

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

FORM 10-Q

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

For the quarterly period ended JUNE 30, 1994

OR

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

Commission File Number 1-368-2

CHEVRON CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware

94-0890210

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification Number)

225 Bush Street, San Francisco, California

94104

(Address of principal executive offices)

(Zip Code)

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

NONE

(Former name or former address, if changed since last report.)

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

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

Class	Outstanding as of June 30, 1994
Common stock, \$1.50 par value	651,683,110

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PART I. FINANCIAL INFORMATION

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	-----		-----	
Millions of Dollars, Except Per Share Amounts	1994	1993	1994	1993
-----				
REVENUES				
Sales and other operating revenues(1)	\$ 8,702	\$ 9,413	\$16,807	\$18,316
Equity in net income of affiliated companies	77	115	184	232
Other income	45	326	97	388
	-----		-----	
TOTAL REVENUES	8,824	9,854	17,088	18,936
	-----		-----	
COSTS AND OTHER DEDUCTIONS				
Purchased crude oil and products	4,200	4,883	7,884	9,488
Operating expenses	1,603	2,401	3,100	3,741
Exploration expenses	73	69	178	143
Selling, general and administrative expenses	325	395	633	761
Depreciation, depletion and amortization	615	596	1,207	1,185
Taxes other than on income(1)	1,403	1,227	2,748	2,364
Interest and debt expense	83	81	156	168
	-----		-----	
TOTAL COSTS AND OTHER DEDUCTIONS	8,302	9,652	15,906	17,850
	-----		-----	
INCOME BEFORE INCOME TAX EXPENSE	522	202	1,182	1,086
INCOME TAX EXPENSE	265	152	537	535
	-----		-----	
NET INCOME	\$ 257	\$ 50	\$ 645	\$ 551
	-----		-----	
PER SHARE OF COMMON STOCK:(2)				
NET INCOME	\$ .39	\$ .08	\$ .99	\$ .85
DIVIDENDS	\$ .4625	\$ .4375	\$ .925	\$ .875

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (000S)(2)	651,675	650,810	651,650	650,640
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(1) Includes consumer excise taxes. \$ 1,206 \$ 1,013 \$2,358 \$ 1,940

(2) All share and per share amounts for 1993 have been restated to reflect a two-for-one stock split in May 1994.

See accompanying notes to consolidated financial statements.

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## CHEVRON CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

Millions of Dollars	JUNE 30, 1994	DECEMBER 31, 1993
-----		
ASSETS		
Cash and cash equivalents	\$ 1,203	\$ 1,644
Marketable securities	373	372
Accounts and notes receivable	4,222	3,808
Inventories:		
Crude oil and petroleum products	1,225	1,108
Chemicals	424	423
Materials and supplies	255	252
Other merchandise	18	18
	-----	-----
	1,922	1,801
Prepaid expenses and other current assets	1,277	1,057
	-----	-----
TOTAL CURRENT ASSETS	8,997	8,682
Long-term receivables	104	94
Investments and advances	3,942	3,623
Properties, plant and equipment, at cost	45,649	44,807
Less: accumulated depreciation, depletion and amortization	23,818	22,942
	-----	-----
	21,831	21,865
Deferred charges and other assets	502	472
	-----	-----
TOTAL ASSETS	\$35,376	\$34,736
-----		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 3,274	\$ 3,325
Accrued liabilities	2,313	2,538
Short-term debt	4,296	3,456
Federal and other taxes on income	838	782
Other taxes payable	593	505
	-----	-----
TOTAL CURRENT LIABILITIES	11,314	10,606
Long-term debt and capital lease obligations	3,877	4,082
Non-current deferred income taxes	2,985	2,916
Reserves for employee benefit plans	1,548	1,458
Deferred credits and other non-current obligations	1,464	1,677
	-----	-----
TOTAL LIABILITIES	21,188	20,739
-----		
Preferred stock (authorized 100,000,000 shares, \$1.00 par value, none issued)	-	-
Common stock (authorized 1,000,000,000 shares, \$1.50 par value, 712,487,068 shares issued)	1,069	1,069
Capital in excess of par value	1,856	1,855
Deferred compensation - Employee Stock Ownership Plan (ESOP)	(889)	(920)
Currency translation adjustment and other	212	108
Retained earnings	14,005	13,955
Treasury stock, at cost (shares 60,803,958 and 61,008,858 at June 30, 1994 and December 31, 1993, respectively)*	(2,065)	(2,070)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	14,188	13,997
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$35,376	\$34,736
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\* Share amounts for 1993 have been restated to reflect a two-for-one stock split in May 1994.

See accompanying notes to consolidated financial statements.

