts for discontinued operations."

B5. The fifth graph is located on the bottom of page 28 on the left side of the page. The bar graph is entitled "Exploration And Production - Total Operating Earnings." The X axis depicts dollars in millions from $0 to $1200 with $300 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 2 colors representing operating earnings in the United States (blue) and International (yellow). The operating earnings, in millions of dollars, are depicted as follows:

	United States	International	Total
1993	$510	$322	$832
1994	$414	$253	$667
1995	$293	$340	$633

B6. The sixth graph is located on the bottom of page 28 on the right side of the page. The line graph is entitled "Average Crude Oil Selling Prices-Per Quarter" and is shown in dollars per barrel by quarter for the years 1993, 1994 and 1995. The X axis depicts the calendar quarters for 1993, 1994 and 1995. The Y axis depicts dollars per barrel from $10 to $20 with $2 increments. Each quarter has 2 sets of points plotted represented by a blue line and a red line graph. The blue line represents average crude oil selling prices per barrel in the United States and the red line represents average International crude oil selling prices per barrel. The selling prices are depicted as follows:

	United States	International
First Quarter 1993	$15.46 per barrel	$16.90 per barrel
Second Quarter 1993	$15.70 per barrel	$17.01 per barrel
Third Quarter 1993	$13.55 per barrel	$15.49 per barrel
Fourth Quarter 1993	$12.36 per barrel	$14.05 per barrel
First Quarter 1994	$11.02 per barrel	$13.12 per barrel
Second Quarter 1994	$13.45 per barrel	$14.57 per barrel
Third Quarter 1994	$14.82 per barrel	$16.02 per barrel
Fourth Quarter 1994	$14.45 per barrel	$15.58 per barrel
First Quarter 1995	$14.85 per barrel	$16.38 per barrel
Second Quarter 1995	$15.85 per barrel	$17.30 per barrel
Third Quarter 1995	$14.88 per barrel	$15.45 per barrel
Fourth Quarter 1995	$14.89 per barrel	$16.18 per barrel

B7. The seventh graph is located on the bottom of page 29 on the left side of the page. The line graph is entitled "Average U.S. Natural Gas Selling Price-Per Quarter" and is shown in dollars per thousand cubic feet by quarter for the years 1993, 1994 and 1995. The X axis depicts the calendar quarters for the years 1993, 1994 and 1995. The Y axis depicts dollars per thousand cubic feet from $1.00 to $2.50 with $0.50 increments. The selling prices are depicted as follows:

First Quarter 1993	$1.99 Per MCF
Second Quarter 1993	$2.26 Per MCF
Third Quarter 1993	$2.17 Per MCF
Fourth Quarter 1993	$2.34 Per MCF
First Quarter 1994	$2.32 Per MCF
Second Quarter 1994	$2.02 Per MCF
Third Quarter 1994	$1.84 Per MCF
Fourth Quarter 1994	$1.80 Per MCF
First Quarter 1995	$1.68 Per MCF
Second Quarter 1995	$1.70 Per MCF
Third Quarter 1995	$1.56 Per MCF
Fourth Quarter 1995	$1.94 Per MCF

B8. The eighth graph is located on the bottom of page 29 on the right side of the page. The bar graph is entitled "Manufacturing, Marketing and Distribution - Total Operating Earnings." The X axis depicts dollars in millions from $0 to $800 with $200 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 2 colors representing operating earnings in the United States (blue) and International (yellow). The operating earnings, in millions of dollars, are depicted as follows:

	United States	International	Total
1993	$215	$434	$649
1994	$257	$360	$617
1995	$121	$365	$486

B9. The ninth graph is located on the bottom of page 30 on the left side of the page. The bar graph is entitled "Refined Product Sales - U.S. by Principal Products." The X axis depicts thousands of barrels per day from 0 to 1000 with 200 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 5 colors representing sales of gasolines (purple), middle distillates (red), avjets (blue), residuals (green) and other (yellow). U. S. refined product sales, in thousands of barrels a day, for each year and segment, are depicted as follows:

	Gasolines	Middle Distillates	Avjets	Residuals	Other	Total
1993	425	180	84	61	80	830
1994	443	182	88	51	118	882
1995	449	196	99	51	139	934

Below the graph a footnote appears which states "Includes equity in an affiliate."

B10. The tenth graph is located on the bottom of page 32 on the left side of the page. The bar graph is entitled "Environmental - Cash Expenditures." The X axis depicts dollars in millions from $0 to $1000 with $200 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 2 colors representing capital expenditures (blue) and other (green). Environmental cash expenditures, in millions of dollars, for each year and segment are depicted as follows:

	Capital Expenditures	Other	Total
1993	$302	$475	$777
1994	$350	$640	$990
1995	$275	$660	$935

Below the graph a footnote appears which states "Includes equity in affiliates."

B11. The eleventh graph is located on the bottom of page 32 on the right side of the page. The bar graph is entitled "Environmental - Cash Expenditures by Geographic Location." The X axis depicts dollars in millions from $0 to $1000 with $200 increments. The Y axis depicts the years 1993, 1994 and 1995. Each years' bar graph is segmented into 2 colors representing cash expenditures in the United States (red) and International (yellow). Environmental cash expenditures, in millions of dollars, for each year and segment are depicted as follows:

	United States	International	Total
1993	$627	$150	$777
1994	$752	$238	$990
1995	$762	$173	$935

Below the graph a footnote appears which states "Includes equity in affiliates."

B12. The twelfth graph is located on the bottom of page 33 on the left side of the page. The pie chart is entitled "1995 Sources of Cash and Cash Equivalents" and each source is shown as a percentage of the total. The pie chart is segmented with 4 colors depicting the 1995 sources of cash and cash equivalents. The four sources are operations (blue), asset sales (green), borrowings (red) and other sources (yellow). The legend to the pie chart lists each source as well as corresponding dollar amounts in billions. The dollar amounts and percentages are as follows:

1995 Sources of Cash and Cash Equivalents	Billions of Dollars	Percent
Operations	$2.1	54%
Asset Sales	$1.2	29%
Borrowings	$0.3	8%
Other Services	$0.3	9%
Total	$3.9	

B13. The thirteenth graph is located on the bottom of page 33 on the right side of the page. The pie chart is entitled "1995 Uses of Cash and Cash Equivalents" and each use is shown as a percentage of the total. The pie chart is segmented with 3 colors depicting the 1995 uses of cash and cash equivalents. The three uses are capital and exploratory (capex) (blue), dividends (green) and repayments of borrowings (red). The legend to the pie chart lists each use as well as corresponding dollar amounts in billions. The dollar amounts and percentages are as follows:

1995 Uses of Cash and Cash Equivalents	Billions of Dollars	Percent
Capex	$2.4	62%
Dividends	$0.9	25%
Repayments of Borrowings	$0.5	13%
Total	$3.8	

B14. The fourteenth graph is located on the bottom of page 34 on the left side of the page. The bar graph is entitled "Total Production and Reserve Additions." The X axis depicts barrels of oil equivalent, in millions, from 0 to 500 with 100 increments. The Y axis depicts the years 1993, 1994 and 1995. Each year has 2 bar graphs, one on top of the other. The top bar (blue) represents total production. The bottom bar depicts reserve additions and is segmented into 2 colors representing extensions, discoveries and additions (red) and revisions (yellow). The production and reserve additions, in million barrels of oil equivalent, for each year and segment are depicted as follows:

		Reserve Additions		
	Total Production	Extensions, Discoveries and Additions	Revisions	Total Reserve Additions
1993	403	303	147	450
1994	427	369	103	472
1995	418	399	140	539

Below the graph a footnote appears which states "Includes equity in an affiliate."

B15. The fifteenth graph is located on the bottom of page 34 on the right side of the page. The bar graph is entitled "Capital and Exploratory Expenditures." The X axis depicts dollars in billions from $0 to $3 with $1 increments. The Y axis depicts the years 1993, 1994 and 1995. Each year has a set of 2 bar graphs and each bar is segmented by different colors, representing functional or geographical expenditures. The first set of bar graphs segments the expenditures by function representing exploration and production (red), manufacturing, marketing and distribution (green) and other (purple). The second set of bar graphs segments the expenditures geographically representing the United States (blue) and International (yellow). Capital and exploratory expenditures, in millions of dollars, for each year and segment are depicted as follows:

	Exploration and Production	Manufacturing, Marketing and Distribution	Other	Total
1993	$1.7	$1.1	$0.1	$2.9
1994	$1.5	$1.1	$0.1	$2.7
1995	$1.9	$1.1	$0.1	$3.1

Capital and exploratory expenditures, in millions of dollars, for each year and segregated geographically are depicted as follows:

	United States	International	Total
1993	$1.3	$1.6	$2.9
1994	$1.2	$1.5	$2.7
1995	$1.4	$1.7	$3.1

Below the graph a footnote appears which states "Includes equity in affiliates and excludes amounts for discontinued operations."

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EXHIBIT 11

TEXACO INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

(Millions of dollars, except per share amounts)

Primary Net Income Per Common Share	1995	1994	1993
Net income from continuing operations, before cumulative effect of accounting change	$ 728	$ 979	$ 1,259
Net loss from discontinued operations	--	(69)	(191)
Cumulative effect of accounting change	(121)	--	--
Net income	607	910	1,068
Less: Preferred stock dividend requirements	(60)	(91)	(101)
Primary net income available for common stock	$ 547	$ 819	$ 967
Average number of primary common shares outstanding (thousands)	259,983	258,813	258,923
Primary net income per common share	$ 2.10	$ 3.17	$ 3.74

Fully Diluted Net Income Per Common Share	1995	1994	1993
Net income	$ 607	$ 910	$ 1,068
Less: Preferred stock dividend requirements of non-dilutive and anti-dilutive issues and adjustments to net income associated with dilutive securities	(60)	(90)	(64)
Fully diluted net income	$ 547	$ 820	$ 1,004
Average number of primary common shares outstanding (thousands)	259,983	258,813	258,923
Additional shares outstanding assuming full conversion of dilutive convertible securities into common stock (thousands):			
Convertible debentures	147	148	148
Series B ESOP Convertible Preferred Stock	--	--	10,499
Other	408	69	81
Average number of fully diluted common shares outstanding (thousands)	260,538	259,030	269,651
Fully diluted net income per common share	$ 2.10	$ 3.17	$ 3.72

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
OF TEXACO ON A TOTAL ENTERPRISE BASIS (UNAUDITED)
FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 1995 (a)
(in millions of dollars)

	Years Ended December 31,				
	1995	1994	1993	1992	1991
Income from continuing operations, before provision or benefit for income taxes and cumulative effect of accounting changes effective 1-1-92 and 1-1-95........	$1,201	$1,409	$1,392	$1,707	$1,744
Dividends from less than 50% owned companies more or (less) than equity in net income.............	1	(1)	(8)	(9)	5
Minority interest in net income..........................	54	44	17	18	16
Previously capitalized interest charged to income during the period.............................	33	29	33	30	23
Total earnings..................................	1,289	1,481	1,434	1,746	1,788
Fixed charges:					
Items charged to income:					
Interest charges...................................	614	594	546	551	644
Interest factor attributable to operating lease rentals.................................	110	118	91	94	76
Preferred stock dividends of subsidiaries guaranteed by Texaco Inc......................	36	31	4	--	--
Total items charged to income...................	760	743	641	645	720
Interest capitalized.................................	28	21	57	109	80
Interest on ESOP debt guaranteed by Texaco Inc........	14	14	14	18	26
Total fixed charges.............................	802	778	712	772	826
Earnings available for payment of fixed charges..........	$2,049	$2,224	$2,075	$2,391	$2,508
(Total earnings + Total items charged to income)					
Ratio of earnings to fixed charges of Texaco on a total enterprise basis...........................	2.55	2.86	2.91	3.10	3.04

(a) Excludes discontinued operations.

EXHIBIT 12.2

DEFINITIONS OF SELECTED FINANCIAL RATIOS

CURRENT RATIO

Current assets divided by current liabilities.

RETURN ON AVERAGE STOCKHOLDERS' EQUITY

Net income divided by average stockholders' equity. Average stockholders' equity is computed using the average of the monthly stockholders' equity balances.

RETURN ON AVERAGE CAPITAL EMPLOYED

Net income plus minority interest plus after-tax interest expense divided by average capital employed. Capital employed consists of stockholders' equity, total debt and minority interest. Average capital employed is computed on a four-quarter average basis.

TOTAL DEBT TO TOTAL BORROWED AND INVESTED CAPITAL

Total debt, including capital lease obligations, divided by total debt plus minority interest liability and stockholders' equity.

Exploration and Production

Our upstream portfolio contains projects for increasing production and supporting earnings growth both in the near term and well into the 21st century. Applying technology to develop our core properties around the world, we are adding valuable reserves and expanding profitable production while sustaining our top-quartile performance in reserve replacement and finding and development costs.

During 1995, we replaced our combined worldwide liquid and gas production at a rate of 129%. For the year, our worldwide finding and development costs were $3.29 per barrel of oil equivalent, compared with $3.54 in 1994. And we continued to drive down our lease operating costs with a 14% decrease over the last two years.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A1.

Upstream Growth in the U.S.

Texaco's 1995 upstream performance in the U.S. confirmed our growth strategy of focusing people, capital and technology on high-potential core properties.

With a 54% increase over 1994 levels for operating earnings before special items, we exceeded our own ambitious targets. And we attained this earnings success concurrent with the sale of non-core, underperforming assets, including half of our domestic producing fields, which brought a modest, temporary decline in overall production. Production from our remaining core properties showed no decline.

Texaco's daily U.S. net production in 1995 averaged 381,500 barrels of crude oil and natural gas liquids and 1.6 billion cubic feet of natural gas. And we realized significant additions of profitable reserves through our application of leading-edge technology in exploration, drilling and enhanced oil recovery. Excluding sales and purchases, we replaced U.S. production at a rate of 116% in 1995.

In keeping with our continuous drive for efficiency improvement, we decreased lease operating expenses again in 1995, from $4.33 per barrel of oil equivalent in 1994 to $3.97, surpassing our stretch target - a reduction of $0.50 a barrel in these expenses, from $4.60 to $4.10 between 1993 and the end of 1996.

Through focused efforts such as this, we improved the profitability of our U.S. upstream operations, driving return on capital employed to 14.9%, compared with an 8.5% return in 1994.

Growing Mature Asset Value in the U.S.

Advanced technology and dedicated work teams pursuing stretch objectives are increasing the value of our mature domestic assets. Our 100-year-old Kern River field near Bakersfield, California, demonstrates the effectiveness of this strategy.

As recently as five years ago, projections showed Kern River production declining from an average of 81,000 barrels of oil a day to the range of 45,000 to 50,000 barrels a day by 1995. To reverse this trend, highly focused work teams developed and implemented innovative methods of heat management and cost-effective steamflood techniques. Their efforts have increased both productivity and reserve recovery at our largest U.S. producing operation and one of the world's largest steamflood projects. During 1995, production at the field increased by 10,000 barrels a day, to more than 90,000 barrels, the highest producing rate since 1986.

We also added reserves of 67 million barrels of oil at Kern River in 1995 and have identified significant additional reserves that may be added later through the use of increasingly advanced reservoir imaging techniques.

We have also focused our ideas and technology on energy conservation and the environment at Kern River. On-site cogeneration plants, fueled by natural gas, convert half of the field's 30 million gallons a day of produced water into steam for enhanced oil recovery and electricity to operate the field. And we designed a process to treat and recycle

the remainder of Kern River's produced water for agricultural use, benefiting local farmers and eliminating the need for costly underground re-injection.

In our operations across the U.S., the integration of technology and team management is bringing new life to mature fields. By applying enhanced oil recovery techniques, three-dimensional seismic imaging and directional drilling, we are realizing solid production growth. For example:

* Carbon dioxide flooding of fields in the Permian Basin of West Texas increased 1995 production by 13%.

* In southern Louisiana, 3-D seismic and advancements in directional drilling led to an 80% drilling success rate and a daily production increase of 16,000 barrels of oil equivalent over 1994 levels.

Deepwater Discoveries Increase Gulf Resources

As we work to maximize the value of existing assets, we are also expanding our portfolio, with oil discoveries in the deepwater Gulf of Mexico. Aided by our development and application of sophisticated exploration technology, we drilled three rank wildcat wells last year, all of which resulted in discoveries. The wells - on the Petronius, Fuji and Gemini prospects (owned by Texaco 50%, 100% and 60% respectively) - found hydrocarbons in water depths ranging from approximately 1,700 feet to more than 4,000 feet.

Following our strategy of accelerating upstream projects, we began appraisal drilling of Petronius late in 1995, with the expectation of bringing it to commercial development within three years. Testing and appraisal of Fuji and Gemini are scheduled in 1996.

Using technology to manage economic risk and improve the profitability of deepwater prospects, Texaco developed a vertical cable seismic technique that provides higher quality images of subsurface geology than conventional 3-D seismic. (See pages 8 and 9.)

The application of advanced technology also plays a key role in the development of our core properties on the Gulf's shallower Outer Continental Shelf. At a water depth of 850 feet, our 50%-owned and operated Shasta Prospect in the Green Canyon area incorporates production equipment installed right on the sea floor that links a number of production wells. This technology, which Texaco has used successfully in the North Sea, eliminates the need for multiple producing platforms. Producing 58 million cubic feet of gas a day, Shasta is a model for future subsea development in the Gulf.

As we execute plans for development of deepwater prospects, we are leveraging our leadership within the DeepStar Project, a consortium of 18 oil and gas producers, 45 vendors, manufacturers and contractors, and representatives of interested U.S. agencies. Through this consortium, we are solving technical problems of deepwater drilling, mooring, multi-phase flow and subsea controls. DeepStar's research will reduce both the cost and the risk associated with bringing expensive deepwater fields onstream.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A2.

Capitalizing on Natural Gas Initiatives

Within our domestic upstream operations, Texaco's natural gas business creates value through a wellhead-to-burner-tip strategy that integrates our ability to gather, process, store, transport and market natural gas and gas liquids.

The Texaco Gulf Coast Star Center serves the premier U.S. marketplace for buyers and sellers of natural gas, handling the sale of Texaco's daily production of 1.6 billion cubic feet of equity gas, along with another 1.2 billion cubic feet a day of third-party gas transactions. In 1995, customer surveys by independent industry research firms rated Texaco's Star Center a leader in reliability, competitive pricing and customer satisfaction.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A3.

The gas marketing services provided by our Sabine Hub Services Company at the Henry Hub, the settlement point for gas contracts on the New York Mercantile Exchange, are also a growth area for Texaco. Sabine's profitable intra-hub transfer service, which facilitates trading activities at the Henry Hub, increased by 50% in 1995.

International Upstream Builds Profitability

Outside the U.S., our upstream portfolio continues to provide growth opportunities in production and profitability. Teams across the globe are successfully applying new technology and swiftly executing plans to achieve stretch targets that will lead to increased profitable production - both now and well into the 21st century.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A4.

* In Latin America, we concluded a four-year program to rationalize marginal assets with the sale of the last of our heavy oil fields in Colombia. At the same time, we moved forward with aggressive programs in our core fields in Colombia and Trinidad. Daily production of natural gas from operations in those countries during 1995 was up nearly 8% over 1994 levels, with more prospects for expansion beginning in 1996.

Our contract negotiations with Colombia's national oil company Ecopetrol, covering the Guajira gas field, extended our presence in that country until 2016 and cleared the way for construction of a second platform in Guajira by late 1996.

Texaco's 50% share of production from Guajira's existing platform averaged 119 million cubic feet of gas a day in 1995. We expect the new platform to raise total daily production to 500 million cubic feet a day by the year 2000 to meet increasing demand.

Trinidad's Dolphin field (50%

Texaco) is poised to contribute significantly to Texaco's international gas production, beginning in the first quarter of 1996. We anticipate that field production will peak in 2003 at 275 million cubic feet of gas a day. Dolphin's gross proved reserves of 550 billion cubic feet of gas are expected to increase substantially as development continues.

* In the North Sea, Texaco's production grew 58% between 1993 and 1995, and we are stretching to double the 1995 level by the year 2000.

Production added from our newer fields - Strathspey (67% Texaco) and Orwell (50% Texaco) - along with restored production from the Piper field (23.5% Texaco), contributed to net production in 1995 of 150,000 barrels of oil equivalent a day. Reserve additions replaced 133% of 1995 production.

Our strategies for reaching our stretch targets for production and profit in the North Sea center on applying advanced technologies to the accelerated development of the Captain and Erskine projects.

Using team management skills, we completed the first phase of Captain's development drilling in 1995, four months ahead of schedule and more than $6 million under budget. We expect the field to be onstream in late 1996, producing 60,000 barrels of oil equivalent a day.

Development of these resources relies on Texaco's demonstrated capability in horizontal drilling techniques and advanced production technology, such as floating production systems and high-rate electric submersible pumps.

Advanced technology makes possible the development of our 50%-owned Erskine field's estimated recoverable reserves of 330 billion cubic feet of gas and 75 million barrels of condensate. Sophisticated 3-D imaging and reservoir modeling techniques and a low-cost, unmanned production platform are turning a discovery into a profitable asset.

Erskine is the first high-pressure/high-temperature field in the North Sea. By transferring our technological expertise employed for similar conditions in the Gulf of Mexico, we can bring Erskine

onstream in 1997, producing an anticipated 25,000 barrels a day of condensate and 95 million cubic feet of gas.

In the Danish North Sea, the Danish Underground Consortium (DUC), in which Texaco has a 15% interest, is exceeding its stretch targets. With additional development and the enhancement of existing production, DUC projects a 50% increase in gas sales by 1997. DUC achieved record daily production of 186,000 barrels of oil and 511 million cubic feet of gas in 1995.

And looking even farther ahead, to secure Texaco's profitability into the next century, we are focusing our plans in the North Sea on several projects that will contribute to the long-range growth of our production base and earnings. Development of these prospects can be accelerated because of Texaco's technological expertise in the North Sea.

Concurrently, we are pursuing exploration opportunities in new areas, such as the deepwater region West of Britain, which may become a major hydrocarbon province during the next century. We have established a solid acreage position in the region, including a 50% interest in five prime blocks acquired in 1995. We will begin a focused exploration program during 1996 to evaluate these opportunities.

* In Russia, Texaco continues to apply intellectual technology - fresh ideas and new approaches - through the Timan Pechora Company L.L.C. The

company was formed to negotiate and implement a production-sharing agreement with the Russian Government, covering a large area in the oil-rich Timan Pechora Basin. In far eastern Russia, Texaco and Mobil are negotiating a production-sharing agreement covering the 2,700-square-mile Kirinsky block, offshore Sakhalin Island. The Russian Government has taken initial steps to establish laws governing such arrangements, and Texaco continues to work with the government, sharing our ideas and world experience. Never-the-less, much more remains to be done to forge legislation required to encourage major investments. Texaco will make only minimal expenditures while it awaits more supportive legislation.

* In West Africa, with the return of a more stable climate in Angola, we have expanded our activity. Offshore Angola, in a block that Texaco operates with a 20% interest, six fields are scheduled for development in 1996, potentially doubling our share of crude oil production from 7,000 barrels a day in 1995 to 15,000 barrels by 1997. And leveraging expertise we have gained in the Gulf of Mexico's deep water, we have leased promising blocks offshore Angola and Nigeria. Using 3-D seismic and leading-edge imaging software, we are assembling a drilling campaign for those leases.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A5.

* In the Partitioned Neutral Zone (PNZ) between Saudi Arabia and Kuwait, we are transforming our highly prospective onshore interests, covering 50% of the PNZ's petroleum resources, to reach new heights of production and profitability.

During 1995, we completed the first phase of a major new development program, raising average daily gross production to a record 170,000 barrels of oil by year-end. This phase, undertaken with the Kuwait Oil Company, concentrated on the South Umm Gudair field, where extensive workovers of existing wells and the addition of 12 new development wells drove that field's daily production from 32,000 barrels of oil in August 1994 to 115,000 barrels by the end of 1995.

The second phase of the program, begun in late 1995, focuses on the Wafra field. The first 3-D seismic survey of Wafra, along with horizontal drilling and enhanced recovery projects, will transform this mature asset into a new opportunity for value creation. These activities could more than triple PNZ production over 1994 levels by 2000.

* In Indonesia, we also are creating new value from old fields through the use of technology and teamwork. Even after almost six decades and eight billion barrels of oil production, our affiliate P.T.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A6.

Caltex Pacific Indonesia (CPI), owned equally by Texaco and Chevron, continues to be Indonesia's largest oil producer, accounting for 45% of that nation's oil production. Since 1993, CPI, as operator for the production-sharing contract, has raised daily production for the entire concession from an average of 675,000 barrels to a record 753,000 barrels in 1995. Texaco's share was 119,000 barrels a day.

A major contributor to this production is the Duri field in central Sumatra, the world's largest steamflood project. During 1995, Duri produced its billionth barrel of crude oil, with daily production from the field averaging 300,000 barrels of oil. Duri's production is expected to reach 330,000 barrels a day by 1999, of which Texaco's net share will be 52,000 barrels. (See pages 12 and 13.)

Meanwhile, we anticipate that an enhanced recovery waterflood project in development at CPI's Minas field in Sumatra will raise production there from 208,000 to 250,000 barrels a day by 1998. Overall, recoverable reserves in CPI's contract areas in central Sumatra currently total some two billion barrels of oil, with the prospect for the addition of significantly more reserves.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A7.

* In China, a new strategic core area is taking shape. In the South China Sea, the CACT operating consortium of Agip, Chevron, Texaco and their new partner, the China National Offshore Oil Company, added two new fields in 1995, more than doubling production to 115,000 barrels of oil a day, of which Texaco's share is 16%.

Building upon our long, successful relationship with China's petroleum interests, we are moving onshore with important new exploration opportunities. In northwest China, Texaco has a 20% interest in an international consortium in the Tarim Basin, a vast desert region with enormous hydrocarbon potential. And in central China, the Chinese National Petroleum Company awarded Texaco a production-sharing contract covering more than six million highly prospective acres in the Sichuan Basin. In addition to its attractive exploration potential, the contract area is surrounded by established gas fields and pipelines, serving an expanding gas market nearby.

* In the Pacific Rim, still more solid opportunities fill Texaco's portfolio, enhancing prospects for profitability early in the next century. During 1995, appraisal drilling continued on the Gorgon natural gas field offshore western Australia, and a 3-D seismic program was conducted at the nearby Chrysaor discovery. These activities are part of a focused plan to add significant reserves of natural gas in the growing Pacific Rim market.

To capture an additional share of the Asian region's gas market in the nearer term, we continued exploration in the Gulf of Thailand and acquired an exploration block in Myanmar's Gulf of Martaban, north of Texaco's recently discovered Yetagun gas field.

Targeting Future Growth

We are determined that the substantial progress we made in expanding Texaco's worldwide upstream business during 1995 will continue as a growth pattern over the years ahead. Only in that way can we achieve the demanding targets we have set for ourselves by the turn of the century. These targets include increasing worldwide production by 30%, continuing to lower our per-barrel finding and development costs and sustaining first-quartile performance among our competitors in worldwide reserve additions and lifting costs. Our ultimate goal is to achieve a return on upstream investment that will propel Texaco into the top quartile among its peer companies in earnings growth and return on capital employed.