## CHEVRON CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of Dollars	SIX MONTHS ENDED JUNE 30,	
	1994	1993
-----		
OPERATING ACTIVITIES		
Net income	\$ 645	\$ 551
Adjustments		
Depreciation, depletion and amortization	1,207	1,185
Dry hole expense related to prior years' expenditures	26	10
Distributions less than equity in affiliates' income	(22)	(114)
Net before-tax (gains) losses on asset retirements and sales	(26)	267
Net currency translation losses (gains)	9	(19)
Deferred income tax provision	76	(237)
Net increase in operating working capital	(829)	(255)
Other	(73)	3
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,013	1,391
-----		
INVESTING ACTIVITIES		
Capital expenditures	(1,407)	(1,410)
Proceeds from asset sales	140	642
Net (purchases) sales of marketable securities	(2)	3
	-----	-----
NET CASH USED FOR INVESTING ACTIVITIES	(1,269)	(765)
-----		
FINANCING ACTIVITIES		
Net borrowings of short-term obligations	880	422
Proceeds from issuance of long-term debt	4	201
Repayments of long-term debt and other financing obligations	(462)	(663)
Cash dividends paid	(602)	(569)
Purchases of treasury shares	(3)	(2)
	-----	-----
NET CASH USED FOR FINANCING ACTIVITIES	(183)	(611)
-----		
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2)	10
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(441)	25
CASH AND CASH EQUIVALENTS AT JANUARY 1	1,644	1,292
	-----	-----
CASH AND CASH EQUIVALENTS AT JUNE 30	\$1,203	\$1,317
	-----	-----

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (the company) have not been audited by independent accountants, except for the balance sheet at December 31, 1993. In the opinion of the company's management, the interim data include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature, except for the special items described in Note 3.

The consolidated financial statements for the first six months of 1994 include the effects of the company's adoption of Statements of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," and No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The company's prior accounting practices were substantially in compliance with the new standards and adoption of the new standards did not have a material effect on the company's consolidated financial statements or its liquidity.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company's 1993 Annual Report on Form 10-K.

The results for the three-month and six month periods ended June 30, 1994 are not necessarily indicative of future financial results.

### NOTE 2. STOCK SPLIT

At the company's annual meeting on May 3, 1994, stockholders approved an increase in the authorized shares of common stock from 500 million to 1 billion and approved a two-for-one split of the company's issued common stock. The split was effective on May 11, 1994 for stockholders of record on that date. All share and per share value amounts reflect the stock split for all periods presented.

### NOTE 3. NET INCOME

Net income for the second quarter of 1994 included special charges of \$5 million for estimated environmental remediation expenses at certain U.S. marketing facilities.

Special items reduced net income by \$41 million for the six-month period ended June 30, 1994. These charges included provisions of \$26 million for estimated environmental assessment and cleanup liabilities at certain U.S. refining and marketing facilities and \$15 million for a reserve adjustment related to the resolution of certain regulatory issues with the Minerals Management Service.

Second quarter 1993 earnings included net special charges of \$515 million. These were comprised of a \$552 million provision for the restructuring of the company's U.S. refining and marketing operations and \$111 million of other unrelated provisions and charges for environmental programs, litigation, prior year tax adjustments and asset writeoffs. Partially offsetting these special charges were net gains of \$148 million from the sales of the Ortho lawn and garden products business and the company's Central American retail marketing operations.

Net charges of \$517 million for special items reduced net income for the six-month period ended June 30, 1993. These special items included the unfavorable effects of the \$552 million restructuring provision and other provisions and charges totaling \$118 million for environmental programs, litigation, asset writeoffs and prior year tax adjustments. These charges were partially offset by gains from asset sales of \$153 million.

Foreign exchange losses included in second quarter 1994 net income were \$21 million, compared with gains of \$37 million in the 1993 second quarter. For the six-month period ending June 30, 1994, net income included foreign exchange losses of \$21 million, compared with gains of \$33 million in the same period of 1993.

#### NOTE 4. INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

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

Millions of Dollars	SIX MONTHS ENDED JUNE 30,	
	1994	1993
(Increase) decrease in accounts and notes receivable	\$ (404)	\$ 37
Increase in inventories	(121)	(61)
(Increase) decrease in prepaid expenses and other current assets	(221)	4
Decrease in accounts payable and accrued liabilities	(218)	(127)
Increase (decrease) in income and other taxes payable	135	(108)
Net increase in operating working capital	\$ (829)	\$ (255)

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

Millions of Dollars	SIX MONTHS ENDED JUNE 30,	
	1994	1993
Interest paid on debt (net of capitalized interest)	\$ 185	\$ 180
Income taxes paid	\$ 512	\$ 869

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

Millions of Dollars	Six Months Ended June 30,	
	1994	1993
Marketable securities purchased	\$ (697)	\$(1,089)
Marketable securities sold	695	1,092
Net (purchases) sales of marketable securities	\$ (2)	\$ 3

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

In February 1994, the company took delivery of a new tanker, the Chevron Employee Pride, under a capital lease arrangement. This asset was recorded as a \$65 million addition to properties, plant and equipment and to capital lease obligations.