Manufacturing and Marketing

In 1995, Texaco's downstream

operations faced the same challenges of product surpluses and weak margins that affected so much of the industry worldwide. Our 1995 financial results reflect these constraints on earnings, underscoring the importance of executing our strategy to "make our own margins"-achieving the stretch targets we've set for improved reliability and utilization in our refineries, and persistently driving down costs. Meanwhile, we are expanding in profitable markets, withdrawing from marginal ones, and capturing new sources of revenue through enhanced customer service and added value from alliances and associations.

Manufacturing and Marketing

Operational results at Texaco's four wholly owned U.S. refineries in Los Angeles and Bakersfield, California, El Dorado, Kansas, and Anacortes, Washington, illustrate our progress in improving manufacturing efficiency to make our own margins. Measured against 1993, the base year for the goals of our growth plan, we posted gains in a number of critical areas in 1995.

* Overall plant utilization increased 17%.
* Plant throughput rose 12%.
* Energy efficiency improved 12%.
* Expense incurred through unscheduled downtime decreased 47%.
* Safety performance improved 46%.
* Overhead costs decreased 25%.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A8.

At the three refineries of Star Enterprise, our 50/50 joint venture with the Saudi Arabian Oil Company - in Port Arthur, Texas; Convent, Louisiana; and Delaware City, Delaware - team efforts to improve efficiency were masked by an extensive scheduled upgrading and maintenance program in 1995.

During the year, all three Star Enterprise plants completed major upgrades in their fluid catalytic cracking units. These projects will raise yields of gasoline and other high-end products by more than 22,000 barrels a day.

Texaco is applying technology developed in our laboratories, as well as intellectual technology, to find the most cost-effective ways to conform to ever-growing environmental regulations. As an example, our California refineries will produce California-mandated reformulated gasoline at what we believe is a competitive cost advantage.

Adapting to the Global Challenge

Outside the U.S., Texaco owns or has interests in 19 refineries, including our wholly owned Pembroke refinery in the U.K. In 1995, this plant continued to experience the pressure of European overcapacity and oversupply, coupled with declining demand for gasoline in Europe as use of diesel fuel increases.

To mitigate the impact of these industry conditions, the Pembroke team is creating its own margins by reducing costs, increasing energy efficiency, upgrading refinery yields and enhancing safety and reliability. These actions resulted in a 25% improvement in the refinery's gross margin in 1995.

We have also taken steps to ensure that our 35%-owned Nerefco refinery in Rotterdam remains a low-cost competitor in the European refining industry. Early in 1996, we announced the consolidation of the refinery's two linked facilities at one site. Planned improvements will enhance the refinery's profitability.

In the expanding markets of Latin America and the Pacific Rim, meanwhile, our refining interests are well positioned to benefit from regional growth in energy demand.

An upgrade at our wholly owned refinery in Panama, completed in 1995, will increase its production to 60,000 barrels a day. This plant supports Texaco's strong marketing position in Central America. It also ensures a cost-competitive supply of bunker fuel for ships traversing the Panama Canal, a niche market for Texaco.

Through Caltex, Texaco's 50% joint venture with Chevron, we have focused our refinery investments on projects designed to increase production of higher value, lighter products that meet stringent environmental standards. In 1995, new residuum fluid catalytic crackers came onstream at Caltex's 50%-owned Honam refinery in Korea and at its 33%-owned Singapore refinery. Caltex also has a 64% share in a new 130,000-barrel-a-day refinery in Thailand, which will start up in mid-1996.

As part of its strategy to exit marginal areas and redirect the funds to projects with better growth potential, Caltex announced in late 1995 its plan to sell its 50% interest in Japan's Nippon Petroleum Refining Company, Limited to its partner, Nippon Oil Company, for approximately $2 billion.
Caltex will close the sale in April 1996.

Leveraging Gasification Technology

Our patented Texaco Gasification Process converts hydrocarbon fuels into clean-burning synthesis gas, or syngas, to produce electricity, chemicals, fuels and industrial gases.

We leverage that technology to improve efficiency and environmental performance in our own refining operations and license the technology to other major refiners around the world.

Gasification at our refinery in El Dorado, Kansas, will convert low-grade petroleum coke and other refinery wastes into syngas to produce all of the plant's electricity and 40% of its steam requirements, reducing the refinery's costs of energy and handling wastes.

Along with its applications in the refining industry, the Texaco Gasification Process has gained wide acceptance in other sectors. In China, for example, during 1995, we signed a general license agreement for nine plants to produce chemical fertilizer. Texaco now has concluded more than 20 gasification agreements in China since 1978.

Maximizing Our Midstream Assets

Our subsidiary Texaco Trading and Transportation Inc. (TTTI) has interests in 30,000 miles of pipelines that transport some three million barrels a day of crude oil, natural gas liquids and refined products within continental and offshore areas of the U.S.

The team in TTTI works across division boundaries, supplying Texaco's wholly owned refineries with desirable crude slates at low delivered cost and providing low-cost, reliable transportation for Texaco's equity crude and refined products. TTTI's marketing, trucking and pipeline operations also serve the changing crude and product needs of third-party customers.

Texaco has growth expectations for its pipeline system, too. In February 1996, TTTI entered into an agreement to develop a pipeline in the Gulf of Mexico, which will support Texaco's future crude production from deepwater fields, as well as handling third-party volumes. Other pipelines planned on the West Coast, in the mid-continent region and in Canada will generate value from movements of Texaco and third-party crude oil and products.

Marketing Initiatives Build on Strength

Texaco's strong 1995 performance in the growth markets of Latin America and, through our affiliate Caltex, in the Asia-Pacific region, set the standard for our worldwide marketing operations. In Latin America, we posted a sales volume increase of 9% over 1994. In its preferred markets, Caltex sustained a strong average market share of 18% in motor fuel sales and 20% in lubricants.

Along with these performance gains, our strength in marketing CleanSystem3 (R) (Registered) gasolines, Havoline Formula3 (R) (Registered) motor oil and our new long-life anti-freeze/coolant products assures consumers that we are delivering the top-quality products they rightly expect from Texaco brands.

Capitalizing on this powerful brand identity, we have launched our Global Brand Initiative, a strategy to differentiate Texaco products, services and facili ties by focusing on the quality and convenience our worldwide customers demand.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A9.

U.S. Strategies Target Retail Customers

Our strategy to make our own margins also extends to our marketing activities, as we use alliances and other initiatives to add new revenue streams.

In the U.S., during 1995, revenues from our convenience stores and quick serve restaurants, or "QSRs," continued to grow, and sales of our premium grade gasolines also climbed.

At year-end, we had more than 400 Star Marts (R) (Registered) in the Texaco and Star

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A10.

Enterprise investment chains. By the year 2000, our expansion program for the two systems will add nearly 1,400 Star Marts, along with QSRs at some 550 of these locations.

At the same time, we are burnishing the Texaco image with the introduction of a new station design that we believe will attract additional customers and increase profitability. Most of these newly built or remodeled stations will incorporate a Star Mart and one or more QSRs, which we are co-developing with such franchisers as Subway (R) (Registered), Taco Bell (R) (Registered) and Pizza Hut (R) (Registered).
(See pages 18 and 19.)

Lubricants Add Value and Profitable Volumes

Texaco's lubricant products are integral to our global marketing strategies. Havoline Formula3, the top-selling motor oil among major oil companies, is distributed in more than 100 countries. And we are developing other products that are making inroads in the international auto industry.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A11.

In 1995, we introduced Havoline Extended Life Anti-Freeze/Coolant (R) (Registered), a revolutionary technology developed by Texaco researchers at our labs in Belgium and the U.S., which protects vehicles much longer than conventional coolants. In the U.S., General Motors selected this product, under the name Havoline DEX-COOL(TM) (Trademark), as the factory-fill coolant in its 1996 model automobiles and light trucks. Auto manufacturers in Europe and Latin America also use this patented Texaco technology as the factory-fill product in their vehicles.

As we expand our international lubricants business, we benefit from certifying our proprietary lubricant plants to the ISO 9000 standard. In 1995, all of Texaco's U.S. lube plants received this credential, and our major blending plants in Europe and Latin America are also certified to the ISO 9000 standard.

In the U.S. automotive lubricants market, we continue to respond to motorists' growing demand for quick oil change by extending our network of stand-alone Xpress Lube (R) (Registered) facilities. We are also expanding our profitable Star Lube (R) (Registered) network with 40 new locations connected to Texaco retail outlets.

Growing Latin American Markets

Texaco sells fuels and lubricant products in 44 countries of Latin America and the Caribbean, where increasing political and social stability affords opportunities for continued growth. In these markets, with energy demand growth of about 4% a year, Texaco's sales of refined petroleum products increased 9% in 1995, to a total of some 355,000 barrels a day. Earnings from Latin American marketing operations increased 17% in 1995.

This growth is grounded on a solid base of experience in customer satisfaction that is reflected in our significant market share. For example, in the Caribbean/Central America region, Texaco has built a 25% share of the retail market and a 34% share in lubricants. We continue to add value to our asset base through investment in focused retail development and through selective acquisitions and alliances that contribute new revenue streams from QSRs, automated banking and video rentals.

Brazil, another major contributor to 1995 earnings, is Texaco's second largest retail market, after the U.S. Our 22% share of Brazil's lubricants market drives our growth with sales in excess of 1.2 million barrels a year.

Meanwhile, we are leveraging our marketing experience and our ability to move with urgency in pursuit of new business opportunities in Ecuador's recently liberalized retail gasoline market. By the end of 1995, we were operating 39 Texaco-branded stations in Ecuador, averaging more than 200,000 gallons a month, and we plan to double the number of our retail outlets there by the end of 1996.

Refocusing European Markets

In 1995, we moved aggressively to streamline our European marketing operations in order to meet the challenges of a highly competitive climate. We reduced total cash operating expenses by 6.5%, and we project a further decrease of 3.3% by the end of 1996.

In the U.K., we face the challenges of product surpluses and formidable competition from hypermarkets that have taken a 25% market share over the past four years. In response to these market conditions, we began focusing our retail network on preferred markets in areas of high population density. Within these markets, we expect to partially offset the lower fuel margins that prevail with increased earnings from retail sales in our convenience stores and from co-developments.

In keeping with our strategy to refocus our marketing operations, lower costs and grow profitable markets, we created a marketing joint venture with Norsk Hydro in Norway and Denmark. At year-end 1995, Hydro Texaco was the third largest petroleum marketer in Scandinavia, with about 850 retail stations and a major presence in the lubricants, diesel and heating oil markets.

This enterprise - combining our fuel and lubricant technology and retail expertise with Norsk Hydro's consumer and industrial base - posted first-year operating earnings almost 60% above what the two companies achieved collectively in 1994.

Caltex Capitalizes on Expanding Markets

Caltex entered its 60th year of operations in 1995 with a record as one of industry's most successful joint ventures. Caltex markets petroleum products in approximately 60 countries in the Asia-Pacific region, the Middle East and eastern and southern Africa -including a major presence in the growth markets of the Pacific Rim. Its sales of refined products increased by 6% in 1995 to more than 1.3 million barrels a day.

During the year, Caltex directed more than half of its marketing investment to adding and improving retail outlets throughout its area. Together with a focus on dealer selection and training and standardized customer services, these efforts will enable Caltex to become the brand of choice in its markets. Major initiatives in 1996 will introduce a new image for the Caltex brand throughout its area of operations.

Caltex is also increasing its presence in rapidly developing markets. In the Guandong Province of China, for example, it is extending its activities into the Pearl River Delta and expanding its lubricants marketing. During 1995, Caltex entered into a joint venture to construct China's largest cavern storage facility for liquefied petroleum gas.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A12.

As part of its plan to improve underperforming assets, during 1995 Caltex entered a joint venture with Australia's Ampol, gaining both operating and cost efficiencies. The new company, Australian Petroleum Proprietary Ltd., is the largest in Australia's mature downstream market, with a 28% share of the country's motor fuels business.

As a critical part of Texaco's plan for growth, Caltex is well positioned to continue creating value from its market opportunities.

Burnishing the Star

From the refinery to the local Texaco station, we are dedicated to enhancing the value of the Texaco Star, recognized worldwide as a symbol of quality and convenience.

We will continue to improve our manufacturing efficiency in order to create our own margins; to develop and implement the advanced technology that stands behind our fuel and lubricant products; and to focus our worldwide marketing resources on making Texaco the brand of choice wherever we market our products and services.

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Texaco's Vision and Values

Texaco's vision - to be one of the most admired, profitable and competitive companies - propels our drive toward top-quartile industry performance in both financial and operational results.

Underlying that vision is a set of guiding principles that have shaped our operations since the company's founding in 1902. These principles, and the values they embrace, express Texaco's commitment to quality, teamwork, leadership, technological excellence and customer service, as well as to corporate responsibility, respect for the individual, high ethical standards, open communication and fully competitive stockholder return.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A13.

Safeguarding the Environment

Participating as a responsible corporate citizen in the communities where we operate is a core value on which Texaco builds sound business practices. We view our progress in achieving environmental, health and safety excellence as a measure of how well we are meeting our obligations to stockholders, employees and our operating communities worldwide.

Our recent accomplishments demonstrate that, by applying technology, we are improving our environmental, health and safety performance at every stage of our business. In refinery operations, we are an industry leader in several key environmental measures, including the amount of refinery wastes recycled and emission reductions at our plants. Texaco's safety record, evident in our low lost-time incidence rate, also surpasses the industry average.

In 1995, our environmental auditing program was again named a leader in our industry by the consulting firm Arthur D. Little. And the U.S. Minerals Management Service recognized Texaco's environmental record in upstream operations in Louisiana and the Gulf of Mexico with its prestigious 1995 Conservation Award for Respecting the Environment.

We are also applying sophisticated research in the development of fuels, fuel additives and lubricant products that are responsive to environmental concerns. And we bring state-of-the-art technology to the safe transportation and storage of crude oil and refined products.

An important component of our environmental and safety program is a global strategy of preparedness, coordinated by our worldwide emergency response team, which enables us to respond rapidly should a major incident occur anywhere we operate.

In 1995, we began expanding our program to protect birds in the vicinity of our producing fields by placing protective covers on all exhaust stacks at our operations worldwide. And we joined the Conservation Fund and the Mellon Foundation in donating more than 10,000 acres of land previously owned by Texaco to Utah's Department of Natural Resources to protect rangeland and a critical wildlife habitat.

Texaco's commitment to responsible environmental practice is also evident in our remediation program in Ecuador, where, until 1990, our affiliate Texaco Petroleum Company (Texpet) served as operator and minority partner in a consortium with the Ecuadorean state oil company, PetroEcuador.

In 1995, Texpet reached an agreement with the Government of Ecuador, which now frees the company to move rapidly to remediate areas in the former consortium's area of operation.

The agreement calls for modification of produced water systems and for the plugging, abandonment and remediation of wells that PetroEcuador no longer uses. Additionally, Texpet will revegetate land cleared for the consortium's operations. The remediation began late in 1995 and should be completed by the end of 1996.

Texpet is creating a fund for natural resource projects, which will be administered for the local population by Ecuador's Ministry of Energy and Mines. Texpet will also finance construction of four education centers with adjacent medical

dispensaries and fund the purchase of two river ambulances to assist in health and emergency situations.

Texaco's environmental, health and safety results and programs are periodically reported in a special publication. To request a copy of Texaco's ENVIRONMENT, HEALTH AND SAFETY REVIEW, please call 1-800-283-9785 or write to Texaco Inc., Investor Services, 2000 Westchester Avenue, White Plains, NY 10650-0001.

Building a Responsive Workforce

As Texaco people around the world work to execute our plan for growth, we actively seek to make the fullest use of their talents and abilities.

In 1995, we continued to build a workforce that is attuned to the challenges of today's - and tomorrow's - competitive marketplace. We intend that our employees represent a diverse base, fully responsive to our equally diverse customer base.

Our commitment to diversity is an inclusive process, grounded in our core value of respect for the individual and in our long-standing policies of equal opportunity for all employees. And we are making substantial gains toward achieving a more diverse workforce with broader avenues for career development.

Between 1989 and 1994, our domestic workforce decreased by 20% overall. During this period, the percentage of minorities in our full-time U.S. workforce grew more than 27%, and the percentage of women employed full time in our U.S. operations increased by 23%.

At the same time, the numbers of women in supervisory, management and executive positions increased from 12.7% of Texaco's workforce in 1989 to 19.0% in 1994, a gain of nearly 50%. The percentage of minorities in these positions grew almost 40%, from 6.8% of the total in 1989 to 9.5% in 1994.

To further our commitment to provide opportunities for women, minorities and disabled employees, in 1995 we began a program for managers and supervisors designed to eliminate subtle ethnic, cultural and gender barriers. We also encourage the use of supplier companies headed by women and minorities, with a goal of doubling our business with these firms by the end of 1996.

Our policies, programs and progress in this important area are detailed in EQUAL OPPORTUNITY AND TEXACO: A REPORT, published in 1995 and available to all stockholders by calling 1-800-283-9785, or by writing to Texaco Inc., Investor Services, 2000 Westchester Avenue, White Plains, NY 10650-0001.

Along with gains in diversity, we are improving productivity by empowering employees to work more flexibly to achieve the objectives of our growth plan. As we incorporate the principles of total quality management in our operations, our employee teams are learning new ways of working across organizational boundaries to accelerate results and attain stretch targets.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A14.

At our refinery in Anacortes, Washington, for example, a cross-functional team improved the reliability of the systems that produce steam and air used in refinery processes, achieving significant reductions in energy consumption and maintenance costs.

Another empowered team at Texaco's Conger Gas Plant in West Texas learned how to perform major overhauls on compressor engines themselves, rather than hiring outside contractors, realizing savings in incremental production as well as in the cost of maintenance.

We celebrate team achievements such as these while continuing to improve our business processes. Through the collective efforts of Texaco's dedicated employees and work teams, we are strengthening performance, improving cash flow and increasing revenues by reducing costs and expenses.

In 1995, we challenged employees to help meet our profitability targets with a special award, tied to the company's normalized earnings growth compared with our peer companies and to achievement of a competitive total return to stockholders. This Challenge Award was a precursor to the Texaco Performance Compensation Program,

introduced early in 1996, which links most employees' compensation to the company's results as well as to individual performance.

Enhancing Quality of Life

At Texaco, we recognize that industry leadership carries a responsibility to contribute to the quality of life not only in communities where we operate, but also in society as a whole. Through our corporate contributions and distributions from the Texaco Foundation, we focus our philanthropic efforts on organizations active in education, the arts and the environment at both local and national levels.

In the U.S., Texaco was the first national corporate sponsor of the National Tree Trust, an organization that assists community groups in planting trees. In 1995, we established five grow-out sites for some 47,000 seedlings at Texaco and Star Enterprise facilities, and we are working closely with local volunteers to plant the young trees.

As a company whose profitability is linked to scientific and technological innovation, Texaco has a special stake in inspiring student achievement in math and science.

GRAPHIC/IMAGE/ILLUSTRATION MATERIAL APPEARS HERE.
SEE APPENDIX, PART A, ITEM A15.

We have been instrumental in the creation and evolution of the National Teacher Training Institute for Math, Science and Technology (NTTI). In partnership with PBS flagship station Thirteen/WNET in New York and the Corporation for Public Broadcasting, we developed NTTI to train teachers in interactive techniques for integrating television and computer technology in math and science instruction. Now in its sixth year, NTTI has trained some 95,000 teachers, who have used its methods to teach 13 million students nationwide.

We also support educational programs in countries where we operate overseas, among them, an established curriculum program in the U.K. that provides students in 30,000 schools with resource material on the oil industry.

Along with programs in education and the environment, Texaco also funds arts programs that contribute to the quality of life in communities where Texaco has a major presence. Leading our support for the arts is Texaco's 55-

year sponsorship of Metropolitan Opera radio broadcasts, which reach audiences throughout the U.S., Canada and Europe.

We extended our commitment to the arts in 1995 through our public television sponsorship of MARSALIS ON MUSIC, a four-part music education series created and hosted by acclaimed trumpeter and composer Wynton Marsalis. Bringing together our interest in both the arts and education, we funded the creation of a teachers' guide for the series, which was distributed to more than 60,000 music teachers nationwide.

In the many communities in which we operate, other arts sponsorships continue to provide much-needed support for local symphonies, choirs and ballet and theater companies. We also reach out to support our local communities through our active participation in the United Way. And our matching gifts program allows employees and retirees to direct Texaco funding equal to their personal contributions to the schools, colleges and universities of their choice.

Fostering Our Vision

Texaco's vision and values are the enduring principles that add depth and dimension to our abiding commitment: to be the company of choice for stockholders, employees, customers and suppliers. As Texaco strives for leadership in our industry and in the communities where we operate, our commitment to corporate responsibility, respect for the individual and our other core values sustains our drive toward top-quartile operating performance.

Texaco Inc. and Subsidiary Companies

Financial and Operational Information

Texaco Inc. and Subsidiary Companies

Financial Review

Consolidated Highlights

(Millions of dollars, except per share and ratio data)	1995	1994	1993
Revenues from continuing operations	$36,787	$33,353	$34,071
Net income from continuing operations before cumulative effect of accounting change			
Net income before special items	$ 1,152	$ 915	$ 1,132
Special items	(424)	64	127
	728	979	1,259
Net loss on discontinued chemical operations	-	(69)	(191)
Cumulative effect of accounting change	(121)	-	-
Net income	$ 607	$ 910	$ 1,068
Stockholders' equity	$ 9,519	$ 9,749	$10,279
Total assets	$24,937	$25,505	$26,626
Total debt	$ 6,240	$ 6,481	$ 6,826
Per common share (dollars)			
Net income from continuing operations before cumulative effect of accounting change			
Net income before special items	$ 4.20	$ 3.19	$ 3.98
Special items	(1.63)	.24	.49
	2.57	3.43	4.47
Net loss on discontinued chemical operations	-	(.26)	(.73)
Cumulative effect of accounting change	(.47)	-	-
Net income	$ 2.10	$ 3.17	$ 3.74
Cash dividends	$ 3.20	$ 3.20	$ 3.20
Current ratio	1.24	1.20	1.44
Return on average stockholders' equity*	7.5%	9.8%	12.5%
Return on average capital employed*	6.9%	8.0%	9.4%
Total debt to total borrowed and invested capital	38.0%	38.5%	38.7%

*Returns exclude the 1995 cumulative effect of accounting change and discontinued chemical operations.

Consolidated worldwide net income for the year 1995 was $607 million, or $2.10 per common share, compared with $910 million, or $3.17 per common share for the year 1994 and $1,068 million, or $3.74 per common share for the year 1993.

These results include special gains and charges as well as discontinued chemical operations as applicable. Results for 1995 reflect the adoption of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). The adoption of this Standard resulted in a non-cash after-tax charge of $639 million, and required the classification of a $121 million charge, previously recorded in the first quarter of 1995, as a cumulative effect of an accounting change.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B1.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B2.

Plan for Growth

Texaco's plan for growth has shown significant progress in achieving its primary objectives of increasing earnings and stockholder value. By the end of 1995, the following achievements were attained:

* Over the last two years, assets that were not strategic to our plan for growth were sold for more than $1.7 billion. The realized cash is being redirected to focused areas of growth, including expanding oil and gas production, focused exploration drilling and targeted marketing initiatives.
* Cash expenses have been reduced by some $1 billion over the last three years despite inflation and higher activity levels. These reductions reflect operating efficiency gains, sales of assets and lower overhead expense of nearly $450 million.
* Oil and gas production from growth-potential core properties increased as compared to 1994 by some 14,000 barrels of oil equivalent per day, more than offsetting the natural decline of maturing fields.
* For the year 1995, net income before special items was $1,152 million or 26% higher than 1994.
* Reserve additions continued to add value to Texaco. Over the period

1993-1995, on a worldwide basis, new volumes were added to the reserve base equal to 117% of production at a highly competitive finding and development cost of $3.54 per barrel.

In addition, the following actions are targeted for 1996 and beyond:

* In late December 1995, Texaco announced the signing of an agreement in principle with Korea Petroleum Development Corporation for their acquisition of a 15% interest in our Captain Field in the U.K. North Sea for approximately $210 million. The formation of this alliance will provide access to business opportunities in the Far East as well as in other potential project developments.
* Also in December 1995, Caltex Petroleum Corporation (Caltex) jointly owned by Texaco and Chevron Corporation, announced its plan to sell its 50% interest in Nippon Petroleum Refining Company, Limited in Japan to its partner Nippon Oil Company for approximately $2 billion. This action is part of Caltex' long-term strategy to focus its activities on high-growth areas throughout the Pacific Rim. The sale is expected to be completed in April 1996 and will result in a significant earnings gain. The net proceeds will provide Caltex and its two stockholders with additional funds for future growth opportunities.
* Texaco announced a budgeted capital expenditure level for 1996 of $3.6 billion, including subsidiaries and affiliates, an increase of some 16% from the 1995 spending level. Texaco plans to spend some $20 billion on capital expenditures over the next five years.

Results of Continuing Operations

The following analysis relates to Texaco's consolidated and functional results for continuing operations.

Revenues

Consolidated worldwide revenues from continuing operations were $36.8 billion in 1995 as compared to $33.4 billion in 1994 and $34.1 billion in 1993. Revenues for 1995 as compared to 1994 increased due to higher worldwide crude oil prices and sales volumes. Higher worldwide refined product prices as well as higher volumes of diesel and gasoline in the U.S. and Latin America also increased revenues. For natural gas operations, revenues decreased due to lower prices in the U.S. This decrease was partly offset by higher sales volumes resulting from Texaco's expanding gas marketing activities in the U.S. and Europe, supported by increased production in the U.K. North Sea. In addition, revenues benefited from increased gains on asset sales.

In 1994, revenues declined as compared to 1993 due to lower worldwide average crude oil prices and lower U.S. crude oil volumes, as well as lower worldwide prices for refined products and natural gas. These decreases were partially offset by higher volumes of refined products in the U.S. and Latin America, higher volumes of natural gas in the U.S. and Europe and higher international crude oil volumes.

Costs and Expenses

Purchases and other costs were $27.2 billion in 1995, $23.9 billion in 1994 and $24.7 billion in 1993. Among the factors contributing to this increase in 1995 were higher worldwide prices for crude oil and refined products as well as increased purchased volumes of crude oil, refined products and natural gas. Partially offsetting these increases were lower natural gas prices in the U.S. For 1994, costs were lower as compared to 1993 primarily due to lower worldwide crude oil prices and purchased volumes, partly offset by higher volumes of natural gas purchased in the U.S.

During 1995, Texaco continued its efforts to achieve greater operating efficiencies and reduce overhead. Despite inflationary pressures and higher levels of activity, Texaco's total expenses, excluding special items, declined by more than 8% over the past three years. While these expense reductions occurred throughout the company, the U.S. upstream producing operations generated the greatest portion of these benefits. Contributing to the overall expense reductions were lower employee levels, as the number of employees was reduced by 6,600, or approximately 19% during the three year period.

Depreciation, depletion and amortization expenses increased during 1995 as compared to 1994 mainly due to the effects of the adoption of SFAS 121.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B3.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B4.

Income Taxes

Income tax expense was $258 million in 1995, $225 million in 1994 and a tax benefit of $87 million in 1993. The year 1995 continued the three-year trend of higher taxable income from the expanding international producing operations which are generally subject to higher statutory tax rates. Additionally, during the three-year period there were decreases in tax benefits arising from the sales of interests in a subsidiary. The year 1995 included significant tax benefit effects from the adoption of SFAS 121. Also, the year 1993 included certain non-recurring tax benefits from tax law and rate changes in the United Kingdom.

Net Income

A summary of consolidated net income from continuing operations is provided below. Consolidated net income from continuing operations includes special items in addition to net income directly related to the current production, manufacturing, marketing and distribution of products and services of the company. Results for 1995 included benefits of $75 million for insurance recoveries which were offset by charges to establish financial reserves for associated environmental remediation and other matters. Explanations of net income are included in the functional analysis which follows.

(Millions of dollars)	1995	1994	1993
Net income before special items and cumulative effect of accounting change	$1,152	$ 915	$1,132
Adoption of SFAS 121	(639)	-	-
Gains on major asset sales	232	23	-
Tax benefits on asset sales	65	189	210
Other special items	(82)	(148)	(83)
Net income from continuing operations before cumulative effect of accounting change	$ 728	$ 979	$1,259

The Consolidated Financial Statements and related Notes should be read in conjunction with this financial review.

Functional Analysis of Net Income

Worldwide net income from continuing operations is segregated between operating and corporate/nonoperating in the following tables. Operating results are further segregated functionally and geographically.

Petroleum and Natural Gas

Exploration and Production

United States (Millions of dollars)	1995	1994	1993
Operating earnings before special items	$ 674	$ 438	$ 548
Special items	(381)	(24)	(38)
Total operating earnings	$ 293	$ 414	$ 510
Selected Operating Data			
Net production of crude oil and NGL's (MBPD)	381	407	423
Net production of natural gas - available for sale (MMCFPD)	1,619	1,716	1,729
Natural gas sales (MMCFPD)	3,153	3,092	2,735

Operating earnings, before special items, were $674 million, $438 million and $548 million for the years 1995, 1994 and 1993, respectively. Results for 1995 were 54% higher than 1994 following a decrease of 20% in 1994 versus 1993 results.

Lower operating and overhead expenses for core producing properties, along with overhead expense reductions associated with the sales of non-core producing properties, significantly benefited results in all periods. In addition, operating earnings in 1995 benefited from higher crude oil prices that averaged $15.10 per barrel, or $1.67 per barrel over the 1994 average price. Prices for heavy California crudes, which represent approximately 35% of Texaco's U.S. production, were especially strong in 1995. In 1994, Texaco's average crude oil price of $13.43 per barrel declined $.83 per barrel from the 1993 price, mainly reflecting a steep drop in prices during the second half of 1993 followed by a modest recovery during 1994.

During the three-year period, crude oil and natural gas production from core properties remained at essentially equal levels as the impact of normal production declines from maturing fields was virtually offset by added production from the company's successful exploration and development programs.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B5.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B6.

Operating earnings in the U.S. were reduced by a deterioration of average natural gas prices during the three-year period primarily reflecting abundant supplies in relation to demand. Texaco's average natural gas price of $1.72 per MCF in 1995 represents a decrease of $.27 per MCF from 1994. However, prices at the end of 1995 strengthened significantly due to colder weather. Natural gas prices in 1994 were $.20 per MCF lower than in 1993.

Total operating earnings were $293 million, $414 million and $510 million for the years 1995, 1994 and 1993, respectively. Included in total operating earnings for 1995 were special items of $381 million, comprised of the write-down of assets associated with the adoption of SFAS 121 of $493 million and a gain of $125 million from the sale of non-core producing properties which was partly offset by reserves for environmental remediation on these properties of $13 million. Results for both 1994 and 1993 included special charges related to employee separations. Also, included in 1993 was a deferred tax charge due to an increase in the U.S. income tax rate.

International

(Millions of dollars)	1995	1994	1993
Operating earnings before special items	$343	$269	$212
Special items	(3)	(16)	110
Total operating earnings	$340	$253	$322
Selected Operating Data			
Net production of crude oil and NGL's (MBPD)	381	376	305
Net production of natural gas - available for sale (MMCFPD)	373	319	238
Natural gas sales (MMCFPD)	435	337	255

Operating earnings, before special items, were $343 million, $269 million and $212 million for 1995, 1994 and 1993, respectively.

Operating results benefited in all three years from higher crude oil and natural gas production. Continuing field development programs in the Partitioned Neutral Zone between Kuwait and Saudi Arabia increased 1995 crude oil production over 1994 levels. Results for 1994 benefited from significantly increased North Sea crude oil and natural gas production primarily from new production and development at the Strathspey, Saltire, Orwell, and Piper fields. In 1995, North Sea crude oil production slipped 3% from the high levels of 1994 due mainly to the natural decline in maturing fields and temporary operating interruptions for planned well work. In the Pacific Rim, earnings in 1995 and 1994 included the benefits of higher production in Australia from the Roller and Skate fields, as well as higher production in Indonesia.

Higher international average crude oil prices benefited results for 1995 when compared to 1994. Texaco's average international crude oil price of $16.29 per barrel in 1995 increased $1.41 per barrel over the 1994 level. This increase in crude oil prices is in contrast to the decrease of $.87 per barrel in crude oil prices in 1994 as compared with 1993.

Total operating earnings were $340 million, $253 million and $322 million for 1995, 1994 and 1993, respectively. Included in 1995 results was a special charge of $3 million related to the write-down of assets associated with the adoption of SFAS 121. Results for 1994 included special charges related to asset write-downs and the cost of employee separations. Operating earnings for 1993 included a benefit of $169 million related to changes in the U.K. Petroleum Revenue Tax associated with the taxability of certain items, as well as a tax rate reduction. This benefit was partially offset by special charges related to employee separations and the write-down of the carrying value of certain assets principally in the North Sea, brought about by changes in the Petroleum Revenue Tax laws.

Manufacturing, Marketing and Distribution

United States

(Millions of dollars)	1995	1994	1993
Operating earnings before special items	$141	$281	$306
Special items	(20)	(24)	(91)
Total operating earnings	$121	$257	$215
Selected Operating Data			
Refinery input (MBPD)	693	673	658
Refined product sales (MBPD)	934	882	830

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B7.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B8.

Operating earnings, before special items, were $141 million for 1995, versus $281 million and $306 million in 1994 and 1993, respectively. Results were depressed in 1995 versus 1994 due to the impact of historically low refining margins prevailing throughout the U.S. during the first four months of 1995. Rising crude costs could not be recovered through product prices which remained relatively flat due to a surplus of products in the market. These conditions improved only slightly in the East and Gulf Coast markets and showed some improvement on the West Coast in the latter half of the year. Operations on the East and Gulf Coasts also were impacted by narrow light to heavy crude oil differentials which reduced the benefits of refinery upgrading units. In 1995, storm-related downtime and scheduled maintenance at the East and Gulf Coast refineries hurt comparative annual results. On the West Coast, benefits from expense containment, greater energy efficiency, improved refinery performance and higher sales volumes helped to mitigate the negative impact of depressed refining margins.

Results for 1994 versus 1993 reflect increased sales of branded gasolines due to the successful introduction of Texaco's CleanSystem3 and a greater volume of higher margin premium gasoline sales. However, these volume improvements were more than offset by decreased margins in 1994 caused by rising crude costs and oversupply conditions in the marketplace, partly due to highly disruptive market conditions and changing government regulations for new reformulated gasolines and an unseasonably warm winter along the East Coast.

Texaco's trading and pipeline transportation network continued to be a strong contributor to the downstream results throughout these periods.

Total operating earnings were $121 million, $257 million and $215 million for the years 1995, 1994 and 1993, respectively. Earnings in 1995 included a special charge of $9 million related to the write-down of assets associated with the adoption of SFAS 121. Results for 1994 included special charges related to asset write-downs, while operating earnings for 1993 included reserves for environmental remediation. Additionally, special items in all three periods included charges related to employee separations.

International

(Millions of dollars)	1995	1994	1993
Operating earnings before special items	$358	$375	$464
Special items	7	(15)	(30)
Total operating earnings	$365	$360	$434
Selected Operating Data			
Refinery input (MBPD)	788	780	812
Refined product sales (MBPD)	1,567	1,470	1,504

Operating earnings, before special items, were $358 million, $375 million and $464 million for the years 1995, 1994 and 1993, respectively. Operating earnings in Europe in 1995 and 1994, as compared to 1993, reflect depressed refining margins, particularly in the U.K. These margins, which began to decline during 1994 due to rising feedstock costs and oversupply conditions in the marketplace remained depressed throughout 1995. Operating earnings for 1994 were also negatively impacted by the Pembroke, Wales, refinery fire.

In the areas served by the company's affiliate Caltex, including most Pacific Rim countries and South Africa, earnings were depressed due to lower refining margins which prevailed during 1995 and 1994 primarily in Japan and Singapore. However, 1993 earnings benefited from strong margins reflecting lower crude oil prices. Results were also impacted by favorable foreign tax effects of $13 million in 1995 as well as inventory valuation benefits of $15 million and $16 million which were realized in 1995 and 1994, respectively. Results for 1993 included inventory valuation charges of $51 million.

Strong margins and higher product volumes in most of the Latin American operating areas continued to prevail throughout the three-year period, 1993 through 1995. However, downtime resulting from a 1995 refinery upgrade project in Panama and the 1994 impact of a fire at that plant lowered results for both years.

Total operating earnings were $365 million in 1995 compared with $360 million and $434 million in 1994 and 1993, respectively. Results for 1995 included special charges of $31 million related to the write-down of assets associated with the adoption of SFAS 121. The year 1995 also included a net special gain of $80 million, principally related to the sale of land by a Caltex affiliate in Japan and special charges of $13 million from restructuring in certain Caltex operations. Operating results for 1994 included special charges related to the write-down of assets, partly offset by a gain related to the sale of an interest in a downstream joint venture in Sweden. Operating results for 1993 included special charges related to the reduction in the carrying value of certain marketing assets. Additionally, special items in all periods included charges relating to employee separations.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B9.

Nonpetroleum

(Millions of dollars)	1995	1994	1993
Operating earnings (losses) before special items	$ 32	$ (3)	$ (9)
Special items	(60)	(29)	(4)
Total operating losses	$(28)	$(32)	$(13)

Operating earnings, before special items, were $32 million for 1995, as compared to losses of $3 million and $9 million in 1994 and 1993, respectively. Operating results in 1995, as compared to 1994 and 1993, benefited from the improved loss experience of insurance operations. Results in 1994 and 1993 benefited from higher revenues from the licensing of gasification technology.

Included in 1995 operating results was a special charge of $87 million for the write-down of assets associated with the adoption of SFAS 121 and a special gain of $27 million from the sale of the company's interest in Pekin Energy Company, a producer of ethanol.

The year 1994 included special charges in the insurance operations related to property damage from the fires occurring at both the Pembroke, Wales, and the Panama refineries. The year 1993 included a special charge relating to an increase in the U.S. income tax rate.

Corporate/Nonoperating

(Millions of dollars)	1995	1994	1993
Corporate/nonoperating before special items	$(396)	$(445)	$(389)
Special items	33	172	180
Total	$(363)	$(273)	$(209)

Corporate/nonoperating charges, before special items, were $396 million, $445 million and $389 million for the years 1995, 1994 and 1993, respectively. These results include interest expense and general corporate expenses as well as interest income and other nonoperating income.

Results for all three years benefited from reduced overhead expenses resulting from the continuing progress of the company's overhead reduction efforts. Results for 1995, as compared to 1994, benefited from higher interest income and lower interest expense. Results for 1995 included gains of $25 million, principally from sales of equity securities held for investment by the insurance operations. Gains on such sales of securities in 1994 were lower than amounts realized in 1995 and 1993. During 1994 as compared to 1993, results reflected a reduction in capitalized interest resulting from project completions, mainly in the North Sea, as well as lower U.S. tax benefits associated with interest expense.

Special items for the years 1995, 1994 and 1993 included the impact of current tax benefits realized and deferred tax benefits realizable due to sales of interests in a subsidiary of $65 million, $189 million and $210 million, respectively. These benefits are realizable due to taxable gains on completed and announced sales of assets. Also included in 1995 were charges of $16 million relating to the write-down of assets associated with the adoption of SFAS 121. The year 1993 included benefits from a tax law change, a windfall profits tax refund and special charges relating to oil and gas issues. Additionally, special items in all periods included charges relating to employee separations.

Discontinued Chemical Operations

In 1993, Texaco announced its intention to dispose of substantially all of its worldwide chemical operations, including its lubricant additives business. Texaco has since accounted for these operations as discontinued operations.

In 1993, Texaco entered into a memorandum of understanding with an affiliate of the Jon M. Huntsman Group of Companies for the sale of Texaco Chemical Company and related international chemical operations. On April 21, 1994, Texaco received from Huntsman Corporation $850 million, consisting of $650 million in cash and an 11-year subordinated note with a face amount of $200 million. The note was prepaid in January, 1996.

Subsequent to the above sale to Huntsman Corporation, Texaco continued its efforts to sell its worldwide lubricant additives business, which includes manufacturing facilities in Port Arthur, Texas and Ghent, Belgium, among others, as well as sales and marketing offices in various locations in the U.S. and abroad. In late 1995, Texaco entered into an agreement to sell this business to Ethyl Corporation, a fuel and lubricant additives manufacturer. Under the terms of the purchase and sale agreement, as amended in February 1996, Ethyl will purchase this business for some $195 million. At closing, which is currently planned for February 29, 1996, Texaco will receive approximately $135 million in cash and a three year note with a face amount of $60 million.

Summary statements and other detailed financial information on discontinued chemical operations can be found in Note 4 to the Consolidated Financial Statements beginning on page 44 of this report.

Employee Severance Program

On July 5, 1994, Texaco announced its plan for growth which included a series of action steps to increase competitiveness and profitability. This program also called for reductions in overhead, including reduced layers of supervision, and improvements in operating efficiencies. Implementation of Texaco's program was expected to result in the reduction of approximately 2,500 employees worldwide by June 30, 1995, involving the U.S. and international upstream and downstream segments, as well as various support staff functions. During the second quarter of 1994, Texaco recorded a charge of $88 million, after-tax, for the anticipated severance costs associated with the employee reductions.

On October 2, 1995, Texaco announced additional employee separations as a result of the continued successful application of its overhead reduction initiative. In this regard, in the third quarter 1995, Texaco recorded an after-tax charge of $56 million for the cost of these employee separations. By year-end 1996, these overhead reduction initiatives and asset sales will have effected workload reductions, resulting in approximately 4,000 fewer positions worldwide compared with June 1994 levels.

As of December 31, 1995, implementation of Texaco's program has included reductions of over 3,700 employees worldwide with a related commitment to severance payments of $166 million, or an after-tax cost of $113 million. Of this pre-tax commitment, payments of $151 million have been made as of December 31, 1995.

Environmental Matters

Texaco's Environment, Health and Safety (EHS) policies underscore the importance of safeguarding both the environment wherever the company conducts its business, and the health and safety of our employees and neighbors. The company has an ongoing EHS process that emphasizes continuous improvement and works closely with governmental agencies to ensure that all domestic and international laws and regulations are met. The worldwide responsibilities for this process are coordinated by a division president and are overseen by the Public Responsibility Committee of the Board of Directors. The company has realized improvements in its process for managing EHS activities which include enhanced facility auditing practices, more effective remediation and emergency preparedness systems and innovative processes and technologies that are compatible with fostering a clean environment while providing our customers with competitively priced products and services.

Texaco is involved in many proactive organizations that define and promote environmental standards such as the American Petroleum Institute, the Global Climate Coalition and the International Chamber of Commerce. Texaco is associated with over 30 oil spill cooperatives worldwide including Oil Spill Response Limited, East Asia Response Limited and the Marine Spill Response Corporation. Additionally, Texaco maintains response teams worldwide and conducts regional drills to ensure a high level of preparedness for any emergency response.

Texaco makes substantial capital and operating expenditures in support of protecting the environment. These expenditures relate to the reduction of the release of pollutants into the air and water and to the appropriate recycling or disposal of wastes. These expenditures also include costs associated with remediation obligations at company operated sites, previously operated sites and certain third party sites.

The discussion that follows details environmental expenditures and reserve information relative to Texaco and its equity in affiliates.

In 1995, Texaco's capital environmental expenditures totaled $275 million, or nearly 10% of Texaco's 1995 capital expenditure program, with $169 million expended in the United States. Capital environmental expenditures projected for the company for 1996 and 1997 total $225 million and $200 million, respectively, and approximately 60% will relate to operations in the United States. Included in these expenditures are amounts associated with the modification of the company's refining and distribution systems to produce reformulated gasolines which are required by the U.S. Clean Air Act and the State of California.

Texaco spent and expensed $480 million in 1995 associated with protecting the environment in the company's ongoing operations, the manufacturing of cleaner burning fuels and in the management of the company's environmental programs. A similar level of expenditures is expected in 1996.

Expenditures in 1995 relating to remediation amounted to $134 million. The company had financial reserves of $723 million at the end of 1995 for the estimated future costs of its environmental remediation programs. These reserves have been provided to the extent reasonably measurable, as it is not possible to project the overall costs or a range of costs beyond that disclosed, due to uncertainty surrounding future developments in regulations and remediation exposure.

Since the enactment of the Comprehensive Environmental Response, Compensation and Liability Act (commonly referred to as Superfund), the Environmental Protection Agency (EPA) and other regulatory agencies and groups have identified Texaco as a potentially responsible party (PRP) for cleanup of hazardous waste sites. Texaco has determined that it may have potential exposure, though limited in certain cases, at about 200 multiparty hazardous waste sites, of which 81 sites are on the EPA's National Priority List. Although liability under Superfund is joint and several, the company is actively pursuing and/or participating in the sharing of Superfund costs with other identified PRP's on the basis of the weight, volume and toxicity of the material contributed by the PRP's. The expenditures in 1995 relating to remediation include $13 million for multiparty waste sites. The financial reserves for environmental remediation include $65 million relative to multiparty waste sites. This reserve is based on the company's analysis of developments at these sites for which costs can reasonably be estimated. However, there are potential additional costs for waste sites for which a range of exposures cannot reasonably be estimated until further information develops. In many cases, the amounts and types of wastes are still under investigation by regulatory agencies.

In addition to the environmental remediation reserves, the company also provides financial reserves to cover the cost of restoration and abandonment of its oil and gas producing properties. These reserves at December 31, 1995 totaled $847 million. Expenditures in 1995 for restoration and abandonment amounted to $46 million.

In summary, Texaco makes every effort to remain in full compliance with applicable governmental regulations. Changes in governmental regulations and/or Texaco's re-evaluation of its environmental programs may result in additional future costs to the company. However, it is not believed that such future costs will be material to the company's financial position nor to its operating results over any reasonable period of time. It is assumed that any mandated future costs would be recoverable in the marketplace, since all companies within the industry would be facing similar requirements.

GRAPHIC MATERIAL APPEARS HERE.

SEE APPENDIX, PART B, ITEM B10.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B11.

Liquidity and Capital Resources

The company's cash, cash equivalents and short-term investments totaled $536 million at December 31, 1995 as compared with $464 million at year-end 1994.

Texaco's net cash provided by operating activities for 1995 (as presented on the Statement of Consolidated Cash Flows) was impacted by several significant items that were not directly related to current period operations, and which in the aggregate, amounted to a net cash outflow of some $300 million. Among these items were payments related to employee severance, litigation (mainly the state of Louisiana royalty dispute settlement) and certain environmental remediation issues.

During 1995, cash from normal operating activities and proceeds from asset sales, which are discussed below, were used to support Texaco's capital and exploratory program of $2.4 billion and for payment of dividends to common, preferred and minority stockholders of $947 million.

Proceeds from asset sales for 1995 amounted to $1,150 million. These proceeds included the sale of non-core producing properties in the United States, mainly some 300 scattered properties sold to Apache Corporation, the sale and leaseback of equipment in an offshore development project in the U.K., the sale of Texaco's 50% equity interest in Pekin Energy Company and the sale of marine vessels. Proceeds from asset sales are key to financing growth opportunities. In addition to proceeds from asset sales, Texaco's investing activities for 1995 included $248 million of partial proceeds from the sale of equipment leasehold interests in conjunction with a sale/leaseback arrangement. Texaco intends to repurchase these interests within twelve to eighteen months.

In 1995, Texaco reduced total debt some $200 million to $6.2 billion at year-end 1995. Accordingly, Texaco's ratio of total debt to total borrowed and invested capital declined to 38.0% at December 31, 1995 from 38.5% at year-end 1994. At year-end 1995, the company's debt profile continued to reflect a strong liquidity position as the average maturity of its debt exceeds 12 years and its contractual annual maturities of long-term debt over the next five years have been balanced to avoid unusual calls on cash in any one year. The company's weighted average interest rate at December 31, 1995, including the immaterial effect of debt-related derivatives, remained at 7.6%.

During 1995, Texaco announced a stock repurchase program to buy up to $500 million of its common stock through open market or privately negotiated transactions. Subject to market conditions and applicable regulatory requirements, the stock repurchase program is expected to be completed around the second quarter of 1997. Financing activities in 1995 also reflect the issuance of $65 million of preferred stock by Texaco Capital LLC, a finance subsidiary of Texaco Inc.

Texaco maintains a revolving credit facility with commitments of $2 billion which remained unused at year-end 1995. Additionally, a partially-owned subsidiary maintains a long-term revolving credit facility for $330 million, which was fully utilized at year-end 1995 and is reflected in long-term debt.

Subsequent to December 31, 1995, Texaco received some $350 million from the collection of notes receivable and accrued interest relating to the 1994 sale of its discontinued chemical operations, and from insurance recoveries relating to environmental and other matters. In addition, Texaco announced that it has signed an agreement in principle with the Korea Petroleum Development Corporation for the sale of a 15% interest in Texaco's Captain Field in the U.K. North Sea for approximately $210 million. Texaco also has entered into an agreement to sell its worldwide lubricant additives business to Ethyl Corporation, a fuel and lubricant additives manufacturer for approximately $135 million in cash and a three year note with a face amount of $60 million. These sales should be completed during the first half of 1996.

Texaco also announced that its 50% owned affiliate, Caltex, has signed an agreement to sell its 50% interest in Nippon Petroleum Refining Company, Limited to its partner, Nippon Oil Company, for approximately $2 billion. The sale is scheduled to be completed in April 1996, and approximately half of the net sales proceeds will be distributed to Caltex' two stockholders, Texaco and Chevron Corporation.

As an international petroleum company, Texaco is exposed to commodity price, foreign exchange and interest rate risks. These risks are primarily managed by the careful structuring of transactions with their related exposures. To a lesser extent, the company employs certain commonly used derivative financial instruments as a cost-effective and efficient means for managing its risks. Derivative usage is subject to corporate risk management policies which prohibit speculative positions and restrict the amount of exposure on all derivative transactions by establishing dollar, term and volumetric limits. The company's exposure in derivative transactions, in the aggregate, is immaterial.

The company considers its financial position sufficient to meet its anticipated future financial requirements.

Reserves

Texaco's worldwide net proved reserves at year-end 1995, including equity in P. T. Caltex Pacific Indonesia (CPI), a 50% owned affiliate operating in Indonesia, totaled 3.7 billion barrels of oil equivalent, of which 55% are located in the United States. The worldwide reserves include 2.7 billion barrels of crude oil and natural gas liquids, and 6.1 trillion cubic feet of natural gas.

GRAPHIC MATERIAL APPEARS HERE.

SEE APPENDIX, PART B, ITEM B12.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B13.

On a worldwide basis, including equity reserves and excluding purchases and sales, the company added new volumes to its reserve base equal to 129% of combined liquids and gas production in 1995, 111% in 1994 and 112% in 1993. During 1995, the company added new volumes to its reserve base equal to 116% of combined liquids and gas production in the United States and 146% outside the United States. The three-year worldwide reserve replacement average for 1993-1995 was 117% and the five-year replacement average for 1991-1995 was 109%.

Texaco's worldwide finding and development costs were $3.29 in 1995, $3.54 over the three-year period 1993-1995 and $4.03 over the five-year period 1991-1995.

See the "Supplemental Oil and Gas Information" section starting on page 64 for further information regarding Texaco's estimated proved reserves.

Capital and Exploratory Expenditures

Worldwide capital and exploratory expenditures for continuing operations, including equity in such expenditures of affiliates, were $3.1 billion for the year 1995 as compared to $2.7 billion in 1994 and $2.9 billion in 1993. The increase in 1995 reflects Texaco's commitment to a worldwide plan for growth and its determination to reinvest proceeds received from the recent divestment of non-core assets located primarily in the U.S. As a result, Texaco continues to add underground oil and gas reserves at a pace faster than such reserves are depleted through production. Additionally, the effectiveness of this investment has been enhanced by the efficient use of the latest technologies and exploration and production techniques. While the focus of Texaco's investment has been increasingly upstream (62% in 1995) and international (55% in 1995), significant capital expenditures continue to be spent on key exploration and producing opportunities in the U.S. and downstream projects. Texaco continues to upgrade refineries to enhance production of valuable light-end products and improve its marketing and distribution system. In accordance with the company's long-standing practice, these investments are made with a sensitivity toward satisfying environmental concerns and mandates.

United States

Upstream capital and exploratory expenditures in the U.S. increased significantly in 1995 over both 1994 and 1993. This represented Texaco's refocused activity in core areas where the company has successfully offset the decline in maturing fields as well as new exploratory and developmental activities. Areas of focus include both onshore and offshore Gulf of Mexico prospects as well as heavy oil recovery in California. Downstream expenditures for Texaco and its affiliate, Star Enterprise, remained relatively stable with 1994 and 1993. Refinery expenditures declined during the periods due to the completion of major refinery projects and upgrades in 1993. However, a shift towards marketing and pipeline investments in 1995, including service station upgrades such as the addition of joint marketing initiatives with quick service restaurants, offset lower refinery spending.

International

Texaco also has a significant number of growth opportunities abroad. Upstream capital and exploratory expenditures in 1995 increased significantly over both 1994 and 1993 levels. This was primarily due to the continuing development of several fields including the Captain Field in the North Sea, where a movable platform, offloading vessel and shuttle vessel under construction were subsequently sold and leased back with attractive financing terms, as well as natural gas projects in Denmark, Trinidad and Colombia and increased expenditures in the Partitioned Neutral Zone between Kuwait and Saudi Arabia. Through its affiliate P.T. Caltex Pacific Indonesia, Texaco continues to extend enhanced recovery programs in the vast Duri and Minas fields in Indonesia.

Downstream expenditures decreased slightly from 1994 but were higher than 1993 primarily reflecting refinery project completions in 1994. The lower level of refinery spending was largely offset by increased marketing investment particularly by the company's new joint venture in Scandinavia and by Caltex in the fast growing markets in the Pacific Rim. Additionally, marketing expenditures have increased in selected areas in Latin America such as Brazil, where Texaco continues to invest in an expanding economy, and Ecuador and other countries where liberalized government policies are encouraging economic development.

1996 Capital and Exploratory Expenditures

Texaco's capital and exploratory spending levels, including equity in such expenditures of affiliates, are planned to approximate $3.6 billion during 1996, an increase of some 16% over 1995 spending levels. This increase is supported by the company's improved operating results and reflects the aggressive redeployment of proceeds from asset sales. Texaco's 1996 program supports the plan for growth by investing in worldwide opportunities

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B14.

GRAPHIC MATERIAL APPEARS HERE.
SEE APPENDIX, PART B, ITEM B15.

which have significant potential to continue solid earnings growth and provide highly competitive returns on capital employed and for stockholders. Approximately $2.1 billion of Texaco's investment program is targeted for international areas and $1.5 billion for domestic initiatives. On a functional basis, about 60% has been designated for upstream opportunities, 35% for downstream businesses, and 5% for other activities.