The company's Employee Stock Ownership Plan (ESOP) repaid \$40 million and \$30 million of matured debt guaranteed by Chevron Corporation in January of 1994 and 1993, respectively. These payments were recorded by the company as a reduction in its debt outstanding and in Deferred Compensation - ESOP.

During the first six months of 1993, the company refinanced in excess of \$200 million in tax exempt capital lease obligations.

In April 1993, the company acquired a 50 percent interest in the Tengizchevroil joint venture (TCO) in the Republic of Kazakhstan through a series of cash and non-cash transactions. The company's interest in TCO is accounted for using the equity method of accounting and is recorded in "Investments and advances" in the consolidated balance sheet. The cash expended in connection with the formation of TCO and subsequent advances to TCO are included in the consolidated statement of cash flows in "Capital expenditures." The deferred payment portion of the TCO investment totaled \$537 million at June 30, 1994 and is recorded in "Accrued liabilities" and "Deferred credits and other non-current obligations" in the consolidated balance sheet. Payments related to the deferred portion of the TCO investment are classified as "Repayments of long-term debt and other financing obligations" in the consolidated statement of cash flows.



NOTE 5. SUMMARIZED FINANCIAL DATA - CHEVRON U.S.A. INC.

Chevron U.S.A. Inc. is Chevron Corporation's principal operating company, consisting primarily of the company's United States integrated petroleum operations (excluding most of the domestic pipeline operations). These operations are conducted by three divisions: Chevron U.S.A. Production Company, Chevron U.S.A. Products Company and Warren Petroleum Company. Summarized financial information for Chevron U.S.A. Inc. and its consolidated subsidiaries is presented below:

Millions of Dollars	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
Sales and other operating revenues	6,376	\$6,492	\$12,458	\$14,255
Costs and other deductions	6,342	6,998	12,203	14,416
Net income	63	(310)	236	(53)

Millions of Dollars	JUNE 30, 1994	December 31, 1993
Current assets	\$ 4,009	\$ 3,661
Other assets	14,082	14,099
Current liabilities	7,002	5,936
Other liabilities	4,811	5,738
Net worth	6,278	6,086

NOTE 6. SUMMARIZED FINANCIAL DATA - CALTEX GROUP OF COMPANIES

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

Millions of Dollars	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
Sales and other operating revenues	\$3,518	\$4,055	\$6,816	\$7,956
Operating income	182	265	427	544
Net income	119	195	297	383

Effective January 1, 1994, the Caltex group adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Adoption of SFAS 115 had no effect on Caltex's reported earnings. However, at June 30, 1994, Caltex's stockholders' equity included \$86 million to reflect the write-up to fair market value of investments held by certain affiliates.

NOTE 7. INCOME TAXES

The effective income tax rate for the first half of 1994 decreased to 45.4 percent from 49.3 percent in the 1993 first half. The primary reason for the decrease was a proportionate shift to lower taxed income areas. Also contributing to the decrease was the absence of the effects of unfavorable prior-year tax adjustments recorded in the 1993 first half. Partially offsetting these effects was a proportionate decrease in equity income recorded on an after-tax basis.



## NOTE 8. CONTINGENT LIABILITIES

### LITIGATION -

The company is a defendant in numerous lawsuits, in addition to those mentioned in this note. Plaintiffs may seek to recover large and sometimes unspecified amounts, and some matters may remain unresolved for several years.

A lawsuit brought against the company by Oxy U.S.A., the successor in interest to Cities Services Company, remains pending in an Oklahoma state court. The suit involves claims for breach of contract and misrepresentation related to the termination of Gulf Oil Corporation's offer to purchase Cities' stock in 1982 (Gulf was acquired by Chevron in 1984). In 1994, plaintiff amended and supplemented its petition to add claims for willful and malicious breach of contract, negligent misrepresentation, and interference with prospective economic advantage in connection with the 1989 proposed Oxy-Cities DOE settlement, and includes the claimed DOE liability as additional contract damages and as additional fraud damages. The amended and supplemented petition also adds a claim for punitive damages based upon the alleged fraud, negligent misrepresentation, willful breach and interference claims. Defendants have moved to dismiss several of these claims and have filed a counterclaim and defense based upon the Federal Entitlements Program.

In April 1991, a United States District Court in Texas ruled favorably on claims brought by former employees of Gulf and participants in the Gulf Pension Plan that a partial termination of the plan had occurred. However, the court denied plaintiffs' claims to a share of any surplus plan assets. In October 1991, parties agreed not to appeal the partial termination claims except as relevant to plaintiffs' claims for a share of surplus plan assets. These claims are now before the Fifth Circuit Court of Appeals.

Management is of the opinion that resolution of the lawsuits will not result in any significant liability to the company in relation to its consolidated financial position or liquidity.

### OTHER CONTINGENCIES -

The U.S. federal income tax and California franchise tax liabilities of the company have been settled through 1976 and 1987, respectively. For federal income tax purposes, all issues other than the allocation of state income taxes and the creditability of taxes paid to the Government of Indonesia have been resolved through 1987. The Indonesia issue applies only to years after 1982. Settlement of open tax matters is not expected to have a material effect on the consolidated net assets or liquidity of the company and, in the opinion of management, adequate provision has been made for income and franchise taxes for all years either under examination or subject to future examination.

The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or others and guarantees, claims and long-term commitments under various agreements, the payments and future commitments for which are not material in the aggregate.

In March 1992, an agency within the Department of Energy (DOE) issued a Proposed Remedial Order (PRO) claiming Chevron failed to comply with DOE regulations in the course of its participation in the Tertiary Incentive Program. Although the DOE regulations involved were rescinded in March 1981, following decontrol of crude oil prices in January 1981, and the statute authorizing the regulations expired in September 1981, the PRO purports to be for the period April 1980 through April 1990. The DOE claims the company overrecouped under the regulations by \$125 million during the period in question. Including interest through June 1994, the total claim amounts to \$285 million. The company asserts that in fact it incurred a loss through participation in the DOE program. The case is being heard by the DOE's Office of Hearings and Appeals and is currently in the discovery phase. A hearing on Chevron's no benefit argument will be held following discovery.

The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior disposal or release of chemical or petroleum substances by the company or other parties. Such contingencies may exist for various sites including, but not limited to: Superfund sites, operating refineries, oil fields, service stations, terminals and land development areas. In addition, the company may have obligations relating to prior asset sales or closed facilities, or for future costs to be incurred upon the sale or disposition of existing operating facilities. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties and the extent to which such costs are recoverable from insurance. While the amounts of future costs may be material to the company's results of operations in the period in which they are recognized, the company does not expect these costs to have a material effect on Chevron's consolidated financial position or liquidity.

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

Areas in which the company has significant operations include the United States, Australia, United Kingdom, Canada, Nigeria, Angola, Papua New Guinea, China, Indonesia and Zaire. The company's Caltex affiliates have significant operations in Indonesia, Japan, Korea, Australia, the Philippines, Thailand and South Africa. The company's Tengizchevroil affiliate operates in the Republic of Kazakhstan.

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

SECOND QUARTER 1994 COMPARED WITH SECOND QUARTER 1993  
AND FIRST HALF 1994 COMPARED WITH FIRST HALF 1993

OVERVIEW AND OUTLOOK (1)

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Net income for the second quarter of 1994 was \$257 million (\$.39 per share), an increase of \$207 million from the \$50 million (\$.08 per share), earned in last year's second quarter. However, excluding the effects of special items in both periods, the company's results were down 54 percent from the same period a year earlier. Second quarter 1993 reported earnings included net special charges of \$515 million, of which \$552 million pertained to a provision for restructuring Chevron's U.S. refining and marketing business. The remaining special items were comprised of gains on property sales of \$148 million, charges of \$39 million for environmental programs and charges of \$72 million for prior-year taxes, litigation and other items. Special items reduced earnings \$5 million in the 1994 second quarter.

Reported earnings for the first six months of 1994 were \$645 million, or \$.99 per share, compared with \$551 million or \$.85 per share, reported for the first half of 1993. Excluding special items in both periods, earnings decreased 36 percent to \$686 million in the 1994 period from \$1.068 billion in the 1993 six months.

Major factors in the company's earnings decline were very low crude oil prices early in the year, about \$4.00 per barrel below 1993's first quarter levels, followed by deterioration in refined product sales margins in the second quarter when crude oil prices, although still lower than in 1993, rose rapidly.

In the U.S., the company's second quarter average crude oil prices rose about \$3.00 per barrel from the first quarter, yet average refined product prices increased only slightly more than \$1.00 per barrel because of market lags in recovering the higher raw material costs.

Additionally, operational problems occurred during the quarter at each of the company's three core U.S. refineries. The Pascagoula refinery was impacted by a fire which put its FCC unit out of operation for nearly two months and the two key West Coast refineries also experienced problems. Finally, results were adversely affected by charges for the estimated uninsured costs of the inadvertent contamination, by small quantities of jet fuel, of aviation gasoline distributed in Northern California in May, and by trading losses incurred as a part of the company's commodity price risk management activities.

Signs of improvement began in June; product prices have strengthened and now appear to be better reflecting their raw material costs. If this trend continues, the improvement in the company's downstream operations, coupled with a continuation of higher crude prices in the upstream operations, should result in improved earnings during the second half of 1994.

Total revenues were \$8.8 billion for the 1994 second quarter, down 11 percent from \$9.9 billion in last year's second quarter. Revenues for the first six months of 1994 were \$17.1 billion, down from \$18.9 billion in last year's first half. In both 1994 periods, sales revenues declined on lower prices for crude oil and refined products.

Operating, general and administrative expenses, adjusted for special items, were \$1.920 billion in the second quarter and \$3.668 billion for the first half of 1994, compared with \$1.798 billion and \$3.480 billion in the comparable periods of 1993. The increases of 7 and 5 percent for the quarter and first half, respectively, are primarily the result of operational problems in the second quarter at the company's core refineries.