Upstream investments encompass a risk-balanced exploration program focused in key geographic areas, and the utilization of advanced technologies such as 3-D and vertical cable seismic, subsea completions and quadrilateral drilling. Major investments include delineating new oil and gas finds in the deepwater Gulf of Mexico; continuing the successful projects in South Louisiana and the Permian Basin in Texas; and developing offshore projects in Colombia, the North Sea, Australia, West Africa and Southeast Asia. In addition, expenditures continue to be designated for development projects in the Partitioned Neutral Zone, an area of significant promise for increasing production.

In the downstream, expenditures will be focused more in the marketing segment of the business, particularly those high growth areas around the world such as Latin America, and through Caltex, in the Pacific Rim. In the more mature markets of Western Europe and the U.S., investments will be focused on enhancing the company's retail presence and continuing strategic joint marketing initiatives with quick service restaurants.

Other planned investments will support alternate energy opportunities in cogeneration, gasification and power generation projects.

Capital and Exploratory Expenditures

(Millions of dollars)	1995	1994	1993
Texaco Inc. and subsidiary companies			
United States			
Exploration	$ 193	$ 194	$ 194
Production	707	595	602
Manufacturing, marketing and distribution	305	271	347
Other	43	35	37
Total	1,248	1,095	1,180
International			
Exploration	257	241	280
Production	661	404	475
Manufacturing, marketing and distribution	317	292	291
Other	7	2	6
Total	1,242	939	1,052
Total Texaco Inc. and subsidiary companies	2,490	2,034	2,232
Equity in affiliates			
United States			
Exploration and production	4	1	3
Manufacturing, marketing and distribution	148	152	147
Other	1	3	7
Total	153	156	157
International			
Exploration and production	115	150	151
Manufacturing, marketing and other*	370	401	352
Total	485	551	503
Total equity in affiliates	638	707	660
Total continuing operations	3,128	2,741	2,892
Discontinued operations	2	22	84
Total worldwide	$3,130	$2,763	$2,976

*Excludes expenditures of Caltex' affiliated companies.

Industry Review

Review of 1995

The world economy grew at a healthy 3.3% rate in 1995, led by robust growth in the developing world. The pivotal U.S. economy experienced a "soft landing," braked by the Federal Reserve's restrictive monetary measures. So too, a strong Deutsche Mark and the adoption of fiscal austerity measures led to lower-than-anticipated growth in Western Europe. Japan remained mired in its worst economic slowdown since the 1930's. In the developing world, on the other hand, economic expansion was generally robust, particularly in the Pacific Rim countries. Additionally, the economic downtrend in the former Soviet bloc appears to have bottomed out in 1995, as Eastern Europe enjoyed relatively strong GDP growth and the large Russian economy experienced only a small contraction.

The global economic expansion propelled oil demand to a new peak of 69.9 million BPD in 1995, an increase of over one million BPD from the prior year. Not since the late 1980's has consumption risen so rapidly, largely due to the expanding energy needs of the developing world. Also of importance, the significant "pull down" effect on world demand from sharply declining consumption in the former Soviet Union has ceased. In the industrialized nations, consumption grew by only 0.4 million BPD due to the adverse effects of mild winter weather in the U.S. and Western Europe, and a cool summer in Japan. In the developing world, on the other hand, demand rose strongly by one million BPD, buoyed by the growth in the Pacific Rim countries. Consumption fell by a mere 0.1 million BPD in the former Soviet bloc (including Eastern Europe) as the downward trend in Soviet demand bottomed out.

World Petroleum Demand

(Millions of barrels a day)	1995	1994	1993
Industrial nations	40.3	39.9	39.0
Developing nations	23.5	22.5	21.7
Former Soviet bloc	6.1	6.2	7.0
Total	69.9	68.6	67.7

During 1995, the growth in world oil demand was supplied overwhelmingly from non-OPEC sources. Overall, non-OPEC crude output averaged 36.1 million BPD, an increase of about 0.9 million BPD from year-ago levels. The North Sea led the advance, far exceeding all expectations. At the same time, supplies rose significantly from South America as production from Colombia's giant Cusiana field reached almost 0.2 million BPD by year-end.

There were also substantial gains in Angola, India, Syria and elsewhere. Yet, partially offsetting these increases, output from the former Soviet Union continued to fall, but at a much slower rate than in past years. In the United States, the decline rate also slowed, due largely to the technological advances and success in the deepwater Gulf of Mexico.

OPEC's ability to expand production was constrained by this surge in non-OPEC supplies. During 1995, OPEC crude oil production averaged 25.3 million BPD, just 0.3 million BPD above its prior-year level. OPEC crude production has nevertheless consistently exceeded the group's volumetric quota which, since late 1993, has been set at 24.5 million BPD.

Improved economic activity, robust demand growth and low oil inventories contributed to firmer crude oil prices in 1995. Overall, the spot price of U.S. benchmark West Texas Intermediate (WTI) averaged $18.43 per barrel, $1.24 per barrel higher than the previous year. Crude oil markets remained highly volatile, however. For example, spot WTI prices reached about $20.25 per barrel in the spring in response to low U.S. gasoline stocks and tight Atlantic basin crude oil supplies, but fell by about $3.00 per barrel by mid-summer due to high levels of OPEC and North Sea production. By year end, prices were again above $19.00 per barrel, due in part to the extreme cold weather in parts of the U.S. and Europe.

Refiners' margins remained depressed throughout 1995 in most regions despite the growth in world oil consumption. This reflected continued large-scale additions to refinery upgrading capacity, contributing to a persistent surplus of light product manufacturing capability. The situation was exacerbated by warm weather early in the year which resulted in a distillate inventory overhang.

Near-Term Outlook

World economic growth is projected to remain strong in 1996, sustained by robust expansion in the developing countries overall, modest increases in the industrialized nations, and some recovery in the former Soviet Union. Although GDP growth in the United States is forecast to decelerate further in 1996, Japan should gradually emerge from recession. Western Europe is expected to enjoy continued, but somewhat lower economic expansion in 1996, sustained by accommodative monetary policy. Within the developing world, expansion in Asia is expected to moderate slightly, but will still be relatively strong. The former Soviet bloc as a whole is anticipated to show positive GDP growth for the first time in six years, as the Russian economy will most likely turn around in 1996.

Worldwide economic expansion is expected to increase oil consumption to about 71.5 million BPD in 1996, a gain of 1.6 million BPD from prior-year levels. Growth in the industrialized nations will account for about 0.6 million BPD of the total. Oil demand in the developing countries should rise by another one million BPD, with most of the growth continued to be concentrated in the Pacific Rim countries. In the former Soviet Union, demand is expected to fall slightly, yet this drop will be offset by increases in Poland, Hungary and the Czech Republic.

Near-Term World Supply/Demand Balance

(Millions of barrels a day)	1996	1995
Demand	71.5	69.9
Supply		
Non-OPEC Crude	37.3	36.1
OPEC Crude	25.3	25.3
Other Liquids	9.1	8.7
Total Supply	71.7	70.1
Stock Change	0.2	0.2

During 1996, the rise in non-OPEC production will continue, once again boosted by expanding output from the North Sea. Non-OPEC crude output is expected to rise by 1.2 million BPD to 37.3 million BPD, with half of this growth coming from combined output from Norway and the United Kingdom. Significant increases will continue in Argentina, Brazil, Angola, Australia, Malaysia, and several other non-OPEC nations. The decrease in production in the former Soviet Union is expected to be a mere 0.1 million BPD, and production may even stabilize at 1995 levels. Also, the rate of decline in the United States is expected to moderate further, with production slippage of only 0.1 million BPD.

Once again, there appears to be little extra room for significant additional volumes of OPEC oil, given the increases in non-OPEC supplies. OPEC output is thus expected to remain roughly flat at 1995's level. With some OPEC members expanding productive capacity (despite essentially flat world requirements for their oil), petroleum prices could be potentially weak and volatile. Iraqi "humanitarian" oil exports resulting from acceptance of the terms of United Nations Resolution 986 could put substantial downward pressure on oil prices, depending on the response by other OPEC producers.

Spurred by colder-than-normal weather during the last months of 1995, U.S. natural gas consumption rose sharply to about 21.5 trillion cubic feet (TCF), up 0.8 TCF from prior-year levels. While natural gas prices surged toward year-end, they were generally weak during most of the year, a result of high storage levels and strong competition from nuclear and hydropower. This year, demand should continue to grow, averaging over 22 TCF.

Texaco Inc. and Subsidiary Companies

Statement of Consolidated Income

	(Millions of dollars) For the years ended December 31	1995	1994	1993
Revenues	Sales and services (includes transactions with significant affiliates of $3,146 million in 1995, $2,561 million in 1994 and $3,027 million in 1993)	$35,551	$32,540	$33,245
	Equity in income of affiliates, interest, asset sales and other	1,236	813	826
	Total revenues	36,787	33,353	34,071
Deductions	Purchases and other costs (includes transactions with significant affiliates of $1,733 million in 1995, $1,679 million in 1994 and $1,709 million in 1993)	27,237	23,931	24,667
	Operating expenses	2,907	3,069	3,086
	Selling, general and administrative expenses	1,580	1,679	1,783
	Maintenance and repairs	375	390	418
	Exploratory expenses	289	307	352
	Depreciation, depletion and amortization	2,385	1,735	1,568
	Interest expense	483	498	459
	Taxes other than income taxes	491	496	549
	Minority interest	54	44	17
		35,801	32,149	32,899
	Income from continuing operations before income taxes and cumulative effect of accounting change	986	1,204	1,172
	Provision for (benefit from) income taxes	258	225	(87)
	Net income from continuing operations before cumulative effect of accounting change	728	979	1,259
	Discontinued operations			
	Net loss from operations	-	-	(17)
	Net loss on disposal	-	(69)	(174)
		-	(69)	(191)
	Cumulative effect of accounting change	(121)	-	-
Net Income		$ 607	$ 910	$ 1,068
	Preferred stock dividend requirements	$ 60	$ 91	$ 101
	Net income available for common stock	$ 547	$ 819	$ 967
Net Income Per Common Share (dollars)	Net income (loss) before cumulative effect of accounting change			
	Continuing operations	$ 2.57	$ 3.43	$ 4.47
	Discontinued operations	-	(.26)	(.73)
	Cumulative effect of accounting change	(.47)	-	-
	Net income	$ 2.10	$ 3.17	$ 3.74
	Average Number of Common Shares Outstanding (thousands)	259,983	258,813	258,923

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Consolidated Balance Sheet

	(Millions of dollars) As of December 31	1995	1994
Assets	Current Assets		
	Cash and cash equivalents	$ 501	$ 404
	Short-term investments-at fair value	35	60
	Accounts and notes receivable (includes receivables from significant affiliates of $240 million in 1995 and $142 million in 1994), less allowance for doubtful accounts of $28 million in 1995 and $25 million in 1994	4,177	3,297
	Inventories	1,357	1,358
	Assets under agreements for sale (see Note 3)	-	488
	Net assets of discontinued operations (see Note 4)	164	195
	Deferred income taxes and other current assets	224	217
	Total current assets	6,458	6,019
	Investments and Advances	5,278	5,336
	Net Properties, Plant and Equipment	12,580	13,483
	Deferred Charges	621	667
	Total	$24,937	$25,505
Liabilities and Stockholders' Equity	Current Liabilities		
	Notes payable, commercial paper and current portion of long-term debt	$ 737	$ 917
	Accounts payable and accrued liabilities (includes payables to significant affiliates of $123 million in 1995 and $93 million in 1994)		
	Trade liabilities	2,396	1,980
	Accrued liabilities	1,381	1,317
	Estimated income and other taxes	692	801
	Total current liabilities	5,206	5,015
	Long-Term Debt and Capital Lease Obligations	5,503	5,564
	Deferred Income Taxes	634	879
	Employee Retirement Benefits	1,138	1,130
	Deferred Credits and Other Noncurrent Liabilities	2,270	2,558
	Minority Interest in Subsidiary Companies	667	610
	Total	15,418	15,756
	Stockholders' Equity		
	Market Auction Preferred Shares	300	300
	ESOP Convertible Preferred Stock	495	515
	Unearned employee compensation and benefit plan trust	(437)	(282)
	Common stock-274,293,417 shares issued	1,714	1,714
	Paid-in capital in excess of par value	655	654
	Retained earnings	7,186	7,463
	Currency translation adjustment	61	87
	Unrealized net gain on investments	62	51
		10,036	10,502
	Less-Common stock held in treasury, at cost	517	753
	Total stockholders' equity	9,519	9,749
	Total	$24,937	$25,505

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Statement of Consolidated Cash Flows

	(Millions of dollars) For the years ended December 31	1995	1994	1993
Operating Activities	Net income	$ 607	$ 910	$ 1,068
	Reconciliation to net cash provided by (used in) operating activities			
	Cumulative effect of accounting change	121	-	-
	Loss on disposal of discontinued operations	-	103	223
	Depreciation, depletion and amortization	2,385	1,735	1,631
	Deferred income taxes	(102)	(213)	(283)
	Exploratory expenses	289	307	352
	Minority interest in net income	54	44	17
	Dividends from affiliates, less than equity in income	(103)	(79)	(227)
	Gains on asset sales	(320)	(125)	(23)
	Changes in operating working capital			
	Accounts and notes receivable	(766)	278	(275)
	Inventories	(29)	(60)	26
	Accounts payable and accrued liabilities	(116)	(350)	(215)
	Other-mainly estimated income and other taxes	(44)	23	(108)
	Other-net	146	286	176
	Net cash provided by operating activities	2,122	2,859	2,362
Investing	Capital and exploratory expenditures	(2,386)	(2,050)	(2,326)

Activities	Proceeds from sale of discontinued operations, net of cash and cash equivalents sold	-	645	-
	Proceeds from sales of assets	1,150	328	373
	Sale of leasehold interests	248	-	-
	Purchases of investment instruments	(1,238)	(693)	(1,342)
	Sales/maturities of investment instruments	1,273	672	1,258
	Other-net	12	(7)	(7)
	Net cash used in investing activities	(941)	(1,105)	(2,044)
Financing Activities	Borrowings having original terms in excess of three months			
	Proceeds	313	660	821
	Repayments	(358)	(707)	(796)
	Net increase (decrease) in other borrowings	(137)	(251)	296
	Issuance of preferred stock by subsidiaries	65	112	425
	Redemption of Series C Preferred Stock	-	(267)	-
	Purchases of common stock	(4)	(381)	-
	Dividends paid to the company's stockholders			
	Common	(832)	(830)	(828)
	Preferred	(60)	(91)	(101)
	Dividends paid to minority stockholders	(55)	(87)	(84)
	Other-net	(2)	(3)	(11)
	Net cash used in financing activities	(1,070)	(1,845)	(278)
Cash and Cash Equivalents	Effect of exchange rate changes	(14)	7	(13)
	Increase (decrease) during year	97	(84)	27
	Beginning of year	404	488	461
	End of year	$ 501	$ 404	$ 488

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Statement of Consolidated Stockholders' Equity

		Shares	Amount	Shares	Amount	Shares	Amount
	(Shares in thousands; amounts in millions of dollars)		1995		1994		1993
Preferred Stock	par value $1; Shares authorized-30,000,000						
	Series C Variable Rate Cumulative Preferred Stock-stated value of $50 per share						
	Beginning of year	-	$ -	5,334	$ 267	5,334	$ 267
	Redemption	-	-	(5,334)	(267)	-	-
	End of year	-	-	-	-	5,334	267
	Series E Variable Rate Cumulative Preferred Stock-stated value of $100,000 per share						
	Beginning of year	-	-	4	381	4	381
	Redemption	-	-	(4)	(381)	-	-
	End of year	-	-	-	-	4	381
	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
	Series B ESOP Convertible Preferred Stock-liquidation value of $600 per share						
	Beginning of year	780	468	812	487	823	494
	Retirements	(29)	(18)	(32)	(19)	(11)	(7)
	End of year	751	450	780	468	812	487
	Series F ESOP Convertible Preferred Stock-liquidation value of $737.50 per share						
	Beginning of year	63	47	66	49	67	49
	Retirements	(3)	(2)	(3)	(2)	(1)	-
	End of year	60	45	63	47	66	49
Unearned Employee Compensation	(related to ESOP preferred stock and restricted stock awards)						
	Beginning of year		(282)		(337)		(385)
	Awards		(8)		(5)		(10)
	Amortization and other		56		60		58
	End of year		(234)		(282)		(337)
Benefit Plan Trust	(common stock)						
	Establishment	4,000	(203)				
	End of year	4,000	(203)				

Common Stock	par value $6.25; Shares authorized-350,000,000						
	Issued	274,293	1,714	274,293	1,714	274,293	1,714
Common Stock Held in Treasury, at cost	Beginning of year	14,761	(753)	15,273	(776)	15,545	(789)
	Purchases of common stock	51	(4)	6,107	(381)	-	-
	Preferred stock exchange	-	-	(6,107)	381	-	-
	Other-mainly employee benefit plans	(4,736)	240	(512)	23	(272)	13
	End of year	10,076	$ (517)	14,761	$ (753)	15,273	$ (776)

See accompanying notes to consolidated financial statements. (Continued on next page)

Texaco Inc. and Subsidiary Companies

Statement of Consolidated Stockholders' Equity (continued)

	(Millions of dollars)	1995	1994	1993
Paid-in Capital in Excess of Par Value	Beginning of year	$ 654	$ 655	$ 654
	Issuance and redemption of preferred stock, treasury stock transactions relating to investor services plan and employee compensation plans	1	(1)	1
	End of year	655	654	655
Retained Earnings	Balance at beginning of year	7,463	7,463	7,312
	Add:			
	Net income	607	910	1,068
	Tax benefit associated with dividends on unallocated ESOP Convertible Preferred Stock	8	11	13
	Deduct: Dividends declared on			
	Common stock ($3.20 per share in 1995, 1994 and 1993)	832	830	828
	Preferred stock			
	Series C Variable Rate Cumulative Preferred Stock	-	13	18
	Series E Variable Rate Cumulative Preferred Stock	-	19	25
	Market Auction Preferred Shares (Series G, H, I and J)	13	10	8
	Series B ESOP Convertible Preferred Stock	43	45	47
	Series F ESOP Convertible Preferred Stock	4	4	4
	Balance at end of year	7,186	7,463	7,463
Currency Translation Adjustment	Beginning of year	87	18	(24)
	Change during year	(26)	69	42
	End of year	61	87	18
Unrealized Net Gain On Investments	Beginning of year	51	58	-
	Change during year	11	(7)	58
	End of year	62	51	58
Stockholders' Equity	End of year (including preceding page)	$9,519	$9,749	$10,279

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Notes to Consolidated Financial Statements

Note One -- Description of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements consist of the accounts of Texaco Inc. and subsidiary companies owned directly or indirectly more than 50 percent. Intercompany accounts and transactions are eliminated.

The U.S. Dollar is the functional currency of all the company's operations and of a substantial portion of the operations of its affiliates accounted for on the equity method. For these operations, all gains and losses from transactions not denominated in the functional currency are included in income currently, except for certain hedging transactions. The cumulative translation effects for the equity affiliates using functional currencies other than the U.S. Dollar are included in the currency translation adjustment in stockholders' equity.

Use of Estimates
The preparation of Texaco's consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and management's judgment. While all available information has been considered, actual amounts could differ from those reported as assets and liabilities and related revenues, costs and expenses and the disclosed amounts of contingencies.

Cash Equivalents
Highly liquid investments with a maturity of three months or less when purchased are generally considered to be cash equivalents.

Inventories
Virtually all inventories of crude oil, petroleum products and petrochemicals are stated at cost, determined on the last-in, first-out (LIFO) method. Other merchandise inventories are stated at cost, determined on the first-in, first-out (FIFO) method. Materials and supplies are stated at average cost. Inventories are valued at the lower of cost or market.

Investments and Advances
The equity method of accounting is used for investments in certain affiliates owned 50 percent or less, including corporate joint-ventures and partnerships. Under this method, equity in the pre-tax income or losses of partnerships and in the net income or losses of corporate joint-venture companies is reflected currently in Texaco's revenues, rather than when realized through dividends or distributions. Investments in the entities accounted for on this method generally reflect Texaco's equity in their underlying net assets.

The company's interest in the net income of affiliates accounted for at cost is reflected in net income when realized through dividends.

Investments in debt securities and in equity securities with readily determinable fair values are accounted for at fair value if classified as available-for-sale.

Properties, Plant and Equipment and Depreciation, Depletion and Amortization

Texaco follows the "successful efforts" method of accounting for its oil and gas exploration and producing operations.

Lease acquisition costs related to properties held for oil, gas and mineral production are capitalized when incurred. Unproved properties with acquisition costs which are individually significant are assessed on a property-by-property basis, and a loss is recognized, by provision of a valuation allowance, when the assessment indicates an impairment in value. Unproved properties with acquisition costs which are not individually significant are generally aggregated and the portion of such costs estimated to be nonproductive, based on historical experience, is amortized on an average holding period basis.

Exploratory costs, excluding the costs of exploratory wells, are charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, are capitalized pending determination whether the wells have found proved reserves which justify commercial development. If such reserves are not found, the drilling costs are charged to exploratory expenses. Intangible drilling costs applicable to productive wells and to development dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, are capitalized.

As discussed in Note 2, Texaco adopted SFAS 121 in 1995. Commencing in 1995, for purposes of determining and recognizing permanent impairment of long-lived assets to be held and used, the applicable carrying value is tested against the undiscounted projection of net future pre-tax cash flows. In the case of productive oil and gas properties located in the United States, the test is performed on an individual field basis, including related depreciable investment. For similar properties located outside the United States, the test is performed on a field, concession or contract area basis, depending on the circumstances. For other depreciable investments, the applicable grouping of assets is based on the lowest practicable levels of identifiable cash flows, consistent with the manner in which those assets are managed. If an impairment exists, the carrying amount is adjusted to fair value.

Assets to be disposed of are generally accounted for at the lower of amortized cost or fair value less cost to sell.

The costs of productive leaseholds and other capitalized costs related to producing activities, including tangible and intangible costs, are amortized principally by field on the unit-of-production basis by applying the ratio of produced oil and gas to estimated recoverable proved oil and gas reserves. Estimated future restoration and abandonment costs are taken into account in determining amortization and depreciation rates.

Depreciation of properties, plant and equipment related to facilities other than producing properties is provided generally on the group plan, using the straight-line method, with depreciation rates based upon estimated useful life applied to the cost of each class of property. Assets not on the group plan are depreciated based on estimated useful lives using the straight-line method.

Capitalized nonmineral leases are amortized over the estimated useful life of the asset or the lease term, as appropriate, using the straight-line method.

Periodic maintenance and repairs applicable to marine vessels and manufacturing facilities are accounted for on the accrual basis. Normal maintenance and repairs of all other properties, plant and equipment are charged to expense as incurred. Renewals, betterments and major repairs that materially extend the useful life of properties are capitalized and the assets replaced, if any, are retired.

When capital assets representing complete units of property are disposed of, the difference between the disposal proceeds and net book value is credited or charged to income. When miscellaneous business properties are disposed of, the difference between asset cost and salvage value is charged or credited to accumulated depreciation.

Environmental Expenditures

When remediation of a property is probable and the related costs can be reasonably estimated, environmentally-related remediation costs are expensed and recorded as liabilities. If recoveries of environmental costs from third parties are probable, a receivable is recorded. Other environmental expenditures, principally maintenance or preventive in nature, are recorded when expended and are expensed or capitalized as appropriate.

Minority Interest in Subsidiary Companies

Minority interest in the Consolidated Balance Sheet reflects minority owners' share of stockholders' equity in subsidiaries.

Deferred Income Taxes

Deferred income taxes are determined utilizing a liability approach. The income statement effect is derived from changes in deferred income taxes on the balance sheet. This approach gives consideration to the future tax consequences associated with differences between financial accounting and tax bases of assets and liabilities. These differences relate to items such as depreciable and depletable properties, exploratory and intangible drilling costs, nonproductive leases, merchandise inventories and certain liabilities. This approach gives immediate effect to changes in income tax laws upon enactment.

Provision is not made for possible income taxes payable upon distribution of accumulated earnings of foreign subsidiary companies and affiliated corporate joint-venture companies when such earnings are deemed to be permanently reinvested.

Net Income Per Common Share

Primary net income per common share is based on net income less preferred stock dividend requirements divided by the average number of common shares outstanding and common equivalents. Fully diluted net income per common share assumes full conversion of all convertible securities into common stock at the later of the beginning of the year or date of issuance (unless antidilutive).

Accounting for Contingencies

Certain conditions may exist as of the date financial statements are issued, which may result in a loss to the company, but which will only be resolved when one or more future events occur or fail to occur. Such contingent liabilities are assessed by the company's management and legal counsel. The assessment of loss contingencies necessarily involves an exercise of judgment and is a matter of opinion. In assessing loss contingencies related to legal proceedings that are pending against the company or unasserted claims that may result in such proceedings, the company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the company may disclose contingent liabilities of an unusual nature which, in the judgment of management and its legal counsel, may be of interest to stockholders or others.

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Note Two -- Changes in Accounting Principles

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During 1995, Texaco adopted Statement of Financial Accounting Standards, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). Under SFAS 121, assets whose carrying amounts are not expected to be fully recovered by future use or disposition must be written down to their fair values.

Adoption of this Standard resulted in a non-cash after-tax charge of $639 million against fourth quarter 1995 earnings. Application of SFAS 121 to assets that the company intends to retain resulted in a pre-tax fourth quarter charge of $775 million, principally to depreciation, depletion and

amortization expense. On an after-tax basis, this charge amounted to $514 million and primarily reflects the write-down to their estimated fair values of certain of the company's producing properties in the United States which are now being evaluated for impairment on a field-by-field basis rather than in the aggregate. Fair values were based on estimated future discounted cash flows. To a large extent, the impairments result from acquisitions of U.S. upstream properties at times when price assumptions and reserve estimates were higher than are currently anticipated. Additionally, constraints on production and development in certain areas due to environmental concerns have curtailed originally projected production levels and increased costs to the point that original investments cannot be fully recovered. Also in the fourth quarter, certain non-core coal and marketing properties, surplus buildings and other properties and equipment that the company intends to abandon or dispose of pursuant to its plan for growth were written-down by a $184 million charge, principally to depreciation, depletion and amortization expense. Including estimated disposal costs, this charge to income was $125 million, net-of-tax.

In accordance with SFAS 121, a $121 million after-tax write-down of non-core domestic producing properties held for sale at January 1, 1995, previously recorded in the first quarter of 1995 in income from continuing operations, has now been classified as the cumulative effect of an accounting change. Additionally, results for the first three quarters of 1995 have been restated, principally to reflect the reversal of previously recorded depreciation, depletion and amortization of assets being held for disposal.

There were no material changes in the estimated fair values of assets to be disposed of subsequent to the determination of their impairment. At year-end 1995, the carrying amount of assets to be disposed of was $111 million. Disposition of these assets is generally expected to be completed in approximately one year.

Adoption of SFAS 121 by Star Enterprise and the Caltex group of companies, each owned 50% by Texaco, had no effect on 1995 net income.

During the first quarter of 1994, the Caltex group of companies, owned 50% by Texaco, adopted the following Statement of Financial Accounting Standards (SFAS).