Taxes on income for the second quarter and first half of 1994 were \$265 million and \$537 million, respectively, compared with \$152 million and \$535 million for the comparable 1993 periods. The effective income tax rate for the first half of 1994 decreased to 45.4 percent from 49.3 percent in the 1993 first half. The primary reason for the

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(1) Per share amounts reflect a two-for one split of the company's common stock, effective May 11, 1994.

decrease was a proportionate income shift to lower taxed areas. Also contributing to the decrease was the absence of the effects of unfavorable prior-year adjustments recorded in the 1993 first half. Partially offsetting these effects was a proportionate decrease in equity income recorded on an after-tax basis.

Foreign exchange losses amounted to \$21 million in both the 1994 second quarter and six months, compared with gains of \$37 million and \$33 million in last year's quarter and first half, respectively.

#### CURRENT DEVELOPMENTS

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Transportation constraints continue to limit production from the Tengiz oil field, owned and operated by Tengizchevroil (TCO), a company owned jointly by Chevron and the Republic of Kazakhstan. The oil is being exported into world markets under a transportation/exchange agreement with Russia, whereby TCO receives and exports crude oil from Russia in exchange for providing Russia with comparable amounts of Tengiz crude. Because of the oil's foul smell, caused by sulphur compounds (mercaptans), Russia has restricted the amount of oil allowed into its pipelines. TCO has recently reduced mercaptan levels by successfully injecting chemicals that neutralize them. Effective August 1994, the export quota to Russia was increased from 30,000 to approximately 50,000 barrels per day. Although export quotas are set monthly, TCO is cautiously optimistic the higher quota will be maintained for the remainder of the year. Current production capacity from the field is 65,000 barrels per day. Construction is proceeding on demercaptanization plants that will remove the mercaptans more economically and on additional production capacity.

In response to the lower than expected oil exports and the slump in oil prices, TCO announced in late April that it was deferring some of its capital spending, primarily in infrastructure development. Chevron's capitalized cash investment in the project at June 30, 1994 was \$567 million.

Increased export capability remains critical to realizing the joint venture's full potential, and negotiations continue for terms of an export pipeline to enable the project to market its output directly to world markets. Participants in current pipeline negotiations include the company and the Caspian Pipeline Consortium, composed of the Republics of Kazakhstan and Russia and the Sultanate of Oman. The pipeline negotiations are continuing to be very difficult, and it is currently impossible to predict the eventual outcome or its impact on the joint venture.

In July, Nigerian oil workers' unions went on strike demanding political and economic changes by the Nigerian government. The strike has made operating conditions very difficult in Nigeria, but has thus far not materially affected crude oil production levels. The company is unable to predict the length or outcome of the strike or whether production will be maintained. The company's share of production from its fields in Nigeria currently averages about 130,000 barrels per day.

The company's producing operations in Angola continue to be generally unaffected by the civil unrest in that country. Significant development projects are underway, with new production expected by the end of the year. Chevron's share of current production is nearly 100,000 barrels per day.

The government of Congo granted Chevron and its partners a permit to develop the Kitina oil discovery offshore West Africa. The Kitina field, discovered in 1991, has estimated recoverable reserves exceeding 100 million barrels of high-quality, light crude oil. Chevron has a 29.25 percent interest in the Kitina field.

On August 8, 1994, the company announced that it had signed a three-and-a-half year agreement to provide Kuwait Oil Company with technology and technical support to enhance production and delivery of crude oil from the Burgan field, the world's second largest oil field, in southeast Kuwait.

In May, crude oil production started from the Roller/Skate project offshore Western Australia. Combined production from the two fields is expected to reach 35,000 barrels of oil per day. Chevron holds a 25.71 percent interest in the project.

The Hibernia project partners announced in April 1994 that the pre-production costs for the project would be 15 to 20 percent more than the previous \$5.2 billion (Canadian) forecast. Engineering costs and construction delays caused by the complexity of the gravity base structure were cited as the reasons for the over-run. Chevron, with an approximate 27 percent interest, remains committed to the project. The company's capitalized investment in the project, including capitalized interest, was \$516 million at June 30, 1994.

In July 1994, Chevron and LUKoil Petroleum Company, the largest oil company in Russia, signed an eight-year agreement allowing Chevron to purchase about 70,000 barrels a day of crude oil from LUKoil. Chevron expects to sell the oil into world oil markets.

On August 4, 1994, Chevron completed the previously announced sale of its Philadelphia refinery to Sun Company, Inc. Exclusive negotiations are continuing with Clark Refining and Marketing, Inc. for the sale of the Port Arthur, Texas, refinery; the company hopes to have that sale completed this year. Both sales are a part of the major downstream restructuring announced in May 1993. Although work continues to assess the extent of future environmental remediation, at this time, the reserve established in the second quarter of 1993 is believed to be sufficient to complete the restructuring.

In August 1994, the company announced a settlement agreement with the Internal Revenue Service, substantially resolving all open tax issues for the nine years 1979 through 1987. Chevron's net expenditure for the settlement is approximately \$550 million, after taking into account the tax deductibility of the interest portion of the payment. Reserves, primarily accrued interest, established in prior years for the contested issues significantly exceed the amount of the total payment. The effect of the settlement will be recorded in the third quarter.

#### REVIEW OF OPERATIONS

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The following tables detail the company's after-tax earnings by major operating area and selected operating data.

#### EARNINGS BY MAJOR OPERATING AREA

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(Millions of Dollars)	1994	1993	1994	1993
-----				
Exploration and Production				
United States	\$152	\$207	\$276	\$402
International	134	142	245	307
-----				
Total Exploration and Production	286	349	521	709
-----				
Refining, Marketing and Transportation				
United States	(42)	(507)	56	(407)
International	27	107	90	129
-----				
Total Refining, Marketing and Transportation	(15)	(400)	146	(278)
-----				
Total Petroleum Operations	271	(51)	667	431
Chemicals	49	141	75	159
Coal and Other Minerals	12	8	27	28
Corporate and Other	(75)	(48)	(124)	(67)
-----				
NET INCOME	\$257	\$50	\$645	\$551
=====				

SELECTED OPERATING DATA

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
-----				
U.S. EXPLORATION AND PRODUCTION				
Net Crude Oil and Natural Gas				
Liquids Production (MBPD)	371	398	372	398
Net Natural Gas Production (MMCFPD)	2,146	2,027	2,168	2,060
Sales of Natural Gas Liquids (MBPD)	185	201	198	205
Revenue from Net Production				
Crude Oil (\$/Bbl.)	\$14.34	\$15.97	\$12.95	\$15.80
Natural Gas (\$/MCF)	\$ 1.79	\$ 2.06	\$ 1.96	\$ 1.95
INTERNATIONAL EXPLORATION AND PRODUCTION (1)				
Net Crude Oil and Natural Gas				
Liquids Production (MBPD)	613	546	608	540
Net Natural Gas Production (MMCFPD)	519	492	525	485
Revenue from Liftings				
Liquids (\$/Bbl.)	\$14.84	\$17.37	\$14.01	\$17.24
Natural Gas (\$/MCF)	\$ 1.86	\$ 2.13	\$ 1.95	\$ 2.13
U.S. REFINING AND MARKETING				
Sales of Gasoline (MBPD)	625	660	633	650
Sales of Other Refined Products (MBD)	719	716	693	744
Refinery Input (MBPD)	1,237	1,285	1,195	1,269
Average Refined Product Sales Price (\$/Bbl.)	\$23.94	\$26.85	\$23.34	\$26.34
INTERNATIONAL REFINING AND MARKETING (1)				
Sales of Refined Products (MBPD)	891	931	918	900
Refinery Input (MBPD)	625	540	632	559
CHEMICAL SALES AND OTHER OPERATING REVENUES (2)				
United States	\$742	\$706	\$1,395	\$1,433
International	156	147	304	282
	-----			
Worldwide	\$898	\$853	\$1,699	\$1,715
=====				

(1) Includes equity in affiliates. Per unit revenue from net liftings for 1993 has been restated to include equity affiliates. Refinery input in 1994 includes South Africa, where local government restrictions prohibited this disclosure prior to the fourth quarter of 1993.

(2) Millions of dollars. Includes sales to other Chevron companies.

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MBPD=thousand barrels per day; MMCFPD=million cubic feet per day;  
Bbl.=barrel; MCF=thousand cubic feet

WORLDWIDE EXPLORATION AND PRODUCTION earned \$286 million in the second quarter of 1994 compared with \$349 million in the corresponding 1993 period. Earnings of \$521 million in the first six months of 1994 were 27 percent lower than the \$709 million earned in the 1993 first half.

U.S. EXPLORATION AND PRODUCTION net earnings declined to \$152 million in the second quarter from the \$207 million earned in the 1993 second quarter. Six-month 1994 earnings were \$276 million compared with \$402 million earned in the 1993 six months. Special charges reduced 1994 and 1993 six-months results by \$15 million and \$12 million, respectively. There were no special items recorded in either the 1994 or 1993 second quarters.

Although average crude oil realizations increased sharply from the first quarter of 1994, they were still below last year's second quarter. Average crude oil realizations were \$14.34 per barrel, compared with \$15.97 per barrel in the 1993 second quarter. Year-to-date, crude oil realizations were \$12.95 per barrel, compared with \$15.80 in 1993. Lower natural gas prices also contributed to the lower second quarter earnings. The company's average natural gas sales price declined to \$1.79 per thousand cubic feet from \$2.06 in last year's second quarter, when prices were unseasonably strong. Natural gas prices averaged \$1.96 per thousand cubic feet during the 1994 six months, about flat with the year-ago period.