Accounting For Certain Investments in Debt and Equity Securities -- SFAS 115 requires that certain investments be classified into three categories based on management's intent and be reported at fair value unless intended to be held to maturity. Adoption of SFAS 115, which was effective January 1, 1994, had no effect on reported net income. The cumulative effect on Texaco of Caltex's adoption of SFAS 115 at January 1, 1994 was not material, resulting in an increase in stockholders' equity of $35 million. The net effect on Texaco for the year 1994 was an additional net increase to stockholders' equity of $5 million. These increases were primarily unrealized gains on investments classified as available-for-sale by certain affiliates of Caltex.

In 1993, Texaco adopted the following Statements.

Employers' Accounting for Postemployment Benefits -- SFAS 112 requires companies to accrue the cost of postemployment benefits either during the years that the employee renders the necessary service or at the date of the event giving rise to the benefit, depending upon whether certain conditions are met. Adoption of the Standard as of January 1, 1993 did not impact 1993 net income since the company had been accounting for substantially all of these costs in accordance with the new Standard.

Accounting for Certain Investments in Debt and Equity Securities -- SFAS 115 requires that investments in equity securities that have readily determinable fair values and all investments in debt securities be classified into three categories based on management's intent. Such investments are to be reported at fair value except for investments intended to be held to maturity which are to be reported at amortized cost. Previously, all such investments were accounted for at amortized cost.

The cumulative effect on the consolidated financial statements of adopting SFAS 115 as of December 31, 1993 was not material. Adoption of this Standard resulted in an increase in stockholders' equity of $58 million, after related income taxes, representing unrealized net gains applicable to securities categorized as available-for-sale under the new Standard. SFAS 115 prohibits restatement of previous financial statements.

Note Three -- Assets Under Agreements for Sale

In 1994, Texaco announced that it agreed to sell more than 300 domestic producing fields to Apache Corporation and agreed to form a strategic alliance with STENA, involving the sale of a portion of its international marine fleet. At December 31, 1994, the net properties, plant and equipment and deferred income taxes relating to those assets, and other non-core assets for which sales agreements had been signed, were classified as current assets on the Consolidated Balance Sheet. In 1995, virtually all of these non-core asset sales were completed, generating approximately $650 million in cash proceeds.

Note Four -- Discontinued Operations

In 1993, Texaco announced its intention to dispose of substantially all of its worldwide chemical operations, including its lubricant additives business. Texaco has since accounted for these operations as discontinued operations.

In 1993, Texaco entered into a memorandum of understanding with an affiliate of the Jon M. Huntsman Group of Companies for the sale of Texaco Chemical Company and related international chemical operations. On April 21, 1994, Texaco Inc. received from Huntsman Corporation $850 million, consisting of $650 million in cash and an 11-year subordinated note with a face amount of $200 million. The note was prepaid in January, 1996.

Subsequent to the above sale to Huntsman Corporation, Texaco continued its efforts to sell its worldwide lubricant additives business, which includes manufacturing facilities in Port Arthur, Texas and Ghent, Belgium, among others, as well as sales and marketing offices in various locations in the U.S. and abroad. In late 1995, Texaco entered into an agreement to sell this business to Ethyl Corporation, a fuel and lubricant additives manufacturer. Under the terms of the purchase and sale agreement, as amended in February 1996, Ethyl will purchase this business for approxi-

mately $195 million. At closing, which is currently planned for February 29, 1996, Texaco will receive approximately $135 million in cash and a three year note with a face a mount of $60 million.

The results for these operations have been classified as discontinued operations for all periods presented in the Statement of Consolidated Income. The assets and liabilities of discontinued operations have been classified in the Consolidated Balance Sheet as "Net assets of discontinued operations" and as of December 31, 1995 and 1994, the balance in this caption reflects the assets and liabilities of the worldwide lubricant additives business. Discontinued operations have not been segregated in the Statement of Consolidated Cash Flows and, therefore, amounts for certain captions will not agree with the respective Statement of Consolidated Income.

Related party transactions between the discontinued operations and Texaco's significant affiliates included both sale and purchase transactions. Sales to affiliates amounted to $26 million, $35 million and $67 million for 1995, 1994 and 1993, respectively. For the year 1995 there were no purchases from affiliates as compared with purchases of $20 million and $118 million for 1994 and 1993, respectively. Receivables from and payables to these affiliates at the end of each of these periods were immaterial.

The summarized results of discontinued operations and related per common share effects are as follows:

(Millions of dollars)

For the years ended December 31	1995	1994	1993
Revenues	$ 222	$ 415	$1,114
Loss from operations before income taxes	$ -	$ -	$ (19)
Benefit from income taxes	-	-	2
Net loss from operations	$ -	$ -	$ (17)
Loss on disposal before income taxes*	$ -	$ (103)	$ (223)
Benefit from income taxes	-	34	49
Net loss on disposal	$ -	$ (69)	$ (174)
Total net loss	$ -	$ (69)	$ (191)

*1995 includes $11 million of income, 1994 includes $15 million of income and 1993 includes $19 million of losses during the phase-out period.

Per common share (dollars)			
Net loss from operations	$ -	$ -	$ (.06)
Loss on disposal	-	(.26)	(.67)
Total net loss	$ -	$ (.26)	$ (.73)

Summarized balance sheet data for the discontinued operations is as follows:

(Millions of dollars) As of December 31	1995	1994
Assets		
Current Assets		
Accounts receivable	$ 29	$ 31
Inventories	33	30
Other	-	6
Total current assets	62	67
Net Properties, Plant and Equipment	130	148
Total	$ 192	$ 215
Liabilities		
Current Liabilities	$ 27	$ 19
Noncurrent Liabilities	1	1
Total	$ 28	$ 20
Net assets of discontinued operations	$ 164	$ 195

Net assets of discontinued operations decreased $31 million from year-end 1994 mainly due to revisions of assets to be sold and lower working capital.

Note Five -- Inventories

(Millions of dollars) As of December 31	1995	1994
Crude oil	$ 294	$ 284

Petroleum products and petrochemicals	839	854
Other merchandise	27	30
Materials and supplies	197	190
Total	$1,357	$1,358

The excess of estimated current cost over the book value of inventories carried on the LIFO basis of accounting was approximately $231 million and $207 million at December 31, 1995 and 1994, respectively.

Note Six -- Investments and Advances

Investments in affiliates, including corporate joint-ventures and partnerships, owned 50% or less are accounted for on the equity method. Texaco's total investments and advances are summarized as follows:

(Millions of dollars) As of December 31	1995	1994
Affiliates accounted for on the equity method		
Caltex group of companies		
Exploration and production	$ 445	$ 494
Manufacturing, marketing and distribution	2,035	1,873
Total Caltex group of companies	2,480	2,367
Star Enterprise	755	830
Other affiliates	850	709
	4,085	3,906
Miscellaneous investments, long-term receivables, etc., accounted for at		
Fair value	682	631
Cost, less reserve	511	799
Total	$5,278	$5,336

Texaco's equity in the net income of affiliates accounted for on the equity method, adjusted to reflect income taxes for partnerships whose income is directly taxable to Texaco, is as follows:

(Millions of dollars) For the years ended December 31	1995	1994	1993
Equity in net income (loss)			
Caltex group of companies			
Exploration and production	$ 156	$ 136	$ 134
Manufacturing, marketing and distribution	294	210	227
Total Caltex group of companies	450	346	361
Star Enterprise	(47)	37	61
Other affiliates	121	111	108
Total	$ 524	$ 494	$ 530
Dividends received from these companies	$ 427	$ 467	$ 366

The undistributed earnings of these affiliates included in Texaco's retained earnings were $2,768 million, $2,657 million and $2,585 million as of December 31, 1995, 1994 and 1993, respectively.

Caltex Group

Texaco has investments in the Caltex group of companies, owned 50% by Texaco and 50% by Chevron Corporation. The Caltex group consists of Caltex Petroleum Corporation and subsidiaries, P.T. Caltex Pacific Indonesia and American Overseas Petroleum Limited and subsidiary. This group of companies is engaged in the exploration for and production, transportation, refining and marketing of crude oil and products in Africa, Asia, the Middle East, Australia and New Zealand.

Caltex Petroleum Corporation has signed an agreement to sell its 50% interest in Nippon Petroleum Refining Company, Limited to its partner Nippon Oil Company for approximately $2 billion. The sale is scheduled to be completed in April 1996 and will result in a significant earnings gain. Approximately half of the net sales proceeds will be distributed to its stockholders.

Star Enterprise

Star Enterprise (Star) is a joint-venture partnership owned 50% by Texaco and 50% by the Saudi Arabian Oil Company. The partnership refines, distributes and markets Texaco-branded petroleum products in 26 East and Gulf Coast states and the District of Columbia.

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The following table provides summarized financial information on a 100% basis for the Caltex group, Star and all other affiliates accounted for on the equity method, as well as Texaco's share. The net income of all partnerships, including Star, is net of estimated income taxes. The actual income tax liability is reflected in the accounts of the respective partners and not shown in the following table.

Star's assets at the respective balance sheet dates include the remaining portion of the assets which were originally transferred from Texaco to Star at the fair market value on the date of formation. Texaco's investment and equity in the income of Star, as reported in the consolidated financial statements, reflect the remaining unamortized historical carrying cost of the assets transferred to Star at formation. Additionally, Texaco's investment includes adjustments necessary to reflect contractual arrangements on the formation of this partnership, principally involving contributed inventories.

	Caltex group			Star Enterprise			Other equity affiliates			Texaco's share		
(Millions of dollars)	1995	1994	1993	1995	1994	1993	1995	1994	1993	1995	1994	1993
For the years ended December 31:												
Gross revenues	$15,622	$15,148	$15,648	$6,619	$6,100	$6,399	$3,662	$3,058	$3,233	$12,567	$11,766	$12,224
Income (loss) before income taxes	$ 1,366	$ 1,111	$ 1,178	$ (135)	$ 101	$ 194	$ 691	$ 639	$ 633	$ 818	$ 780	$ 852
Net income (loss)	$ 899	$ 689	$ 720	$ (88)	$ 66	$ 126	$ 507	$ 410	$ 406	$ 524	$ 494	$ 530
As of December 31:												
Current assets	$ 2,351	$ 2,421	$ 2,123	$ 832	$ 928	$1,015	$ 925	$ 641	$ 635	$ 1,753	$ 1,711	$ 1,637
Noncurrent assets	7,836	7,389	6,266	3,299	3,247	3,188	3,622	3,351	3,481	6,841	6,453	5,888
Current liabilities	(3,251)	(3,072)	(2,411)	(745)	(748)	(647)	(1,180)	(759)	(755)	(2,434)	(2,213)	(1,835)
Noncurrent liabilities and deferred credits	(1,841)	(1,853)	(1,537)	(1,207)	(1,109)	(1,161)	(1,703)	(1,835)	(1,928)	(2,007)	(1,969)	(1,876)
Minority interest in subsidiary companies	(136)	(152)	(146)	-	-	-	-	-	-	(68)	(76)	(73)
Net assets (or partners' equity)*	$ 4,959	$ 4,733	$ 4,295	$2,179	$2,318	$2,395	$1,664	$1,398	$1,433	$ 4,085	$ 3,906	$ 3,741

*Net assets for the Caltex group includes the cumulative effect at January 1, 1994 of the adoption of SFAS 115, resulting in an increase in stockholders' equity of $70 million and an additional increase of $9 million during the year 1994.

Note Seven -- Properties, Plant and Equipment

	Gross	Net	Gross	Net
(Millions of dollars) As of December 31		1995		1994
Exploration and production	$22,604	$ 7,094	$22,467	$ 8,050
Manufacturing	3,370	2,115	3,140	2,004
Marketing	3,360	2,376	3,319	2,351
Marine	226	12	242	47
Pipe lines	950	393	943	399
Other	982	590	984	632
Total	$31,492	$12,580	$31,095	$13,483
Capital lease amounts included above	$ 559	$ 60	$ 560	$ 92

Accumulated depreciation, depletion and amortization totaled $18,912 million and $17,612 million at December 31, 1995 and 1994, respectively.

Note Eight -- Short-Term Debt, Long-Term Debt, Capital Lease Obligations and Related Derivatives

Notes payable, commercial paper and current portion of long-term debt		
(Millions of dollars) As of December 31	1995	1994

Commercial paper	$ 609	$ 862
Notes payable to banks and others with originating terms of one year or less	464	198
Current portion of long-term debt and capital lease obligations		
Indebtedness	684	497
Capital lease obligations	27	31
	1,784	1,588
Less short-term obligations intended to be refinanced	1,047	671
Total	$ 737	$ 917

The weighted average interest rates of commercial paper and notes payable to banks at December 31, 1995 and 1994 were 6.1% and 6.0%, respectively.

Long-term debt and capital lease obligations

(Millions of dollars) As of December 31	1995	1994
Long-Term Debt		
6-7/8% Guaranteed notes, due 1999	$ 200	$ 200
6-7/8% Guaranteed debentures, due 2023	195	195
7-1/2% Guaranteed debentures, due 2043	198	198
7-3/4% Guaranteed debentures, due 2033	199	198
7-7/8% Guaranteed notes, due 1995	-	150
8% Guaranteed debentures, due 2032	147	147
8-1/4% Guaranteed debentures, due 2006	150	149
8-3/8% Guaranteed debentures, due 2022	198	198
8-1/2% Guaranteed notes, due 2003	199	199
8-5/8% Guaranteed debentures, due 2010	150	150
8-5/8% Guaranteed debentures, due 2031	199	199
8-5/8% Guaranteed debentures, due 2032	199	199
8.65% Guaranteed notes, due 1998	200	200
8-7/8% Guaranteed debentures, due 2021	150	150
9% Guaranteed notes, due 1996	400	400
9% Guaranteed notes, due 1997	200	200
9% Guaranteed notes, due 1999	200	200
9-3/4% Guaranteed debentures, due 2020	250	250
Medium-term notes, maturing from 1996 to 2043 (7.9%)	573	634
Revolving Credit Facility, due 1998-2002- variable rate (6.1%)	330	330
Pollution Control Revenue Bonds, due 2012- variable rate (3.7%)	166	166
Other long-term debt:		
Texaco Inc.-Guarantee of ESOP Series B and F loans- fixed and variable rates (5.4%)	213	269
U.S. dollars (6.7%)	295	259
Other currencies (7.3%)	38	32
Total	5,049	5,272
Capital Lease Obligations (see Note 9)	118	149
	5,167	5,421
Less current portion of long-term debt and capital lease obligations	711	528
	4,456	4,893
Short-term obligations intended to be refinanced	1,047	671
Total long-term debt and capital lease obligations	$5,503	$5,564

The percentages reflected for variable-rate debt are the interest rates at December 31, 1995. The percentages reflected for the categories "Medium-term notes" and "Other long-term debt" are the weighted average interest rates at year-end 1995. Where applicable, principal amounts reflected in the preceding schedule include unamortized premium or discount.

At December 31, 1995, Texaco was also party to a revolving credit facility with commitments of $2 billion with a syndicate of major U.S. and international banks, available as support of the issuance of the company's commercial paper, as well as for working capital and for other general corporate purposes. Texaco had no amounts outstanding under this facility at year-end 1995. Texaco pays a facility fee on the $2 billion facility. The banks reserve the right to terminate the credit facility upon the occurrence of certain specific events, including change in control. In addition, a partially owned subsidiary of Texaco maintains a revolving credit facility for $330 million, which was fully utilized as of December 31, 1995.

At December 31, 1995, Texaco's long-term debt included $1,047 million of short-term obligations scheduled to mature during 1996, which the company has both the intent and the ability to refinance on a long-term basis, through the use of its $2 billion revolving credit facility.

Contractual annual maturities of long-term debt, including sinking fund payments and other redemption requirements, for the five years subsequent to December 31, 1995 are as follows (in millions): 1996-$684; 1997-$344; 1998-$315; 1999-$534; and 2000-$179. The preceding maturities are before consideration of short-term obligations intended to be refinanced and also exclude capital lease obligations.

Debt-related derivatives

Texaco seeks to maintain a balanced capital structure that will provide financial flexibility and support the company's strategic objectives while achieving a low cost of capital. This is achieved by balancing the company's liquidity and interest rate exposures. These exposures are managed primarily through the use of long-term and short-term debt instruments which are reported on the balance sheet. However, off-balance sheet derivative instruments, primarily interest rate swaps, are also used as a management tool in achieving the company's objectives. These instruments are used to manage identifiable exposures on a non-leveraged, non-speculative basis.

As part of its interest rate exposure management, the company seeks to balance the benefit of the lower cost of floating rate debt, with its inherent increased risk, with fixed rate debt having less market risk.

Summarized below are the carrying amounts and fair values of the company's debt and debt-related derivatives at December 31, 1995 and 1994. Derivative usage during the periods presented was limited to interest rate swaps and forward rate agreements, where the company either paid or received the net effect of a fixed rate versus a floating rate (commercial paper or LIBOR) index at specified intervals, calculated by reference to an agreed notional principal amount.

		Carrying Amount	Fair Value		Carrying Amount	Fair Value
(Millions of dollars) At December 31			1995			1994
Notes Payable and Commercial Paper		$1,073	$1,073		$1,060	$1,060
Related Derivatives--Payable		-	3		1	3
Notional principal amount	$200			$425		
Weighted average maturity (years)	6.0			0.9		
Weighted average fixed pay rate	7.35%			8.01%		
Weighted average floating receivable rate	5.69%			6.26%		
Long-Term Debt, including current maturities		$5,049	$5,626		$5,272	$5,225
Related Derivatives--(Receivable) Payable		-	(6)		-	55
Notional principal amount	$596			$777		
Weighted average maturity (years)	2.7			3.2		
Weighted average fixed receivable rate	5.78%			5.60%		
Weighted average floating pay rate	5.63%			6.27%		
Unamortized net gain on terminated swaps		$ 3			$ 6	

During 1995, pay fixed rate swaps having an aggregate notional principal amount of $325 million matured and were partly replaced with a $100 million swap that matures in the year 2006. Also during 1995, pay floating rate swaps having an aggregate notional principal amount of $6 million were amortized or matured and $175 million were terminated.

Fair values noted above are based upon quoted market prices, as well as rates currently available to the company for borrowings with similar terms and maturities. The fair value of swaps is the estimated amount that would be received or paid to terminate the agreements at year-end, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Amounts receivable or payable based on the interest rate differentials of derivatives are accrued monthly and are reflected in interest expense as a hedge of interest on outstanding debt. Gains and losses on terminated swaps are deferred and amortized over the life of the associated debt or the original term of the swap, whichever is shorter.

Since counterparties to the company's derivative transactions are major financial institutions with strong credit ratings, exposure to credit risk on the net interest differential on notional amounts is minimal. The notional amounts of derivative contracts do not represent cash flow and are not subject to credit risk. The company's counterparty credit exposure limits have been set based upon the maturity and notional amounts of new transactions, as well as on the fair value of outstanding transactions.

Note Nine -- Lease Commitments and Rental Expense

The company has leasing arrangements involving service stations, tanker charters, a manufacturing plant and other facilities. Amounts due under capital leases are reflected in the company's balance sheet as obligations, while Texaco's interest in the related assets is principally reflected as properties, plant and equipment. The remaining lease commitments are operating leases, and payments on such leases are recorded as rental expense.

As of December 31, 1995, Texaco Inc. and its subsidiary companies (excluding discontinued operations) had estimated minimum commitments for payment of rentals (net of noncancelable sublease rentals) under leases which, at inception, had a noncancelable term of more than one year, as follows:

(Millions of dollars)	Operating leases	Capital leases
1996	$ 193	$ 38

1997	608	20
1998	67	18
1999	64	18
2000	69	17
After 2000	487	67
Total lease commitments	$1,488	178
Less amounts representing		
Executory costs		32
Interest		83
Add noncancelable sublease rentals netted in capital lease commitments above		55
Present value of total capital lease obligations		$118

Included in operating lease commitments above is $547 million on the lease of a manufacturing plant, of which $511 million relates to year 1997.

Rental expense (excluding discontinued operations) relative to operating leases, including contingent rentals based on factors such as gallons sold, is provided in the table below. Such payments do not include rentals on leases covering oil and gas mineral rights.

(Millions of dollars)	1995	1994	1993
Rental expense			
Minimum lease rentals	$224	$205	$238
Contingent rentals	16	15	20
Total	240	220	258
Less rental income on properties subleased to others	43	40	36
Net rental expense	$197	$180	$222

In 1995, Texaco as lessee entered into a lease agreement for equipment related to the production and processing of crude oil from the Captain Field in the United Kingdom sector of the North Sea. The equipment is principally comprised of a movable drilling and production platform and a floating production storage offloading vessel, both presently under construction. The lease has an initial noncancelable term of five years with renewal options for an additional six years. The agreement also provides for residual value guarantees if a renewal option or purchase option is not exercised by Texaco. Both the lease payment amounts and residual value guarantee for this operating lease are dependent upon the final construction costs of the equipment and accordingly, are not included in the preceding table of minimum lease commitments as construction is expected to be completed in late 1996 or early 1997. The accumulated construction in progress was $270 million at December 31, 1995.

Note Ten -- Preferred Stock and Rights

Series B ESOP Convertible Preferred Stock

An amendment to Texaco Inc.'s Employees Thrift Plan created an Employee Stock Ownership Plan (ESOP) feature. In 1988, the ESOP purchased 833,3331/3 shares of Series B ESOP Convertible Preferred Stock (Series B) from the company for $600 per share, or an aggregate purchase price of $500 million. Texaco Inc. guaranteed a $500 million variable-rate loan made to the ESOP which was used to acquire the shares of Series B. Subsequently, in 1991, Texaco Inc. refinanced approximately $103 million of the outstanding balance through a Grantor Trust structure at a fixed interest rate. The current fixed interest rate is 6.13%.

Dividends on each share of Series B are cumulative and are payable semiannually at the rate of $57 per annum. Dividends on Series B totaled $43 million for 1995, $45 million for 1994 and $47 million for 1993.

Participants may partially convert their Series B into common stock beginning at age 55, and may elect full conversion upon retirement or separation from service with the company. The conversion ratio and number of votes per share of Series B are subject to adjustment under certain conditions. At present, the Series B entitles a participant to 12.9 votes per share, voting together with the holders of common stock, and is currently convertible into 12.868 shares of common stock. As an alternative to conversion, a participant can elect to receive $600 per share of Series B, payable in cash or common stock. If the participant elects to receive common stock, the company provides shares of common stock to the plan trustee, who then transmits the shares to the participant. Should the participant elect to receive cash, it is the intent of the company to provide the plan trustee with shares of common stock, so that the trustee can sell such shares in the open market and have sufficient cash to transmit to the participant. The outstanding shares of Series B may be redeemed by Texaco Inc. at $617.10 per share through December 19, 1996, and at prices declining to $600 per share on or after December 20, 1998. Also, Texaco Inc. may be required to redeem all outstanding shares of Series B undercertain circumstances.

Series C Variable Rate Cumulative Preferred Stock

In 1989, the company distributed to its stockholders as a special dividend one share of Series C Variable Rate Cumulative Preferred Stock (Series C), with a stated value of $50 per share, for each 50 shares of common stock owned. The shares of Series C had an aggregate liquidation preference of $267 million. On September 30, 1994, the company redeemed in cash and retired all outstanding shares of Series C.

During 1994 and 1993, dividends on the Series C totaled $13 million ($2.43 per share) and $18 million ($3.26 per share), respectively.

Series D Junior Participating Preferred Stock and Rights

In 1989, the company declared a dividend distribution of one Right for each outstanding share of common stock. Under certain circumstances, each Right may be exercised to purchase from the company a unit consisting of 1/100th of a share (Unit) of Series D Junior Participating Preferred Stock (Series D), par value $1.00 per share, at a purchase price of $150 per Unit (the Purchase Price), subject to adjustment.

The Rights may be exercised only after a person has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the company's common stock other than pursuant to a Qualifying Offer, or has commenced a tender offer that would result in that person owning 20% or more of the common stock.

A Qualifying Offer is an all-cash, fully financed tender offer for all outstanding shares of common stock which remains open for 45 days, which results in the acquiror owning a majority of the company's voting stock, and in which the acquiror agrees to purchase for cash all remaining shares of common stock.

The Rights expire on April 3, 1999, or sooner, upon the acquisition of the company pursuant to a Qualifying Offer, and may be redeemed by the company at a price of $.01 per Right at any time prior to 10 days after the Rights become exercisable.

In the event that a person becomes the beneficial owner of 20% or more of the common stock other than pursuant to a Qualifying Offer, each Right will thereafter entitle the holder to receive, upon exercise of the Right, in lieu of the Series D, a number of shares of common stock, property, cash or other securities having a formula value equal to two times the exercise price of the Right.

In the event that the company is acquired in a transaction in which the company is not the surviving corporation, or in the event 50% or more of the company's assets or earning power is sold or transferred, each holder of a Right thereafter has the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right.

Until a Right is exercised, the holder thereof, as such, has no rights as a stockholder of the company, including the rights to vote or to receive dividends.

As of December 31, 1995, there were 3,000,000 shares designated as Series D with a liquidation value of $100 per share. In general, the terms of the Series D have been designed so that each Unit of Series D should be substantially the economic equivalent of one share of common stock. The Series D will, if issued, be junior to any other series of Preferred Stock which may be authorized and issued, unless the terms of such other series provide otherwise. Each share of the Series D which may be issued will entitle the holder to receive a quarterly dividend equal to the greater of (i) $5.00 per share or (ii) 100 times the quarterly dividend declared per share of common stock, subject to adjustment.

In the event of liquidation of the company, the holders of the Series D will be entitled to receive a preferred liquidation payment of $100 per share plus accrued and unpaid dividends to the date of payment, but in no event less than an amount equal to 100 times the payment made per share of common stock, if greater. The Series D will be redeemable as a whole, or in part, at any time,or from time to time, at the option of the company at a redemption price per share equal to 100 times the then market price of a share of common stock, plus accrued and unpaid dividends through the redemption date. Each share of the Series D will have 100 votes, voting together with the common stock.

In the event of any merger, consolidation or other transaction in which the shares of common stock are exchanged, each share of the Series D will entitle the holder thereof to receive 100 times the amount received per share of common stock.

If dividends on the Series D are in arrears in an aggregate amount equal to six quarterly dividends, the number of directors of the company will be increased by two, and the holders of the Series D outstanding at the time of such dividend arrearage, voting separately as a class with any other series of preferred stock likewise qualified to vote, will be entitled at the next annual meeting to elect two directors. The Series D will also have a separate class vote on certain matters which would adversely affect the rights and preferences of the Series D.

The Purchase Price payable and the number of Units of Series D or other securities or property issuable upon exercise of the Rights are subject to adjustment from time to time in certain events to prevent dilution.

Series E Variable Rate Cumulative Preferred Stock

In 1989, the company issued 3,814 shares of Series E Variable Rate Cumulative Preferred Stock (Series E), with a stated value of $100,000 per share, in connection with a merger transaction. The shares of Series E had an aggregate liquidation preference of $381 million. On November 8, 1994, the company exchanged 6.1 million shares of its common stock held in treasury, which were acquired during the year, for all of the issued and outstanding shares of Series E, which were then retired.

During 1994 and 1993, dividends on Series E totaled $19 million ($4,850 per share) and $25 million ($6,513 per share), respectively.

Series F ESOP Convertible Preferred Stock

An amendment to Texaco Inc.'s Employees Savings Plan created an Employee Stock Ownership Plan (ESOP) feature. In 1990, the ESOP purchased

67,796.61 shares of Series F ESOP Convertible Preferred Stock (Series F) from the company for $737.50 per share, or an aggregate purchase price of $50 million. Texaco Inc. guaranteed a $50 million variable-rate loan made to the ESOP which was used to acquire the shares of Series F.

Dividends on each share of Series F are cumulative and are payable semiannually at the rate of $64.53 per annum. Annual dividends on Series F totaled $4 million for 1995, 1994 and 1993.

Participants may partially convert their Series F into common stock beginning at age 55, and may elect full conversion upon retirement or separation from service with the company. The conversion ratio and number of votes per share of Series F are subject to adjustment under certain conditions. At present, Series F entitles a participant to 10 votes per share, voting together with the holders of common stock, and is convertible into 10 shares of common stock. As an alternative to conversion, a participant can elect to receive $737.50 per share of Series F, in cash or common stock. If the participant elects to receive common stock, the company provides shares of common stock to the plan trustee, who then transmits the shares to the participant. Should the participant elect to receive cash, it is the intent of the company to provide the plan trustee with shares of common stock, so that the trustee can sell such shares in the open market and have sufficient cash to transmit to the participant. The outstanding shares of Series F may be redeemed by Texaco Inc. at $763.31 per share through February 12, 1997, and at prices declining to $737.50 per share on or after February 13, 2000. Also, Texaco Inc. may be required to redeem all outstanding shares of Series F under certain circumstances.

Market Auction Preferred Shares

In 1992, the company issued 1,200 shares of cumulative variable rate preferred stock, called Market Auction Preferred Shares (MAPS) in a private placement, for an aggregate purchase price of $300 million. The MAPS are grouped into four series (300 shares each of Series G, H, I and J) of $75 million each.

The dividend rates for each series are determined by Dutch auctions conducted at seven-week intervals. The length of the dividend periods can be changed at each auction. During 1995, the annual dividend rate for the MAPS ranged between 4.22% and 4.65 % and dividends totaled $13 million ($12,255, $10,558, $10,521 and $10,531 per share for Series G, H, I and J, respectively).

During 1994, the annual dividend rate for the MAPS ranged between 2.48% and 4.57% and dividends totaled $10 million ($7,784, $8,057, $9,156 and $9,356 per share for Series G, H, I and J, respectively). For 1993, the annual dividend rate for the MAPS ranged between 2.40% and 3.25% and dividends totaled $8 million ($6,281, $6,396, $6,549 and $6,762 per share for Series G, H, I and J, respectively). Alternatively, the dividend rate and the dividend period can be negotiated with potential investors.

The company may redeem the MAPS, in whole or in part at any time at a liquidation preference of $250,000 per share, plus premium, if any, and accrued and unpaid dividends thereon.

The MAPS are non-voting, except under certain limited circumstances.

Note Eleven -- Foreign Currency

Currency translations resulted in a pre-tax gain of $23 million in 1995, compared to a loss of $18 million in 1994 and a gain of $35 million in 1993. After applicable taxes, the gain in 1995 was $30 million, compared to a loss in 1994 of $49 million and again in 1993 of $49 million. These amounts include Texaco's equity in such gains and losses of affiliates accounted for on the equity method of accounting.

Currency exchange impacts for the years 1993 through 1995 were primarily due to operations in developing countries reflecting the impact of strong inflationary factors, as well as the effects of SFAS 109 "Accounting for Income Taxes" with respect to the Pound Sterling on deferred income taxes.

Currency translation adjustments reflected in the separate stockholders' equity account result from translation items pertaining to certain affiliates of Caltex.

Note Twelve -- Taxes

	United States	Foreign	Total	United States	Foreign	Total	United States	Foreign	Total
(Millions of dollars)			1995			1994			1993
Direct taxes									
Provision (benefit) for income taxes									
Current									
U.S. Federal and foreign	$ 34	$ 357	$ 391	$ (68)	$ 296	$ 228	$ 5	$ 143	$ 148
U.S. state and local	(31)	-	(31)	36	-	36	14	-	14
Deferred									
Tax law changes	-	-	-	-	-	-	17	(169)	(152)
Other	(90)	(12)	(102)	(33)	(6)	(39)	(141)	44	(97)
Total provision (benefit) for income taxes	(87)	345	258	(65)	290	225	(105)	18	(87)
Taxes other than income taxes									
Oil and gas production	91	3	94	101	8	109	122	17	139

Sales and use	-	73	73	-	55	55	5	59	64
Property	109	18	127	111	18	129	124	16	140
Payroll	72	44	116	78	39	117	87	29	116
Other	63	18	81	38	48	86	75	15	90
Total taxes other than income taxes	335	156	491	328	168	496	413	136	549
Import duties and other governmental levies	43	3,914	3,957	53	3,939	3,992	42	3,735	3,777
Total direct taxes	291	4,415	4,706	316	4,397	4,713	350	3,889	4,239
Taxes collected from consumers for governmental agencies	1,266	1,803	3,069	1,313	2,124	3,437	1,068	2,060	3,128
Total	$1,557	$6,218	$7,775	$1,629	$6,521	$8,150	$1,418	$5,949	$7,367

All information in this note excludes discontinued operations.

The deferred income tax assets and liabilities included in the Consolidated Balance Sheet as of December 31, 1995 and 1994 amounted to $99 million and $150 million, respectively, as net current assets and $634 million and $879 million, respectively, as net noncurrent liabilities. The table that follows shows deferred income tax assets and liabilities by category. Deferred income taxes are not recorded on differences between financial reporting and tax bases of investments in stock of subsidiary companies, unless realization of the effect is probable in the foreseeable future. Certain potential deferred tax asset amounts for which possibility of realization is deemed extremely remote have been eliminated and are therefore excluded from the following table.

	(Liability) Asset	
(Millions of dollars) As of December 31	1995	1994
Depreciation	$ (912)	$ (786)
Depletion	(327)	(624)
Intangible drilling costs	(501)	(641)
Other deferred tax liabilities	(343)	(183)
Total	(2,083)	(2,234)
Employee benefit plans	524	464
Tax loss carryforwards	907	677
Tax-related reserves	36	152
Tax credit carryforwards	388	280
Environmental reserves	211	219
Other deferred tax assets	383	525
Total	2,449	2,317
Total before valuation allowance	366	83
Valuation allowance	(901)	(812)
Total -- net	$ (535)	$ (729)

The following schedule reconciles the differences between the U.S. Federal income tax rate and the effective income tax rate:

	1995	1994	1993
U.S. Federal income tax rate assumed to be applicable	35.0%	35.0%	35.0%
Net earnings and dividends attributable to affiliated corporations accounted for on the equity method	(17.1)	(10.5)	(11.6)
Aggregate earnings and losses from international operations before tax law changes	18.5	11.1	3.5
Tax law changes	-	-	(13.0)
Sales of stock of subsidiaries	(6.6)	(15.7)	(17.9)
Energy credits	(3.3)	(2.4)	(2.5)
Other	(.4)	1.2	(.9)
Effective income tax rate	26.1%	18.7%	(7.4%)

The increase in the 1995 effective tax rate as compared to 1994 is mainly due to higher earnings from international producing operations and lower tax benefits related to sales of interests in a subsidiary. The increase between 1994 and 1993 is also due to higher earnings from international producing operations and net deferred tax benefits arising from 1993 tax law and rate changes in the U.K. and the United States.

For companies operating in the United States, pre-tax earnings from continuing operations before cumulative effect of accounting change aggregated $40 million in 1995, $402 million in 1994 and $397 million in 1993. For companies with operations located outside the United States, pre-tax earnings on that basis aggregated $946 million in 1995, $802 million in 1994 and $775 million in 1993.

Income taxes paid, net of refunds, amounted to $554 million, $329 million and $326 million in 1995, 1994 and 1993, respectively.

The undistributed earnings of subsidiary companies and of affiliated corporate joint-venture companies accounted for on the equity method, for which deferred U.S. income taxes have not been provided at December 31, 1995 amounted to $1,262 million and $2,308 million, respectively. The corresponding amounts at December 31, 1994 were $1,290 million and $2,148 million, respectively. Recording of deferred income taxes on these undistributed earnings is not required relative to foreign companies and pre-1993 earnings of domestic companies when the earnings have been permanently reinvested. These amounts would be subject to possible U.S. taxation only if remitted as dividends. The determination of the hypothetical amount of unrecognized deferred U.S. taxes on undistributed earnings of foreign entities is not practicable. For domestic entities, such unrecorded deferred income taxes were not material.

For the years 1995, 1994 and 1993 there was no utilization of loss carryforwards for U.S. Federal income taxes. For the years 1995, 1994 and 1993, the utilization of loss carryforwards resulted in income tax benefits of $13 million, $57 million and $20 million in foreign income taxes, respectively.

At December 31, 1995, Texaco had worldwide tax basis loss carryforwards of approximately $2,171 million, including $972 million which do not have an expiration date. The remainder expire at various dates through 2019.

Foreign tax credit carryforwards available for U.S. Federal income tax purposes amounted to approximately $110 million at December 31, 1995, expiring at various dates through 1998. Alternative minimum tax and other tax credit carryforwards available for U.S. Federal income tax purposes were $388 million at December 31, 1995, of which $356 million have no expiration date. The remaining credits expire at various dates through 2010. The credits that are not utilized by the expiration dates may be taken as deductions for U.S. Federal income tax purposes.

Note Thirteen -- Employee Benefit Plans

Texaco Inc. and certain of its non-U.S. subsidiaries sponsor various benefit plans for active employees and retirees. The costs of the savings, health care and life insurance plans relative to employees' active service are shared by the company and its employees, with Texaco's costs for these plans charged to expense as incurred. In addition, reserves for employee benefit plans are provided principally for the unfunded costs of various pension plans, retiree health and life insurance benefits, incentive compensation plans and for separation benefits payable to employees.

As of January 1, 1993, Texaco adopted SFAS 112, "Employers' Accounting for Postemployment Benefits". Adoption of SFAS 112 did not impact 1993 net income since the company had been accounting for substantially all of these costs in accordance with the new Standard.

The discussion of employee benefit plans that follows is for total plan activity, including benefits and amounts applicable to employees of the discontinued operations. Amounts relative to the discontinued operations are not material for any of the years discussed.

Employee Stock Ownership Plans (ESOP)

Texaco recorded ESOP expense of $28 million in 1995 and $20 million in both 1994 and 1993. Company contributions to the Employees Thrift Plan of Texaco Inc. and the Employees Savings Plan of Texaco Inc. (the Plans) amounted to $17 million in 1995 and $20 million in both 1994 and 1993. These Plans are designed to provide participants with a benefit of approximately 6% of base pay. Included in the 1995 ESOP expense is $11 million relating to an employee incentive award program. Award payments will be made in early 1996 to individual participants' ESOP accounts.

In 1995, 1994 and 1993, the company paid $47 million, $49 million and $51 million, respectively, in dividends on Series B and Series F stock. The dividends are applied by the trustee to fund interest payments which amounted to $14 million, $13 million and $14 million for 1995, 1994 and 1993, respectively, as well as to reduce principal on the ESOP loans. Dividends on the shares of Series B and Series F used to service debt of the Plans are tax deductible to the company.

Reflected in Texaco's long-term debt are the Plans' ESOP loans which are guaranteed by Texaco Inc. Commensurate with each repayment on the ESOP loans and as a result of the allocation of the Series B and Series F stock by the trustee of the Plans to the individual participating employees, there is a reduction in the remaining ESOP-related unearned employee compensation included as a component of stockholders' equity.

Benefit Plan Trust

During 1995, Texaco established a benefit plan trust (Trust) for funding company obligations under certain benefit plans. Texaco transferred four million shares of treasury stock to the Trust. The company intends to continue to pay its obligations under its benefit plans. The Trust will use the shares, proceeds from the sale of such shares and dividends on such shares to pay benefits only to the extent not paid by the company. The shares held in the Trust will be voted by the trustee as instructed by the Trust's beneficiaries. The shares held by the Trust are not considered outstanding for earnings per share purposes until distributed or sold by the Trust in payment of benefit obligations.

Pension Plans

The company sponsors pension plans that cover the majority of employees. Generally, these plans provide defined pension benefits based on years of service and final average pay. However, the level of benefits and terms of vesting vary among plans. Amounts charged to pension expense, as well as amounts funded, are generally based on actuarial studies. Pension plan assets are administered by trustees and are principally invested in equity and fixed income securities and deposits with insurance companies.

The total worldwide expense for all employee pension plans of Texaco, including pension supplementations and the smaller non-U.S. plans, was $86 million in 1995, $109 million in 1994 and $111 million in 1993.

The following data are provided for U.S. plans and principal non-U.S. plans.

Components of Pension Expense

(Millions of dollars)	United States Plans 1995	1994	1993	Non-U.S. Plans 1995	1994	1993
Benefits earned during the year	$ 48	$ 69	$ 67	$ 16	$ 22	$ 14
Actual investment return on plan assets, (gain) loss	(279)	27	(158)	(123)	33	(155)
Interest cost on projected benefit obligations	114	125	125	81	74	61
Amortization of net deferred amounts	158	(145)	39	64	(104)	112
Total	$ 41	$ 76	$ 73	$ 38	$ 25	$ 32

The assumed long-term return on plan assets for U.S. plans was 10% for 1995 and 9% for 1994 and 1993; for non-U.S. plans the weighted average rate was 8.7% for 1995, 8.5% for 1994 and 8.6% for 1993.

Funded Status of Pension Plans

(Millions of dollars) As of December 31	United States Plans 1995: Assets Exceed Accumulated Benefits	1995: Accumulated Benefits Exceed Assets	1994: Assets Exceed Accumulated Benefits	1994: Accumulated Benefits Exceed Assets
Present value of the estimated pension benefits to be paid in the future				
Vested benefits	$(1,132)	$ (83)	$ (888)	$ (59)
Nonvested benefits	(105)	(3)	(61)	(3)
Accumulated benefit obligations	(1,237)	(86)	(949)	(62)
Effect of projected future salary increases	(394)	(21)	(354)	(17)
Total projected benefit obligations	(1,631)	(107)	(1,303)	(79)
Amount of assets available for benefits				
Funded assets of the plans, at fair value	1,361	-	1,116	-
Net pension liability (asset) recorded on Texaco's Consolidated Balance Sheet	68	86	129	62
Total assets	1,429	86	1,245	62
Assets in excess of (less than) projected benefit obligations(1)	$ (202)	$ (21)	$ (58)	$ (17)
(1)Consisting of:				
Net transition asset (liability) not yet recognized	$ 47	$ (10)	$ 63	$ (13)
Unrecognized cost of retroactive benefits granted by a plan amendment	(70)	(15)	(78)	(14)
Effect of changes in assumptions and differences between actual and estimated experience	(179)	4	(43)	10
Total	$ (202)	$ (21)	$ (58)	$ (17)

- --2nd section--

Funded Status of Pension Plans (continued)

(Millions of dollars) As of December 31	Non-U.S. Plans 1995: Assets Exceed Accumulated Benefits	1995: Accumulated Benefits Exceed Assets	1994: Assets Exceed Accumulated Benefits	1994: Accumulated Benefits Exceed Assets
Present value of the estimated pension benefits to be paid in the future				
Vested benefits	$ (426)	$(221)	$ (418)	$(218)
Nonvested benefits	(22)	(19)	(20)	(23)

Accumulated benefit obligations	(448)	(240)	(438)	(241)
Effect of projected future salary increases	(26)	(16)	(31)	(24)
Total projected benefit obligations	(474)	(256)	(469)	(265)
Amount of assets available for benefits				
Funded assets of the plans, at fair value	714	-	706	-
Net pension liability (asset) recorded on Texaco's Consolidated Balance Sheet	(234)	241	(253)	241
Total assets	480	241	453	241
Assets in excess of (less than) projected benefit obligations(1)	$ 6	$ (15)	$ (16)	$ (24)
(1)Consisting of:				
Net transition asset (liability) not yet recognized	$ 46	$ (10)	$ 84	$ (14)
Unrecognized cost of retroactive benefits granted by a plan amendment	(25)	(31)	(47)	(34)
Effect of changes in assumptions and differences between actual and estimated experience	(15)	26	(53)	24
Total	$ 6	$ (15)	$ (16)	$ (24)

Weighted Average Rate Assumptions Used in Estimating Pension Benefit Obligations

	United States Plans		Non-U.S. Plans	
	1995	1994	1995	1994
Discount rate	7.0%	8.5%	11.5%	12.6%
Rate of increase in compensation levels	4.0%	4.8%	7.9%	10.2%

Other Postretirement Benefits

Texaco sponsors postretirement plans in the U.S. that provide health care and life insurance for retirees and eligible dependents. The company's U.S. health insurance obligation is its fixed dollar contribution. The plans are unfunded, and the costs are shared by the company and its employees and retirees.

The determination of the company's obligation is based on the terms of the life and health insurance plans, along with applicable actuarial assumptions. The company continues to fund these benefit costs on a pay-as-you-go basis, with retirees paying the excess over the company's fixed dollar contribution for health insurance. For employees who retire from Texaco between age 55 and 65, most will be eligible to receive health care benefits, similar to those available to active employees, as well as life insurance benefits. The company's cost to provide these postretirement benefits for health insurance is currently equal to the company's cost for an active employee. After attaining age 65, the retirees' health care coverage is coordinated with available Medicare benefits.

The trend rates used for the purpose of estimating contribution amounts reflect the expected increase in the health care cost component of the U.S. Consumer Price Index. For retirees between age 55 and 65, the 1996 fixed dollar contribution for health care benefits is expected to remain at 1995 levels. Commencing in 1997, the fixed dollar contribution is expected to increase by 7% per annum and then decrease to an ultimate rate of 4% in the year 2002, at which time the company expects general U.S. health care inflation to increase at a rate approximating general inflation. The fixed dollar contribution for retirees 65 and older is also assumed to remain at 1995 levels in 1996 and then increase by 4% per year. The fixed dollar contributions derived from these assumptions do not necessarily represent an obligation of the company.

Assuming a 1% increase in the annual rate of increase in the fixed dollar contribution for health insurance, the accumulated postretirement benefit obligation and annual expense would increase by approximately $52 million and $5 million, respectively.

Certain of the company's non-U.S. subsidiaries have postretirement benefit plans. However, most retirees outside the U.S. are covered by government sponsored and administered programs, the cost of which is not significant to the company.

The following tables provide information on the status of the principal postretirement plans:

Components of Other Postretirement Benefit Expense

	Health Care	Life Insurance	Total	Health Care	Life Insurance	Total	Health Care	Life Insurance	Total
(Millions of dollars)			1995			1994			1993

Benefits earned during the year	$ 7	$ 2	$ 9	$12	$ 4	$16	$13	$ 4	$17
Interest cost on accumulated postretirement benefit obligations	33	21	54	38	20	58	40	19	59
Amortization of net deferred amounts	(3)	(1)	(4)	-	-	-	-	-	-
Total	$37	$22	$59	$50	$24	$74	$53	$23	$76

Funded Status of Other Postretirement Plans

(Millions of dollars) As of December 31	Health Care	Life Insurance	Total 1995	Health Care	Life Insurance	Total 1994
Accumulated unfunded postretirement benefit obligations						
Retirees	$272	$242	$514	$267	$204	$471
Fully eligible active participants	33	1	34	35	17	52
Other active plan participants	125	67	192	108	39	147
Total accumulated unfunded postretirement benefit obligations	430	310	740	410	260	670
Unrecognized net gain	72	5	77	89	45	134
Net other postretirement benefit liability recorded on Texaco's Consolidated Balance Sheet	$502	$315	$817	$499	$305	$804

Weighted Average Rate Assumptions Used in Estimating Other Postretirement Benefit Obligations

	1995	1994
Discount rate	7.0%	8.5%
Rate of increase in compensation levels	4.0%	4.8%

Note Fourteen -- Stock Incentive Plan

Under the company's stock incentive plan (the Plan) approved by stockholders, among the awards that may be granted to executives and certain key employees are stock options, with or without stock appreciation rights, and restricted stock. The total number of shares available each year for issuance under the Plan through December 31, 2002 is eight-tenths of one percent (0.8%) of the aggregate number of shares of common stock issued and outstanding on December 31 of the previous year, adjusted for certain plan activity. Shares not issued in the current year are available for future grant. The option price per share cannot be less than the fair market value of a share of common stock on the date granted unless adjusted as provided in the Plan. At December 31, 1995, there were 3,539,072 shares available for awards during 1996, of which 2,851,983 shares were available to all participants and 687,089 shares were available to those participants who are not officers or directors. At December 31, 1994, there were 2,534,044 shares available for awards during 1995, of which 1,981,129 shares were available to all participants and 552,915 shares were available to those participants who are not officers or directors. At December 31, 1993, there were 1,824,282 shares available for awards during 1994, of which 1,243,873 shares were available to all participants and 508,409 shares were available to those participants who are not officers or directors.

Stock options granted under the Plan extend for 10 years from the date of grant and become 50% exercisable on the first anniversary. These options are fully exercisable on the second anniversary, except for the January 1990 awards, which became fully exercisable on the fourth anniversary of the award.

The Plan permits the company to grant restored options to a participant in the Plan who has previously been granted stock options. This feature enables a participant, who exercises an option by exchanging previously acquired common stock or who has shares withheld by the company to satisfy tax withholding obligations, to receive new options, exercisable at the then market value, for the same number of shares as were exchanged or withheld. Under existing regulations, restored options are fully exercisable six months after the date of grant.

Option activity during 1995, 1994 and 1993 is summarized in the following table:

Stock Options	1995	1994	1993	Price Range Per Share
Outstanding January 1	3,964,098	3,368,949	2,651,746	$46.78-69.25
Granted	945,367	643,985	776,375	57.94-66.31
Exercised	(2,177,630)	(732,286)	(831,869)	46.78-68.69

Restored	1,935,809	683,450	772,697	58.13-79.94
Outstanding December 31	4,667,644	3,964,098	3,368,949	46.78-79.94
Exercisable December 31	2,148,743	2,671,225	1,394,718	46.78-69.25

Note Fifteen -- Other Financial Information and Commitments

Environmental Reserves

Texaco Inc. and subsidiary companies have financial reserves relating to environmental remediation programs which the company believes are sufficient for known requirements. At December 31, 1995, reserves for future environmental remediation costs amounted to $678 million and reserves relative to the future cost of restoring and abandoning existing oil and gas properties were $804 million. Texaco's significant affiliates also have recorded reserves for environmental remediation and restoration and abandonment costs.

Texaco has provided, to the extent reasonably measurable, financial reserves for its probable environmental remediation liabilities. The recording of these obligations is based on technical evaluations of the currently available facts, interpretation of the regulations and the company's experience with similar sites. Additional financial reserve requirements relative to existing and new remediation sites may be necessary in the future when more facts are known. The potential also exists for further legislation to provide limitations on liability. It is not possible to project the overall costs or a range of costs for environmental items beyond that disclosed above due to uncertainty surrounding future developments, both in relation to remediation exposure and to regulatory initiatives. However, while future environmental expenditures that will be incurred by the petroleum industry may certainly be significant in the absolute, they will be a cost of doing business that will have to be recovered in the marketplace. Moreover, it is not believed that such future costs will be material to the company's financial position nor to its operating results over any reasonable period of time.

Interest Paid and Interest Capitalized

Interest paid, net of amounts capitalized, amounted to $482 million in 1995, $500 million in 1994 and $439 million in 1993.

Interest capitalized as part of properties, plant and equipment was $20 million in 1995, $13 million in 1994 and $49 million in 1993.

Preferred Stock of Subsidiary Companies

At December 31, 1995 and 1994, minority holders owned $602 million and $537 million, respectively, of preferred stock of subsidiary companies. Such amounts are reflected in minority interest in subsidiary companies in the Consolidated Balance Sheet.

In October 1993, a wholly owned subsidiary, MVP Production Inc., issued variable rate cumulative preferred stock in a private placement for an aggregate purchase price of $75 million. The shares have voting rights in the subsidiary and are redeemable on September 30, 2003. Dividend requirements on these shares totaled $4 million in 1995 and $3 million in 1994.

In November 1993, a wholly owned subsidiary, Texaco Capital LLC, issued 14 million shares of Cumulative Guaranteed Monthly Income Preferred Shares, Series A (Series A), in a public offering, for an aggregate purchase price of $350 million. In June 1994, Texaco Capital LLC issued 4.5 million shares of Cumulative Adjustable Rate Monthly Income Preferred Shares, Series B (Series B), in a public offering for an aggregate purchase price of $112 million. In December 1995, Texaco Capital LLC issued 3.6 million shares of Deferred Preferred Shares, Series C (Series C) in Canadian dollars, in a public offering. The aggregate purchase price was $65 million. Texaco Capital LLC's sole assets are notes receivable from Texaco Inc.

The dividend rate for Series A is 6 7/8% per annum and the initial dividend rate for Series B was 6.4% per annum through September 30, 1994, 6.75% per annum for the fourth quarter of 1994 and 6.26% for the year 1995. The dividend rate on Series B is reset quarterly and is equal to 88% of the highest of three U.S. Treasury maturities (three-month, ten-year and thirty-year), but in no event less than 4.5% per annum nor greater than 10.5% per annum. The payment of dividends and payments on liquidation or redemption with respect to Series A and Series B are guaranteed by Texaco Inc. Dividends on Series A and Series B are paid monthly. Dividends on Series A for 1995 and 1994 totaled $24 million for each year and $4 million for 1993. Dividends on Series B in 1995 and 1994 totaled $7 million and $4 million, respectively.

Series A and Series B are redeemable, at the option of Texaco Capital LLC (with Texaco Inc.'s consent) in whole or in part, from time to time, at $25 per share on or after October 31, 1998 for Series A and June 30, 1999 for Series B, plus, in each case, accrued and unpaid dividends to the date fixed for redemption. In addition, under certain circumstances, Texaco Capital LLC (with Texaco Inc.'s consent) can redeem Series A and Series B at anytime, in whole or in part, at $25 per share plus accrued and unpaid dividends.

Dividends on Series C at a rate of 7.17% per annum, compounded annually, will be paid at the redemption date of February 28, 2005 unless earlier redemption occurs. Early redemption may result upon the occurrence of certain specific events. The payment of dividends and payments on liquidation or redemption of Series C are guaranteed by Texaco Inc. The par value and dividends payable in Canadian dollars have been hedged by a swap contract to eliminate foreign currency risk.

Series A, Series B and Series C are non-voting, except under certain limited circumstances.

The above preferred stock issues currently require annual dividend payments of approximately $35 million. The company is required to redeem $75 million of this preferred stock in 2003, $65 million (plus accreted dividends of $59 million) in 2005, $112 million in 2024 and $350 million in 2043. Texaco has the ability to extend the required redemption dates for the $112 million and $350 million of preferred stock beyond 2024 and 2043, respectively.

Financial Guarantees
The company has guaranteed the payment of certain debt and other obligations of third parties and affiliate companies. These guarantees totaled $206 million and $176 million at December 31, 1995 and 1994, respectively.

Exposure to credit risk in the event of non-payment by the obligors is represented by the contractual amount of these instruments. No loss is anticipated under these guarantees.

Throughput Agreements
Texaco Inc. and certain of its subsidiary companies have entered into certain long-term agreements wherein they have committed either to ship through affiliated pipeline companies and an offshore oil port, or to refine at an affiliated refining company a sufficient volume of crude oil or petroleum products to enable these affiliated companies to meet a specified portion of their individual debt obligations, or, in lieu thereof, to advance sufficient funds to enable these affiliated companies to meet these obligations. Additionally, Texaco has entered into long-term purchase commitments with third parties for take or pay gas transportation. At December 31, 1995 and 1994 the company's maximum exposure to loss was estimated to be $713 million and $726 million, respectively.