Net liquids production for the quarter declined 7 percent to 371,000 barrels per day, largely due to normal field declines. However, net natural gas production volumes were up 6 percent to 2.1 billion cubic feet per day, as new production in the Gulf of Mexico more than offset normal field declines.

INTERNATIONAL EXPLORATION AND PRODUCTION earnings were \$134 million in the quarter, compared with \$142 million earned in the prior year second quarter. This year's six months earnings were down 20 percent to \$245 million from \$307 million earned in the 1993 period. Earnings in the 1993 second quarter and six months were reduced by special charges amounting to \$26 million and \$7 million, respectively, related to unfavorable tax adjustments and asset write-offs. There were no special items recorded in the 1994 periods.

The benefit of 1994's higher production volumes did not fully offset lower crude oil prices. Net liquids production increased 12 percent to 613,000 barrels per day in the 1994 second quarter and 13 percent in the first half. New field production in the North Sea and Nigeria and increased production in Indonesia and Kazakhstan contributed to the higher 1994 volumes. Also, natural gas production was up 5 and 8 percent in the second quarter and six months, respectively, primarily in Australia, Canada and the North Sea.

The 1994 quarter and six months included foreign exchange losses of \$5 million and \$1 million, respectively, compared with gains of \$21 million and \$25 million in last year's second quarter and six months.

WORLDWIDE REFINING AND MARKETING operations reported a loss of \$15 million in the 1994 second quarter compared with a loss of \$400 million for the 1993 second quarter. The 1994 first half earnings were \$146 million compared with losses of \$278 million in the corresponding 1993 period.

U.S. REFINING AND MARKETING operations incurred a loss of \$42 million in the second quarter, compared with a loss of \$507 million in the 1993 second quarter which included special charges of \$604 million, mostly related to a restructuring provision for the expected financial effects of the company's decision to sell its Port Arthur and Philadelphia refineries and to consolidate and reorganize its Southeast U.S. marketing network. Results for the current year quarter included a special charge of \$5 million for environmental remediation programs.

Six month earnings for 1994 were \$56 million compared with losses of \$407 million in 1993. These amounts include special charges of \$26 million in 1994 and \$618 million in 1993.

Excluding special items, the 1994 results reflected poor sales margins as the surge in crude oil costs during the quarter could not be recovered through higher refined products prices. In addition, an unusual amount of refinery downtime resulted in higher operating expenses and required more costly third-party product purchases to supply the company's marketing system. Operating expenses also included charges for estimated uninsured costs related to the inadvertent contamination, by small amounts of jet fuel, of aviation gasoline distributed in Northern California in May.

The company engages in various risk management activities in conducting its refining and marketing business, including inventory hedging transactions and efforts to minimize short-term commodity price fluctuations from ongoing trading activities. Earnings in the second quarter were adversely affected by the results of these activities.

Total refined product sales volumes declined 2 percent and 5 percent from last year's second quarter and six month periods.

INTERNATIONAL REFINING AND MARKETING net earnings declined to \$27 million from \$107 million earned in the 1993 second quarter and to \$90 million from \$129 million for the respective six month periods. Earnings in the 1993 quarter and six months included a \$13 million asset sale gain.

Similar to the U.S. industry conditions, refined products prices did not keep pace with the increase in crude oil costs. Also, the quarter and six month results included foreign exchange losses of \$9 million and \$8 million, respectively, whereas the prior-year periods had foreign exchange gains of \$14 million and \$10 million. Total refined products sales volumes in the second quarter declined 4 percent as lower export sales in the company's trading operations more than offset an increase in marketing sales volumes, but for the 1994 first half were up 2 percent from the year-ago period.



CHEMICALS earned \$49 million in the 1994 second quarter compared with \$141 million in the prior-year quarter which included a \$135 million gain from the sale of the Ortho lawn and garden products business. Six month 1994 earnings were \$75 million compared with \$159 million last year. Excluding the prior-year asset sale gain, earnings improved significantly in the 1994 second quarter and six months, particularly in the company's olefins business. As the U.S. economy improves, increased demand has resulted in stronger prices and higher sales volumes for the company's major commodity chemicals.

COAL AND OTHER MINERALS reported net earnings of \$12 million in the second quarter and \$27 million for the 1994 six months. In the comparable periods of 1993, coal and other minerals reported net earnings of \$8 million and \$28 million, respectively. The 1993 six month period benefited from a \$5 million asset sale gain.

CORPORATE AND OTHER CHARGES were \$75 million in the 1994 quarter compared with charges of \$48 million in the comparable period last year. Year-to-date charges were \$124 million in 1994 compared with \$67 million in 1993. Both 1993 periods included special charges of \$33 million for litigation settlements.

In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, corporate and other charges in the 1994 second quarter and six months include approximately \$58 million and \$78 million, respectively, that, under the previous method, would have been allocated to the various business segments. This change had no net income effect nor did it affect any segment's operational trends.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$1.2 billion at June 30, 1994, a \$441 million decrease from year-end 1993. The draw-down of cash, cash from operations and net increases in debt outstanding were used to fund the company's capital expenditures and dividend payments to stockholders.