However, based on Texaco's right of counterclaim against third parties in the event of nonperformance, Texaco's net exposure was estimated to be $546 million and $561 million at December 31, 1995 and 1994, respectively.

No losses are anticipated as a result of these obligations.

Other Commitments
In 1995, Texaco sold its leasehold interest in certain equipment not yet in service and received payments totaling $248 million. Additional payments will be received in 1996, contingent upon the amount of future costs of the equipment prior to the in-service date. Under a related agreement, Texaco as lessee will lease back this leasehold interest. The lease provides that collateral or third party security in specified forms is required as a guarantee of the lease payments. Texaco intends to satisfy this requirement by a cash payment, expected to occur in 1997, resulting in the release of Texaco from future lease commitments under this agreement. This payment will effectively repurchase the leasehold interests previously sold.

Note Sixteen -- Financial Instruments

In the normal course of its business, the company utilizes various types of financial instruments. These instruments include recorded assets and liabilities, and also items which principally involve off-balance sheet risk. Information about the company's financial instruments, including derivatives, is presented below.

Cash and cash equivalents -- Fair value approximates cost as reflected in the Consolidated Balance Sheet at December 31, 1995 and 1994 because of the short-term maturities of these instruments. Cash equivalents are classified as held-to-maturity. The amortized cost of cash equivalents was as follows:

(Millions of dollars) As of December 31	1995	1994
Time deposits and certificates of deposit	$ 111	$ 56
Commercial paper and other	155	117
	$ 266	$ 173

Short-term and long-term investments -- Fair value is primarily based on quoted market prices and valuation statements obtained from major financial institutions. Information concerning investments held at December 31, 1995 and 1994 in short-term and long-term debt securities and in publicly-traded equity securities that are classified as available-for-sale is shown in the tables that follow. Excluded from the tables is a $4 million investment in a time deposit at December 31, 1995 and 1994, which the company intends to hold to its maturity in the year 2001.

	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
(Millions of dollars) As of December 31		1995		1994
U.S. government securities	$156	$159	$231	$213
Foreign government securities	212	218	284	263
Corporate and other debt securities	246	251	137	130
Equity securities	59	89	22	85
	$673	$717	$674	$691

For the above items at year-end 1995, there were gross unrealized gains of

$54 million, primarily related to investments in equity and foreign government debt securities, and gross unrealized losses of $10 million, principally from foreign government debt securities. At year-end 1994, there were gross unrealized gains of $66 million, primarily related to equity securities, and gross unrealized losses of $49 million principally from investments in U.S. and foreign government debt securities. Proceeds from sales of available-for-sale securities were $1,175 million in 1995 and $610 million in 1994. These sales resulted in gross realized gains of $81 million and $19 million and gross realized losses of $27 million and $14 million in 1995 and 1994, respectively.

At December 31, 1995, available-for-sale debt securities had the following scheduled maturities:

	Amortized Cost	Estimated Fair Value
(Millions of dollars) As of December 31		1995
Due in one year or less	$ 35	$ 35
Due after one year through five years	223	220
Due after five years	356	373
	$614	$628

The estimated fair value of other long-term investments not included above, for which it is practicable to estimate fair value, approximated the December 31, 1995 and 1994 carrying values of $133 million and $369 million, respectively.

Short-term debt, long-term debt and related derivatives -- Shown below are the carrying amounts and fair values of Texaco's debt and related derivatives as of year-end 1995 and 1994.

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Millions of dollars) As of December 31		1995		1994
Short-term and long-term debt	$6,122	$6,699	$6,332	$6,285
Debt-related derivatives-(receivables) payables	$ -	$ (3)	$ 1	$ 58

Refer to Note 8 for additional information concerning debt and related derivatives outstanding at December 31, 1995 and 1994.

Forward Exchange Contracts -- As an international company, Texaco is exposed to foreign currency exchange risk. To hedge against adverse changes in foreign currency exchange rates, the company will buy and sell foreign currencies forward. Texaco's currency hedging program involves managing its foreign currency monetary exposures, capital expenditure commitments and foreign currency denominated investment portfolio. The company had forward exchange contracts outstanding to buy $1,356 million and sell $285 million of foreign currencies at year-end 1995. At year-end 1994, there were outstanding contracts to buy $552 million and sell $254 million of foreign currencies. Unrealized gains and losses applicable to these contracts were immaterial at December 31, 1995 and 1994 since the forward rates approximated the year-end spot rates. The company's exposure to credit risk on forward exchange contracts is minimal since the counterparties are major financial institutions with strong credit ratings. The company does not anticipate nonperformance by any of the multiple counterparties. Market risk exposure is essentially limited to the risk related to currency rate movements. The business purposes of forward exchange contracts are explained below.

At year-end 1995, Texaco had outstanding forward exchange contracts, primarily to buy $789 million of foreign currencies, as a hedge against the net liability position of certain of its foreign operations. These contracts were mainly comprised of $272 million of Australian dollars, $177 million of Dutch guilders and $174 million of British pounds and generally had contract terms of 60 days or less. At year-end 1994, there were forward exchange contracts outstanding to buy $105 million of Australian dollars as protection against the net liability position of Texaco's Australian operations. These contracts generally had terms of 45 days or less. Contracts that hedge foreign currency monetary exposures are marked-to-market monthly, with gains and losses included in income currently as other costs.

In managing its capital expenditure program, the company will buy foreign currencies forward to hedge portions of significant future foreign currency denominated capital expenditures and lease commitments. The amount of hedge coverage is assessed periodically and may be adjusted upward or downward based on current and anticipated market conditions by subsequent forward purchases or sales of foreign currencies. At December 31, 1995, there were forward exchange contracts outstanding of $483 million to purchase foreign currencies in connection with the capital expenditures hedging program. Capital expenditure commitments under this program approximated 765 million Danish krone and 547 million British pounds. Outstanding hedge contracts represented about 34% and 31% of the Danish krone and British pound commitments, respectively. At December 31, 1994, there were forward contracts outstanding of $425 million and $57 million to buy and sell foreign currencies, respectively, in connection with the capital expenditure hedging program. Capital expenditure commitments under this program approximated 471 million British pounds and 1,076 million Danish krone. Of these planned expenditures, approximately 29% of the British pound commitments and 21% of the Danish krone commitments were hedged by forward contracts. Contracts in both years generally had terms of 60 days or less. Realized gains and losses on hedges of foreign currency commitments are initially recorded to deferred charges. Subsequently, the amounts are applied to the capitalized project cost on a percentage-of-completion basis, and are amortized to expense over the applicable life. At year-end 1995 and 1994, there were net unamortized gains of $23 million and $29 million, respectively.

The company also enters into forward exchange contracts to purchase and sell foreign currency to hedge a portion of its investment portfolio denominated in foreign currencies. The company's strategy is to hedge the full value of this portion of the investment portfolio and to close out forward contracts upon the sale or maturity of the corresponding investment. At December 31, 1995, there were outstanding contracts of $279 million and $70 million to sell and purchase, respectively, foreign currencies in connection with this hedging program. At December 31, 1994, there were outstanding $203 million of contracts primarily to sell foreign currencies. For both years, the contracts primarily involve major European currencies. These contracts are valued at market based upon the foreign currency exchange rates in effect at the balance sheet dates. Increases and decreases in the value of these contracts are recorded in investments along with the corresponding instruments being hedged. Related unrealized gains and losses are recorded, net of applicable income taxes, to stockholders' equity until the related investment is sold or matures, at which time they are recorded in income. Realized gains and losses on the settlement of forward contracts used to hedge foreign currency investments held as of the balance sheet dates are deferred and included in stockholders' equity until such time as the corresponding investments are sold or mature.

Interest Rate and Currency Swap -- In connection with the December 1995 sale of Series C preferred stock by Texaco Capital LLC, Texaco entered into an interest rate and currency swap contract that matures in the year 2005.

Over the life of the interest rate swap component of the contract, Texaco will make LIBOR-based floating rate interest payments based on a notional principal amount of $65 million. Canadian dollar interest will accrue to Texaco at a fixed rate applied to the accreted notional principal amount, which was 87 million Canadian dollars at December 31, 1995.

The currency swap component of the transaction calls for Texaco to exchange $65 million for 170 million Canadian dollars, which includes 87 million Canadian dollars plus accrued interest on the contract's maturity date. At year-end 1995, fair values associated with this transaction were not material.

Commodity Hedging -- The company hedges a portion of the market risks associated with its crude oil, natural gas and petroleum product purchases, sales and exchange activities. All hedge transactions are subject to the company's corporate risk management policy which sets out dollar, volumetric

and term limits, as well as to management approvals as set forth in the company's delegations of authorities. Company policy does not permit speculative position taking using derivative financial instruments.

The company uses established petroleum futures exchanges, as well as "over-the-counter" hedge instruments, including forwards, options, swaps and other derivative products. These hedge tools are used to reduce the company's exposure to price volatility by establishing margins, costs or revenues on designated transactions as well as for planned future purchases and sales, inventory, production and processing. In carrying out its hedging programs, the company analyzes its major commodity streams for fixed cost, fixed revenue and margin exposure to market price changes. Based on this corporate risk profile, forecasted trends, and overall business objectives, a determination is made as to an appropriate strategy for risk reduction.

Hedge positions are marked-to-market for valuation purposes. Gains and losses on hedge transactions, which offset losses and gains on the underlying "cash market" transactions, are recorded to deferred income or charges until the hedged transaction is closed, or until the anticipated future purchases, sales, or production occur. At that time, any gain or loss on the hedging contract is recorded to operating revenues as an increase or decrease in margins, or to inventory, as appropriate.

Over-the-counter hedge positions expose the company to counterparty credit risk. However, because the hedge contracts are placed with parties whose creditworthiness has been pre-determined in accordance with the company's credit policy, non-performance by any counterparty is not anticipated. Such over-the-counter commodity contracts do not expose the company to any concentrations of credit risk because of the dollar limits incorporated in risk management policies.

At December 31, 1995 and 1994, there were open derivative commodity contracts required to be settled in cash, consisting mostly of swaps. Notional contract amounts, excluding unrealized gains and losses, were $868 million and $511 million, respectively, at year-end 1995 and 1994. These amounts principally represent future values of contract volumes over the remaining duration of outstanding swap contracts at the respective dates. These contracts hedge a small fraction of the company's business activities generally for the next twelve months. Unrealized gains and losses on contracts outstanding at year-end 1995 were $28 million and $67 million, respectively. At year-end 1994, unrealized gains and losses were immaterial.

Note Seventeen -- Contingent Liabilities

Internal Revenue Service Claims

During 1989, Texaco commenced an action in the United States Tax Court (Tax Court), to challenge certain claimed increases in the company's 1979-1982 Federal income tax liability. The company's action contested, among other items, an Internal Revenue Service (IRS) claim that during the 1979-1981 years, Texaco should be taxed as if it had resold Saudi crude oil at prices higher than those mandated by the Saudi Arab Government (Aramco Advantage issue).

On December 22, 1993, the Tax Court issued an opinion upholding the company's position on the Aramco Advantage issue. The Tax Court held that the IRS was barred from taxing the company on income never received, and which could only have been received by violating Saudi law. Finding that the Saudi Arab Government's mandate represented the sovereign law of that country, the Tax Court determined that the company was required to comply with the Saudi Arab Government's mandate and did in fact observe it. The IRS has appealed to the United States Court of Appeals for the Fifth Circuit. All other issues relating to the 1979-1982 years have been resolved by trial or settlement.

In March 1988, prior to the commencement of the Tax Court action, the company, as a condition of its emergence from Chapter 11 proceedings, agreed to make certain cash deposits with the IRS in contemplation of potential tax claims (Deposit Fund). From time to time, the company has applied Deposit Fund amounts to final liabilities agreed upon by the company and the IRS for income tax and windfall profit tax years of Texaco and Getty not involved in the Tax Court litigation. A portion of the Deposit Fund also will be applied to issues settled in the 1979-1982 litigation years. After satisfaction of all liabilities associated with settled issues, it is anticipated that approximately $700 million will remain in the Deposit Fund and continue to accrue interest. If the company ultimately prevails on the appeal of the Aramco Advantage issue, the amount remaining in the Deposit Fund will be refunded to the company, with interest.

. . . .

In the company's opinion, while it is impossible to ascertain the ultimate legal and financial liability with respect to the above-mentioned and other contingent liabilities and commitments, including lawsuits, claims, guarantees, taxes and regulations, the aggregate amount of such liability in excess of financial reserves, together with deposits and prepayments made against disputed tax claims, is not anticipated to be materially important in relation to the consolidated financial position or results of operations of Texaco Inc. and its subsidiaries.

Note Eighteen -- Financial Data by Geographic Area

Texaco Inc. and its subsidiary companies, together with affiliates, represent a vertically integrated enterprise principally engaged in the worldwide exploration for and production, transportation, refining and marketing of crude oil, natural gas and petroleum and other processed products, as well as nonpetroleum operations such as insurance and alternate energy activities. These products and services are sold and provided to various purchasers including wholesale and retail distributors, utilities, industrial end users and governmental agencies throughout the world. Operations and investments in some foreign areas are subject to political and business risks, the nature of which varies from country to country and from time to time. At year-end 1995, net assets located outside the United States amounted to $1,109 million, $3,399 million and $2,980 million in Other Western Hemisphere, Europe and Other Eastern Hemisphere areas, respectively.

Operating profit represents total sales and services as shown on the Statement of Consolidated Income less operating costs and expenses, net of income taxes. Corporate/nonoperating includes interest income and expense, general corporate expenses and other nonoperating items, net of income taxes. Equity in income or losses of partnership joint-venture companies is reflected net of taxes, since this income is directly taxable to Texaco.

Intergeographic sales and services shown are based on prices which are generally representative of market prices or arm's-length negotiated prices.

Identifiable assets are those from continuing operations which can be directly identified or associated with operations which have been geographically segregated. Net assets of discontinued operations (see Note 4) are reflected in corporate/nonoperating to conform to the presentation of net income (loss) from discontinued operations. Investments in affiliates pertain to those affiliates which are accounted for on the equity method. Investments in affiliates relating to discontinued operations are reflected in corporate/nonoperating. Corporate assets include cash and cash investments, as well as receivables, properties, plant and equipment and other assets which are corporate in nature.

	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Corporate/ Nonoperating*	Consolidated
(Millions of dollars)						
Year 1995						
Sales and services						
Outside	$17,302	$5,440	$8,906	$3,903	$ -	$35,551
Intergeographic	410	40	228	59	(737)	-
Total sales and services	$17,712	$5,480	$9,134	$3,962	$ (737)	$35,551
Net income (loss)						

Operating profit	$ 291	$ 166	$ 32	$ 78	$ -	$ 567
Equity in income of affiliates	45	6	21	452	-	524
Corporate/nonoperating	-	-	-	-	(363)	(363)
Net income (loss) before cumulative effect of accounting change	336	172	53	530	(363)	728
Cumulative effect of accounting change	-	-	-	-	(121)	(121)
Total net income (loss)	$ 336	$ 172	$ 53	$ 530	$ (484)	$ 607
Identifiable assets	$11,068	$1,800	$4,480	$1,386	$ -	$18,734
Net assets of discontinued operations	-	-	-	-	164	164
Investments in affiliates	1,042	24	540	2,479	-	4,085
Corporate assets	-	-	-	--	1,954	1,954
Total assets	$12,110	$1,824	$5,020	$3,865	$ 2,118	$24,937
Year 1994						
Sales and services						
Outside	$15,936	$4,710	$8,479	$3,415	$ -	$32,540
Intergeographic	335	198	764	43	(1,340)	-
Total sales and services	$16,271	$4,908	$9,243	$3,458	$(1,340)	$32,540
Net income (loss)						
Operating profit	$ 522	$ 104	$ 65	$ 67	$ -	$ 758
Equity in income of affiliates	134	6	1	353	-	494
Corporate/nonoperating	-	-	-	-	(273)	(273)
Net income (loss) before discontinued operations	656	110	66	420	(273)	979
Discontinued operations	-	-	-	-	(69)	(69)
Total net income (loss)	$ 656	$ 110	$ 66	$ 420	$ (342)	$ 910
Identifiable assets	$11,851	$1,587	$4,641	$1,180	$ -	$19,259
Net assets of discontinued operations	-	-	-	-	195	195
Investments in affiliates	1,144	26	370	2,366	-	3,906
Corporate assets	-	-	-	-	2,145	2,145
Total assets	$12,995	$1,613	$5,011	$3,546	$ 2,340	$25,505
Year 1993						
Sales and services						
Outside	$17,417	$4,245	$8,416	$3,167	$ -	$33,245
Intergeographic	289	241	725	43	(1,298)	-
Total sales and services	$17,706	$4,486	$9,141	$3,210	$(1,298)	$33,245
Net income (loss)						
Operating profit	$ 562	$ 107	$ 245	$ 24	$ -	$ 938
Equity in income of affiliates	146	8	8	368	-	530
Corporate/nonoperating	-	-	-	-	(209)	(209)
Net income (loss) before discontinued operations	708	115	253	392	(209)	1,259
Discontinued operations	-	-	-	-	(191)	(191)
Total net income (loss)	$ 708	$ 115	$ 253	$ 392	$ (400)	$ 1,068
Identifiable assets	$12,603	$1,435	$4,556	$1,107	$ -	$19,701
Net assets of discontinued operations	-	-	-	-	1,180	1,180
Investments in affiliates	1,171	29	388	2,153	-	3,741
Corporate assets	-	-	-	-	2,004	2,004
Total assets	$13,774	$1,464	$4,944	$3,260	$ 3,184	$26,626

*Includes intergeographic sales and services eliminations.

Texaco Inc. and Subsidiary Companies

Report of Management

The consolidated financial statements are the responsibility of the management of Texaco Inc. They were prepared in accordance with generally accepted accounting principles and are, in part, based on certain estimates and judgments, as required. Other information contained in this Annual Report is presented on a basis consistent with the financial statements.

To meet these responsibilities, it is Texaco's long-established corporate policy to maintain a control conscious environment and an effective internal control system throughout its worldwide operations. Included in this system are Corporate Conduct Guidelines which require that all employees maintain the highest level of ethical standards. The internal control system provides reasonable assurance that assets are safeguarded against unauthorized acquisition, use or disposition, and that financial records are accurately and objectively maintained, thus serving as a reliable basis for the preparation of financial statements. This system is augmented by written policies and procedures and an organizational structure that provides for an appropriate division of responsibility. Management personnel are required to formally certify each year that an effective internal control system is maintained. The internal controls are complemented by Texaco's internal auditors who conduct regular and extensive internal audits throughout the company. In addition, the independent public accounting firm of Arthur Andersen LLP is engaged to provide an objective, independent audit of the company's financial statements. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, which included obtaining a sufficient understanding of the company's internal controls to plan their audit and determine the nature, timing and extent of audit tests to be performed. In conducting their audits, both the internal and independent auditors have access to the minutes of all meetings of the company's Board of Directors. The appointment of the independent auditors is presented to the stockholders for approval at each Annual Meeting of the Stockholders.

The Board of Directors of Texaco Inc. maintains an Audit Committee which has been in place since 1939. This Committee, currently comprised of five nonemployee Directors, met two times in 1995. Depending on the nature of the matters under review, the independent auditors, as well as certain officers and employees of the company, may attend all or part of a meeting. The Committee reviews and evaluates the company's accounting policies and reporting practices, internal auditing, internal controls, security procedures and other matters deemed appropriate. The Audit Committee also reviews the performance of Arthur Andersen LLP in their audit of Texaco's financial statements and evaluates their independence and professional competence, as well as the scope of their audit. Both the internal and independent auditors have unrestricted access to the Audit Committee to discuss the results of their audits and the quality of the company's financial reporting and internal control system.

(A. C. DeCrane, Jr.)	(Willaim C. Bousquette)	(Robert C. Oelkers)
A. C. DeCrane, Jr.	William C. Bousquette	Robert C. Oelkers
Chairman of the Board and	Senior Vice President and	Comptroller
Chief Executive Officer	Chief Financial Officer	

Arthur Andersen LLP

Report of Independent Public Accountants

To the Stockholders, Texaco Inc.:

We have audited the accompanying consolidated balance sheet of Texaco Inc. (a Delaware corporation) and subsidiary companies as of December 31, 1995 and 1994, and the related statements of consolidated income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texaco Inc. and subsidiary companies as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

As explained in Note 2 to the Consolidated Financial Statements, in 1995 the company changed its method of accounting for long-lived assets to be held and used and for long-lived assets to be disposed of.

(Arthur Andersen LLP)
Arthur Andersen LLP

February 22, 1996
New York, N.Y.

Texaco Inc. and Subsidiary Companies

Supplemental Oil and Gas Information

The following information for Texaco Inc. and consolidated subsidiaries, as well as Texaco's equity in P.T. Caltex Pacific Indonesia (CPI), a 50%-owned affiliate operating in Other Eastern Hemisphere areas, is presented in accordance with Statement of Financial Accounting Standards No. 69, "Disclosures about Oil and Gas Producing Activities" (SFAS 69).

Estimated Proved Reserves

Volumes reported for proved liquid and gas reserves are based upon reasonable estimates. These estimates are consistent with current knowledge of the characteristics and production history of the reserves. Although they are based upon sound geological and engineering principles, by their very nature, such estimates are subject to upward and downward revision as additional information about producing fields and technology becomes available. Reported volumes include only such reserves as can reasonably be classified as proved. Net reserves represent the volumes estimated to be available after deduction of the royalty interests of others from gross reserves. In addition to reported reserves, Texaco has a large inventory of potential reserves that will add to the company's proved reserve base as future investments are made in exploration and development programs.

CPI's estimated liquid reserves include volumes projected to be recovered as reimbursement for a portion of costs incurred. Accordingly, these volumes will fluctuate annually with the price of crude oil. CPI's natural gas production is all consumed in its operations.

Annually, Texaco Inc. provides information concerning oil and gas reserves to the U.S. Department of Energy and to certain governmental bodies. Such information is consistent with the information presented in this Annual Report.

During 1995, reserve increases, including equity and excluding purchases and sales, replaced 129% of worldwide combined oil and gas production. Of such reserve replacements, 74% were additions comprised of new fields, new sands, new plants, extensions, and improved recovery, and 26% were comprised of revisions to previous estimates. Texaco recognizes only those reserves where it is reasonably certain that such reserves can be economically produced. Subsequent revisions naturally result as new information is obtained from development drilling, production profiles, and changes in economic factors. During the three-year period 1993-1995, Texaco's reserve increases were 117% of worldwide production. During this period, additions accounted for 73% of reserve increases and revisions accounted for 27%. During the five-year period 1991-1995, Texaco's reserve increases were 109% of worldwide production. During this period, additions accounted for 68% of reserve increases and revisions accounted for 32%. Increases in proved reserves during 1995 were primarily due to the following:

In the United States, liquid and gas reserves were added by drilling that extended the productive limits of existing fields in California, Louisiana, Oklahoma, New Mexico, Texas, Utah and Wyoming. Other liquid and gas reserve increases from drilling resulted from the discovery of new productive formations in Colorado, Oklahoma, Texas and onshore and offshore Louisiana. Liquid reserve increases also resulted from improved recovery at a steamflood project in California as a result of expanding the steamflood and also from lowering the economic limit due to revenues received from cogeneration. Upward revisions that resulted from improved performance of gas plants in Alabama, Louisiana, New Mexico, Oklahoma, and Texas also added liquid reserves. Additions to natural gas reserves resulted from drilling in a coal-bed methane field in Utah. Sales of minerals-in-place reflect the sale of numerous economically marginal properties that did not fit into Texaco's business goals.

Outside the United States, in the Other Western Hemisphere area, gas reserve additions mainly reflect a gas contract renewal in Colombia and upward revisions for a gas field offshore Trinidad resulting from a combined geological and engineering technical study. Sales of minerals-in-place reflect the sale of heavy oil reserves in Colombia. In Europe, increases in liquid and gas reserves were from a new offshore field in the United Kingdom sector of the North Sea. Additional volumes of liquids were added from improved recovery at two fields in the Danish sector of the North Sea. In the Other Eastern Hemisphere area, significant liquid reserves were added from extensions as a result of additional drilling at two fields in the Partitioned Neutral Zone between Saudi Arabia and Kuwait. Improved performance of a field offshore Indonesia also increased liquid reserves. Gas reserves were increased for the Partitioned Neutral Zone due to an increase in the use of gas consumed in operations. Affiliate liquid reserves were increased due to additional development of steamflood in Indonesia.

During 1996, Texaco expects that net production of natural gas will approximate 2.1 billion cubic feet per day. This estimate is based upon past performance and on the assumption that such gas quantities can be produced under operating and economic conditions existing at December 31, 1995. Possible future changes in prices or world economic conditions were not factored into this estimate. These expected production volumes, together with normal related supply arrangements, are sufficient to meet anticipated delivery requirements under contractual arrangements. Approximately 31% of Texaco's proved natural gas reserves in the United States as of December 31, 1995, and 33% at December 31, 1994 and 1993 were covered by long-term sales contracts. These agreements are primarily priced at market.

Estimated Net Proved Developed and Undeveloped Reserves of Crude Oil

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
(Millions of barrels)							
As of December 31, 1992	1,305	85	256	394	2,040	432	2,472
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	36	1	50	8	95	1	96
Improved recovery	37	-	9	-	46	52	98
Revisions of previous estimates	37	(2)	3	14	52	18	70
Purchases of minerals-in-place	1	-	-	-	1	-	1
Sales of minerals-in-place	(15)	(3)	(5)	-	(23)	-	(23)
Production	(123)	(7)	(28)	(36)	(194)	(47)	(241)
As of December 31, 1993*	1,278	74	285	380	2,017	456	2,473
Increase (decrease) attributable to:							

Extensions, discoveries and other additions	29	2	66	71	168	-	168
Improved recovery	21	-	7	7	35	24	59
Revisions of previous estimates	5	5	4	10	24	16	40
Sales of minerals-in-place	(9)	(2)	(5)	-	(16)	-	(16)
Production	(119)	(7)	(41)	(41)	(208)	(57)	(265)
As of December 31, 1994*	1,205	72	316	427	2,020	439	2,459
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	30	-	32	71	133	1	134
Improved recovery	51	-	15	-	66	45	111
Revisions of previous estimates	56	(2)	(2)	25	77	2	79
Purchases of minerals-in-place	1	-	-	-	1	-	1
Sales of minerals-in-place	(98)	(11)	-	-	(109)	-	(109)
Production	(110)	(6)	(39)	(48)	(203)	(55)	(258)
As of December 31, 1995*	1,135	53	322	475	1,985	432	2,417
*Includes net proved developed reserves							
As of December 31, 1993	991	67	123	347	1,528	354	1,882
As of December 31, 1994	947	68	152	365	1,532	356	1,888
As of December 31, 1995	928	51	133	413	1,525	344	1,869

Estimated Net Proved Developed and Undeveloped Reserves of Natural Gas Liquids

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
(Millions of barrels)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
As of December 31, 1992	195	2	25	-	222	6	228
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	5	-	-	-	5	-	5
Revisions of previous estimates	15	(1)	3	-	17	(1)	16
Sales of minerals-in-place	(3)	-	-	-	(3)	-	(3)
Production	(32)	-	(2)	-	(34)	-	(34)
As of December 31, 1993*	180	1	26	-	207	5	212
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	32	-	3	-	35	-	35
Revisions of previous estimates	12	-	1	-	13	1	14
Sales of minerals-in-place	(4)	-	-	-	(4)	-	(4)
Production	(29)	-	(3)	-	(32)	-	(32)
As of December 31, 1994*	191	1	27	-	219	6	225
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	28	-	5	-	33	-	33
Improved recovery	5	-	-	-	5	-	5
Revisions of previous estimates	22	-	(1)	-	21	-	21
Sales of minerals-in-place	(11)	-	-	-	(11)	-	(11)
Production	(29)	-	(3)	-	(32)	-	(32)
As of December 31, 1995*	206	1	28	-	235	6	241
*Includes net proved developed reserves							
As of December 31, 1993	174	1	7	-	182	5	187
As of December 31, 1994	182	1	11	-	194	5	199
As of December 31, 1995	197	1	9	-	207	6	213

Grand Total Reserves of Crude Oil and Natural Gas Liquids

As of December 31, 1993	1,458	75	311	380	2,224	461	2,685
As of December 31, 1994	1,396	73	343	427	2,239	445	2,684
As of December 31, 1995	1,341	54	350	475	2,220	438	2,658

Estimated Net Proved Developed and Undeveloped Reserves of Natural Gas

Texaco Inc. and Consolidated Subsidiaries	Equity	Total

(Billions of cubic feet)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
As of December 31, 1992	4,526	655	648	83	5,912	158	6,070
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	344	128	110	1	583	-	583
Improved recovery	26	6	4	-	36	-	36
Revisions of previous estimates	257	-	149	(37)	369	-	369
Purchases of minerals-in-place	2	4	-	1	7	-	7
Sales of minerals-in-place	(174)	(14)	-	(1)	(189)	-	(189)
Production	(652)	(57)	(36)	(3)	(748)	(18)	(766)
As of December 31, 1993*	4,329	722	875	44	5,970	140	6,110
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	522	17	71	-	610	26	636
Improved recovery	2	-	2	1	5	-	5
Revisions of previous estimates	260	22	15	4	301	(5)	296
Purchases of minerals-in-place	-	9	-	1	10	-	10
Sales of minerals-in-place	(61)	(1)	(20)	-	(82)	-	(82)
Production	(645)	(57)	(66)	(3)	(771)	(11)	(782)
As of December 31, 1994*	4,407	712	877	47	6,043	150	6,193
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	397	100	164	6	667	6	673
Improved recovery	21	-	-	-	21	-	21
Revisions of previous estimates	103	103	(15)	39	230	14	244
Purchases of minerals-in-place	26	-	-	-	26	-	26
Sales of minerals-in-place	(287)	(6)	(2)	(1)	(296)	-	(296)
Production	(605)	(62)	(80)	(4)	(751)	(15)	(766)
As of December 31, 1995*	4,062	847(a)	944	87	5,940	155	6,095
*Includes net proved developed reserves							
As of December 31, 1993	3,971	575	362	41	4,949	128	5,077
As of December 31, 1994	3,899	558	465	44	4,966	133	5,099
As of December 31, 1995	3,666	522	452	84	4,724	140	4,864

(a) In addition to proved reserves at December 31, 1995, there was approximately 517 billion cubic feet of natural gas in the Other Western Hemisphere which will be available from production during the period 2005-2016 under a long-term purchase arrangement associated with a field operated by Texaco. Purchases during that period will be priced at then prevailing market prices.

Capitalized Costs

Capitalized costs represent cumulative expenditures for proved and unproved properties and support equipment and facilities used in oil and gas exploration and producing operations together with related accumulated depreciation, depletion and amortization (including aggregate provisions for restoration and abandonment costs, net of such costs expended to date).

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
(Millions of dollars)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
As of December 31, 1995							
Proved properties	$ 15,973	$ 505	$ 3,551	$1,279	$ 21,308	$ 900	$ 22,208
Unproved properties	383	11	125	116	635	320	955
Support equipment and facilities	381	28	47	133	589	494	1,083
Gross capitalized costs	16,737	544	3,723	1,528	22,532	1,714	24,246
Accumulated depreciation, depletion and amortization	(11,887)	(291)	(2,520)	(905)	(15,603)	(793)	(16,396)
Net capitalized costs	$ 4,850	$ 253	$ 1,203	$ 623	$ 6,929	$ 921	$ 7,850
As of December 31, 1994							
Proved properties	$ 18,103	$ 544	$ 3,483	$1,202	$ 23,332	$ 805	$ 24,137
Unproved properties	361	23	182	96	662	353	1,015
Support equipment and facilities	371	40	117	98	626	455	1,081
Gross capitalized costs	18,835	607	3,782	1,396	24,620	1,613	26,233

	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Equity Affiliate-Other Eastern Hemisphere	Total
Accumulated depreciation, depletion and amortization	(12,723)	(384)	(2,254)	(812)	(16,173)	(699)	(16,872)
Net capitalized costs	$ 6,112	$ 223	$ 1,528	$ 584	$ 8,447	$ 914	$ 9,361

Costs Incurred

Costs incurred represent amounts capitalized or charged against income as expended. Property acquisition costs include costs to purchase or lease proved and unproved properties. Exploration costs include the costs of geological and geophysical work, carrying and retaining undeveloped properties and drilling and equipping exploratory wells. Development costs include expenditures to drill and equip development wells; to provide improved recovery systems; to construct facilities for extraction, treating, gathering and storing liquids and natural gas; and to maintain producing facilities for existing developed reserves. Exploration and development costs include applicable depreciation of support equipment and facilities used in those activities, rather than the expenditures to acquire such assets. Development costs incurred in Europe during 1994 for the Captain Field include $59 million which was recovered during 1995 in a sale of incomplete construction on property to be leased by Texaco. (See Note 9.)

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
(Millions of dollars)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
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
For the year ended December 31, 1994							
Proved property acquisition	$ 5	$ 2	$ -	$ -	$ 7	$ -	$ 7
Unproved property acquisition	13	2	-	33	48	-	48
Exploration	165	19	58	110	352	9	361
Development	729	43	253	108	1,133	129	1,262
Total	$ 912	$ 66	$ 311	$ 251	$ 1,540	$ 138	$ 1,678
For the year ended December 31, 1993							
Proved property acquisition	$ 15	$ 2	$ -	$ 3	$ 20	$ -	$ 20
Unproved property acquisition	15	1	-	8	24	-	24
Exploration	157	9	141	111	418	10	428
Development	690	29	299	119	1,137	137	1,274
Total	$ 877	$ 41	$ 440	$ 241	$ 1,599	$ 147	$ 1,746

Results of Operations - Oil and Gas Exploration and Producing Activities

The results below solely relate to Texaco's exploration for and net production of liquids and natural gas reserves. They exclude special items (including the effect associated with the adoption of SFAS 121, which resulted in a net-of-tax non-cash charge against 1995 earnings of $496 million, principally in the United States) and operating earnings related to the sale of purchased oil and gas, equity earnings of certain affiliates, liquids and gas trading activity, general overhead, and miscellaneous operating income. Related estimated income tax expense was computed by applying the statutory income tax rates, including state and local income taxes, to the pre-tax results of operations and reflects applicable credits and allowances.

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
(Millions of dollars)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
For the year ended December 31, 1995							

Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$ 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
For the year ended December 31, 1994							
Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$ 2,672	$ -	$ 336	$ 491	$ 3,499	$ 514	$ 4,013
Sales to unaffiliated entities	403	129	448	113	1,093	24	1,117
Production costs	(1,100)	(41)	(325)	(198)	(1,664)	(163)	(1,827)
Exploration expenses	(115)	(17)	(53)	(115)	(300)	(9)	(309)
Depreciation, depletion and amortization	(934)	(29)	(295)	(96)	(1,354)	(74)	(1,428)
Other expenses	(249)	(8)	-	(27)	(284)	(27)	(311)
Results before estimated income taxes	677	34	111	168	990	265	1,255
Estimated income taxes	(217)	(31)	(43)	(130)	(421)	(131)	(552)
Net results	$ 460	$ 3	$ 68	$ 38	$ 569	$ 134	$ 703
For the year ended December 31, 1993							
Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$ 2,945	$ -	$ 184	$ 457	$ 3,586	$ 486	$ 4,072
Sales to unaffiliated entities	464	130	350	98	1,042	23	1,065
Production costs	(1,203)	(50)	(252)	(205)	(1,710)	(146)	(1,856)
Exploration expenses	(102)	(13)	(76)	(92)	(283)	(9)	(292)
Depreciation, depletion and amortization	(967)	(28)	(164)	(93)	(1,252)	(64)	(1,316)
Other expenses	(213)	(11)	-	(21)	(245)	(4)	(249)
Results before estimated income taxes	924	28	42	144	1,138	286	1,424
Estimated income taxes	(303)	(23)	(6)	(115)	(447)	(152)	(599)
Net results	$ 621	$ 5	$ 36	$ 29	$ 691	$ 134	$ 825

Average Sales Prices and Production Costs - Per Unit

Average sales prices per unit are based upon the gross revenues reported in the Results of Operations - Oil and Gas Exploration and Producing Activities table. Average production costs per composite barrel include related depreciation, depletion and amortization of support equipment and facilities. It also includes cash lifting costs, excluding payments for royalties and income taxes. However, users of this information are cautioned that such income taxes and royalties substantially add to the total cost of producing operations and substantially reduce the profitability and cash flow from such operations.

	Average sales prices						Average production costs (per composite barrel)		
	Crude oil and natural gas liquids per barrel	Natural gas per thousand cubic feet	Crude oil and natural gas liquids per barrel	Natural gas per thousand cubic feet	Crude oil and natural gas liquids per barrel	Natural gas per thousand cubic feet			
	1995		1994		1993		1995	1994	1993
United States	$14.25	$1.62	$12.81	$1.87	$13.61	$2.07	$3.97	$4.33	$4.60
Other Western Hemisphere	13.34	.87	10.94	.87	11.11	.89	2.92	2.66	3.06
Europe	16.57	2.50	15.24	2.17	16.06	2.33	6.08	6.01	8.58
Other Eastern Hemisphere	15.90	2.61	14.58	2.70	15.18	2.58	4.30	4.92	5.49
Affiliate - Other Eastern Hemisphere	14.05	-	11.96	-	13.45	-	3.37	3.13	3.21

Standardized Measure of Discounted Future Net Cash Flows

The following table shows estimated future net cash flows from future production of net developed and undeveloped proved reserves of crude oil, natural gas liquids and natural gas (including amounts applicable to a long-term purchase arrangement); therefore, reserves exclude the royalty interests of others. As prescribed by SFAS 69, such future net cash flows were estimated using year-end prices, costs, and tax rates, and a 10% annual discount factor. Future production costs are based upon current year costs used uniformly throughout the life of the reserves. Future development costs include restoration and abandonment costs, net of residual salvage value.

Estimated future income taxes were computed by applying the statutory income tax rates, including state and local taxes, to the future pre-tax net cash flows less appropriate tax deductions, giving effect to tax credits. Effective tax rates were used for certain foreign areas.

Texaco is presenting this information in accordance with the requirements of SFAS 69 and has exercised all due care in developing the data. It is necessary to caution investors and other users of the information to avoid its simplistic use. While the intent of this disclosure is to provide a common benchmark to help financial statement users project future cash flows and compare companies, users should note the following: data in this table excludes the effect of future changes in prices, costs, and tax rates which past experience indicates will occur. Such future changes could significantly impact the disclosed discounted net cash flows. The data also excludes the estimated net cash flows from reserves that are yet to be proved. Extensive judgment is used to estimate the timing of production and future costs over the remaining life of the reserves utilized in developing this disclosure. Values can be distorted by the use of year-end prices that may reflect seasonal factors or unpredictable distortions from wars and other significant world events. For all the preceding reasons, this disclosure is not necessarily indicative of Texaco's perception of the future cash flows to be derived from underground reserves.

Standardized Measure of Discounted Future Net Cash Flows

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
(Millions of dollars)	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate-Other Eastern Hemisphere	
As of December 31, 1995							
Future cash inflows from sale of oil and gas	$ 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: discounted future net cash flows	$ 7,260	$ 387	$ 2,292	$ 891	$ 10,830	$ 1,042	$ 11,872
As of December 31, 1994							
Future cash inflows from sale of oil and gas	$ 26,545	$1,568	$ 6,933	$ 6,006	$ 41,052	$ 4,664	$ 45,716
Future production costs	(9,374)	(609)	(2,434)	(2,567)	(14,984)	(1,393)	(16,377)
Future development costs	(3,011)	(134)	(1,372)	(354)	(4,871)	(193)	(5,064)
Future income tax expense	(3,968)	(361)	(966)	(2,229)	(7,524)	(1,632)	(9,156)
Net future cash flows before discount	10,192	464	2,161	856	13,673	1,446	15,119
10% discount for timing of future cash flows	(4,313)	(155)	(814)	(271)	(5,553)	(554)	(6,107)
Standardized measure: discounted future net cash flows	$ 5,879	$ 309	$ 1,347	$ 585	$ 8,120	$ 892	$ 9,012
As of December 31, 1993							
Future cash inflows from sale of oil and gas	$ 24,897	$1,373	$ 5,444	$ 4,044	$ 35,758	$ 4,113	$ 39,871
Future production costs	(10,678)	(774)	(3,023)	(1,879)	(16,354)	(1,573)	(17,927)
Future development costs	(2,831)	(166)	(1,060)	(418)	(4,475)	(636)	(5,111)
Future income tax expense	(3,060)	(156)	(487)	(1,228)	(4,931)	(1,009)	(5,940)
Net future cash flows before discount	8,328	277	874	519	9,998	895	10,893
10% discount for timing of future cash flows	(3,231)	(113)	(305)	(168)	(3,817)	(349)	(4,166)
Standardized measure: discounted future net cash flows	$ 5,097	$ 164	$ 569	$ 351	$ 6,181	$ 546	$ 6,727

Changes in the Standardized Measure of Discounted Future Net Cash Flows

	Texaco Inc. and Consolidated Subsidiaries-Worldwide			Total Including Equity in Affiliate-Other Eastern Hemisphere		
(Millions of dollars)	1995	1994	1993	1995	1994	1993
Standardized measure - Beginning of year	$ 8,120	$ 6,181	$ 8,894	$ 9,012	$ 6,727	$ 9,716
Sales of minerals-in-place	(679)	(104)	(211)	(679)	(104)	(211)
	7,441	6,077	8,683	8,333	6,623	9,505
Changes in ongoing oil and gas operations:						

Sales and transfers of produced oil and gas, net of production costs during the period	(3,185)	(2,932)	(2,918)	(3,634)	(3,307)	(3,281)
Net changes in prices, production and development costs	4,265	3,024	(5,512)	4,564	3,707	(6,001)
Extensions, discoveries and improved recovery, less related costs	1,770	1,355	955	1,891	1,479	963
Development costs incurred during the period	1,223	1,133	1,137	1,322	1,262	1,274
Timing of production and other changes	(733)	(618)	(488)	(677)	(648)	(564)
Revisions of previous quantity estimates	988	537	725	990	626	787
Purchases of minerals-in-place	42	7	6	42	7	6
Accretion of discount	1,238	907	1,398	1,428	1,023	1,566
Net change in discounted future income taxes	(2,219)	(1,370)	2,195	(2,387)	(1,760)	2,472
Standardized measure - End of year	$10,830	$ 8,120	$ 6,181	$11,872	$ 9,012	$ 6,727

Texaco Inc. and Subsidiary Companies

Selected Quarterly Financial Data

(Millions of dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
				1995				1994
Revenues								
Sales and services	$8,585	$9,031	$8,621	$ 9,314	$7,232	$7,865	$8,725	$8,718
Equity in income of affiliates, interest, asset sales and other	482	228	193	333	202	135	235	241
	9,067	9,259	8,814	9,647	7,434	8,000	8,960	8,959
Deductions								
Purchases and other costs	6,526	6,980	6,556	7,175	5,183	5,787	6,461	6,500
Operating expenses	731	696	713	767	731	790	818	730
Selling, general and administrative expenses	371	377	411	421	391	472	366	450
Maintenance and repairs	88	96	88	103	90	95	97	108
Exploratory expenses	55	59	66	109	66	90	52	99
Depreciation, depletion and amortization	397	348	346	1,294	408	431	445	451
Interest expense, taxes other than income taxes and minority interest	265	256	248	259	258	248	265	267
	8,433	8,812	8,428	10,128	7,127	7,913	8,504	8,605
Income (loss) from continuing operations before income taxes	634	447	386	(481)	307	87	456	354
Provision for (benefit from) income taxes	216	176	96	(230)	105	(28)	175	(27)
Net income (loss) from continuing operations	418	271	290	(251)	202	115	281	381
Gain (loss) on disposal of discontinued operations	-	-	-	-	-	(87)	-	18
Cumulative effect of accounting change	(121)	-	-	-	-	-	-	-
Net income	$ 297	$ 271	$ 290	$ (251)	$ 202	$ 28	$ 281	$ 399
Per common share (dollars)								
Net income (loss)								
Continuing operations	$ 1.55	$ .99	$ 1.06	$ (1.02)	$ .69	$ .35	$ .98	$ 1.42
Discontinued operations	-	-	-	-	-	(.34)	-	.07
Cumulative effect of accounting change	(.47)	-	-	-	-	-	-	-
Net income	$ 1.08	$ .99	$ 1.06	$ (1.02)	$ .69	$ .01	$ .98	$ 1.49

Fourth quarter 1995 results include a pre-tax charge of $959 million, primarily to depreciation, depletion and amortization, due to the adoption of SFAS 121. (Refer to Note 2 - Changes in Accounting Principles for further details.) On an after-tax basis, this charge amounted to $639 million. First quarter results include the reclassification of a $121 million charge for the write-down of properties held for sale at January 1, 1995, from "Income from continuing operations" to "Cumulative effect of accounting change." Also, results for the first three quarters of 1995 have been restated, primarily to reflect the reversal of depreciation, depletion and amortization of assets held for sale.

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Five-Year Comparison of Selected Financial Data

(Millions of dollars)	1995	1994	1993	1992	1991

For the Year:					
Revenues from continuing operations	$36,787	$33,353	$34,071	$36,530	$37,162
Net income (loss) before cumulative effect of accounting changes					
Continuing operations	$ 728	$ 979	$ 1,259	$ 1,038	$ 1,292
Discontinued operations	-	(69)	(191)	(26)	2
Cumulative effect of accounting changes	(121)	-	-	(300)	-
Net income	$ 607	$ 910	$ 1,068	$ 712	$ 1,294
Per common share (dollars)					
Net income (loss) before cumulative effect of accounting changes					
Continuing operations	$ 2.57	$ 3.43	$ 4.47	$ 3.63	$ 4.60
Discontinued operations	-	(.26)	(.73)	(.10)	.01
Cumulative effect of accounting changes	(.47)	-	-	(1.16)	-
Net income	$ 2.10	$ 3.17	$ 3.74	$ 2.37	$ 4.61
Dividends	$ 3.20	$ 3.20	$ 3.20	$ 3.20	$ 3.20
Total cash dividends paid on common stock	$ 832	$ 830	$ 828	$ 828	$ 827
At End of Year:					
Total assets	$24,937	$25,505	$26,626	$25,992	$26,182
Debt and capital lease obligations					
Short-term	$ 737	$ 917	$ 669	$ 140	$ 1,331
Long-term	5,503	5,564	6,157	6,441	5,173
Total debt and capital lease obligations	$ 6,240	$ 6,481	$ 6,826	$ 6,581	$ 6,504

See accompanying notes to consolidated financial statements.

Texaco Inc. and Subsidiary Companies

Investor Information

Stockholder Communications

For information about Texaco or assistance with your account, please contact:

Texaco Inc.
Investor Services
2000 Westchester Avenue
White Plains, NY 10650-0001
Phone: 1-800-283-9785
Fax: (914) 253-6286

Security analysts and institutional investors should contact:

Elizabeth P. Smith
Vice President, Texaco Inc.
Phone: (914) 253-4478
E-mail address:smithep@texaco.com

Common Stock Market and Dividend Information

Texaco Inc. common stock (symbol TX) is traded principally on the New York Stock Exchange. As of February 22, 1996, there were 198,591 stockholders of record. Texaco's common stock price reached a 26-year high of $80.50 during the fourth quarter of 1995 and closed at $78.50, providing a total return to Texaco stockholders of more than 37% for the year.

	Common Stock Price Range				Dividends	
	High	Low	High	Low		
	1995		1994		1995	1994
First Quarter	$66.75	$59.75	$68.13	$61.50	$.80	$.80
Second Quarter	69.63	64.25	66.00	60.00	.80	.80
Third Quarter	67.63	62.75	64.25	58.13	.80	.80
Fourth Quarter	80.50	64.00	65.50	59.38	.80	.80

Stock Transfer Agent

Texaco Inc.
Investor Services
2000 Westchester Avenue
White Plains, NY 10650-0001
Phone: 1-800-283-9785
Fax: (914) 253-6286

NY Drop Agent

Chemical Mellon Shareholder Services
120 Broadway - 13th Floor
New York, NY 10271
Phone: 1-800-526-0801
Fax: (212) 571-0871

Co-Transfer Agent
- -----------------
Montreal Trust Company
151 Front Street West -8th Floor
Toronto, Ontario, Canada M5J 2N1
Phone: 1-800-663-9097
Fax: (416) 981-9507

Annual Meeting
- --------------
Texaco Inc.'s Annual Stockholders Meeting will be held at the Hyatt Regency Houston, 1200 Louisiana Street, Houston, Texas 77002, on Tuesday, May 14, 1996. A formal notice of the meeting, together with a proxy statement and proxy form, is being mailed to stockholders with this Report.

Investor Services Plan
- ----------------------
Our Investor Services Plan offers a variety of benefits to individuals seeking an easy way to invest in Texaco Inc. common stock. Enrollment in the Plan is open to anyone, and all investors may make initial investments directly through the company. The Plan features dividend reinvestment, optional cash investments and custodial service for stock certificates. Texaco's Investor Services Plan is an excellent way to start an investment program for friends or family members. For a complete informational package, including a Plan prospectus, call 1-800-283-9785.

Publications for Stockholders
- -----------------------------
IN ADDITION TO THE ANNUAL REPORT, TEXACO ISSUES SEVERAL FINANCIAL AND INFORMATIONAL PUBLICATIONS WHICH ARE AVAILABLE FREE OF CHARGE TO INTERESTED STOCKHOLDERS ON REQUEST FROM INVESTOR SERVICES AT THE ABOVE ADDRESS:

- TEXACO INC.'S 1995 ANNUAL REPORT ON FORM 10-K FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.
- Financial and Operational Supplement - Comprehensive data on Texaco's 1995 activities.
- Texaco Foundation 1995 Annual Report - Information on charitable contributions to select tax-exempt organizations in the U.S.
- Equal Opportunity and Texaco: A Report - A description of Texaco's programs that foster equal employment opportunity.
- Environment, Health and Safety Review - A periodic report on Texaco's programs, policies and results in these critical areas of corporate responsibility.

Look for additional information on Texaco's Internet home page:
http://www.texaco.com

EXHIBIT 21

Subsidiaries of Registrant
1995

Parents of Registrant
None

Registrant
Texaco Inc.

The operations of the Registrant and its subsidiaries are generally grouped by divisions. The divisions are comprised of various subsidiaries and affiliates. The significant subsidiaries included in the consolidated financial statements of the Registrant, grouped by the division primarily responsible for each, are as follows:

Texaco U.S.A.	Organized under the laws of
Four Star Oil and Gas Company	Delaware
Texaco Cogeneration Company	Delaware
Texaco Exploration and Production Inc.	Delaware
Texaco Natural Gas Inc.	Delaware
Texaco Pipeline Inc.	Delaware
Texaco Refining and Marketing Inc.	Delaware
Texaco Refining and Marketing (East) Inc.	Delaware
Texaco Trading and Transportation Inc.	Delaware
Texaco Europe	
Texaco Britain Limited	England
Texaco Denmark Inc.	Delaware
Texaco Investments (Netherlands), Inc.	Delaware
Texaco Limited	England
Texaco North Sea U.K. Company	Delaware
Texaco Latin America/West Africa	
Texaco Brasil S.A. Produtos de Petroleo	Brazil
Texaco Overseas (Nigeria) Petroleum Company	Nigeria
Texaco Overseas Petroleum Company	Delaware
Texaco Panama Inc.	Panama
Texas Petroleum Company	New Jersey
Other significant subsidiaries of the Registrant not within the above divisions	
Heddington Insurance Ltd.	Bermuda
Saudi Arabian Texaco Inc.	Delaware
Texaco International Trader Inc.	Delaware
Texaco Overseas Holdings Inc.	Delaware
TEPI Holdings Inc.	Delaware
TRMI Holdings Inc.	Delaware

Names of certain subsidiary companies are omitted because, considered in the aggregate as a single subsidiary company, they do not constitute a significant subsidiary company.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 22, 1996 incorporated by reference in Texaco Inc.'s Form 10-K for the year ended December 31, 1995, into the following previously filed Registration Statements:

1.	Form S-3	File Number 2-37010
2.	Form S-3	File Number 33-31148
3.	Form S-8	File Number 2-67125
4.	Form S-8	File Number 2-76755
5.	Form S-8	File Number 2-90255
6.	Form S-8	File Number 33-34043
7.	Form S-3	File Number 33-40309
8.	Form S-8	File Number 33-45952
9.	Form S-8	File Number 33-45953
10.	Form S-3	File Number 33-63996
11.	Form S-3	File Number 33-50553 and 33-50553-01

(ARTHUR ANDERSEN LLP)
ARTHUR ANDERSEN LLP

New York, N.Y.
March 28, 1996

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 22nd day of January, 1996.

ALFRED C. DE CRANE, JR.

.   EXHIBIT 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 19th day of March, 1996.

PETER I. BIJUR

EXHIBIT 24.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 18th day of January, 1996.

ALLEN J. KROWE

EXHIBIT 24.4

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 16th day of January, 1996.

WILLIAM C. BOUSQUETTE

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 19th day of January, 1996.

ROBERT C. OELKERS

Comptroller
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 15th day of January, 1996.

ROBERT A. BECK

EXHIBIT 24.7

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 23rd day of January, 1996.

JOHN BRADEMAS

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 30th day of January, 1996.

WILLARD C. BUTCHER

EXHIBIT 24.9

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 17th day of January, 1996.

EDMUND M. CARPENTER

EXHIBIT 24.10

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 15th day of January, 1996.

MICHAEL C. HAWLEY

EXHIBIT 24.11

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 14th day of February, 1996.

FRANKLYN G. JENIFER

EXHIBIT 24.12

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 30th day of January, 1996.

THOMAS S. MURPHY

EXHIBIT 24.13

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 19th day of January, 1996.

CHARLES H. PRICE, II

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set her name and seal as of the 17th day of January, 1996.

ROBIN B. SMITH

EXHIBIT 24.15

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 15th day of January, 1996.

WILLIAM C. STEERE, JR.

EXHIBIT 24.16

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 16th day of January, 1996.

THOMAS A. VANDERSLICE

EXHIBIT 24.17

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1995, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in-fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1997.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 29th day of January, 1996.

WILLIAM WRIGLEY

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
TEXACO INC.'S 1995 ANNUAL REPORT ON FORM 10-K AND IS QUALIFIED IN ITS
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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TEXACO INC.
1,000,000

YEAR
DEC-31-1995
JAN-1-1995
DEC-31-1995
501
35
4,205
28
1,357
6,458
31,492
18,912
24,937
5,206
5,503
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483
986
258
728
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0
(121)
607
2.10
2.10