The company's debt and capital lease obligations totaled \$8.173 billion at June 30, 1994, up \$635 million from \$7.538 billion at year-end 1993. The increase is primarily from \$880 million of net short-term borrowings, largely the issuance of commercial paper and \$65 million in capital lease obligations associated with the delivery of a new vessel. This was partially offset by the repayment of approximately \$290 million of long-term debt, including \$200 million of 7 7/8 percent public debt originally due March 1, 1997. The company also retired \$40 million of debt related to the Employee Stock Ownership Plan in January 1994.

Although the company benefits from low interest rates on short-term debt, the large amount of short-term debt has reduced Chevron's ratio of current assets to current liabilities, which was .82 at year-end 1993 and .80 at June 30, 1994. The company's short-term debt, consisting primarily of commercial paper and current portion of long-term debt, totaled \$6.176 billion at June 30, 1994. This amount includes \$1.880 billion of short-term obligations that have been classified as long-term since the company has both the intent and ability, as evidenced by revolving credit arrangements, to refinance it on a long-term basis. The company also intends to continually refinance its remaining short-term debt. In order to manage Chevron's exposure to interest rate fluctuations, the company has entered into various interest rate swaps on both its long- and short-term debt. At August 8, the notional principal amount of these financial instruments totaled approximately \$850 million, including \$350 million entered into in August 1994.

In connection with the August 1994 settlement agreement with the Internal Revenue Service (IRS), the company issued commercial paper to partially fund the amount paid to the IRS. This increase in commercial paper was partially offset by the receipt of proceeds from the sale of the company's Philadelphia refinery, also in early August. Outstanding commercial paper on August 8, 1994 was approximately \$265 million higher than at June 30, 1994.

The company's debt ratio (total debt to total debt plus equity) was 36.6 percent at June 30, 1994, up from 35.0 percent at year-end 1993. The company will continue to monitor its spending levels, market conditions and related interest rates to maintain what it perceives to be reasonable debt levels. The company believes it has the flexibility, financial resources and borrowing capacity to fund its capital programs, pay dividends and meet unanticipated cash requirements.

Worldwide capital and exploratory expenditures for the first half of 1994, including the company's share of affiliates' expenditures, totaled \$2.132 billion, a 19 percent increase from the \$1.792 billion spent in the 1993 first

half. The increase was largely due to expenditures for the development of the Tengiz oil field in Kazakhstan and for refinery construction and expansion projects. Total expenditures for exploration and production activities represented 58 percent of total outlays in both 1994 and 1993. Expenditures outside the United States were 61 percent of the total outlays for the 1994 period, compared with 58 percent in 1993.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

#### CITIES SERVICE TENDER OFFER CASES -

The description contained in Part I, Item 3, Paragraph A of the company's Annual Report on Form 10-K for the year ended December 31, 1993, as amended in Part II, Item 1 of the company's Quarterly Report on Form 10-Q for the period ended March 30, 1994, is hereby further amended as follows:

Defendants have answered, in part, the plaintiff's Second Amended Petition and moved to dismiss the claims for negligent misrepresentation, malicious breach of contract and interference with prospective economic advantage. In addition, defendant Chevron Corporation has moved to dismiss the petition for lack of subject matter jurisdiction.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following matters were submitted to a vote of stockholders at the Annual Meeting on May 3, 1994 and by proxy. The vote tabulations listed below reflect pre-split shares.

Voters elected 12 incumbent directors for one year terms, including William E. Crain, Corporate Vice President of Exploration and Production, who has elected to retire on August 31, 1994. Mr. Crain's retirement will reduce the number of Board members to eleven. The vote tabulation for individual directors was:

DIRECTORS	SHARES FOR	SHARES WITHHELD
S.H. Armacost	264,468,722	2,850,233
J.D. Bonney	265,155,398	2,163,556
W.E. Crain	265,058,323	2,260,631
K.T. Derr	264,965,351	2,353,604
S. Ginn	265,169,520	2,149,434
C.A. Hills	264,770,569	2,548,385
C.M. Pigott	265,268,304	2,050,651
C. Rice	264,649,563	2,669,391
S.B. Smart Jr.	264,969,839	2,349,116
J.N. Sullivan	265,059,738	2,259,316
G.H. Weyerhaeuser	265,172,434	2,146,521
J.A. Young	265,157,965	2,160,990

Voters also approved the appointment of Price Waterhouse as the company's independent accountants. The vote was 262,027,729 (98.6 percent) for and 3,662,682 (1.4 percent) against. There were also 1,636,360 abstentions.

Two proposals presented by the Board of Directors were approved by voters. A proposal to increase the number of authorized shares of common stock from five hundred million to one billion received 259,799,155 (98.1 percent) votes for and 5,100,753 (1.9 percent) votes against. There were also 2,427,908 abstentions. The second proposal to split each issued share of common stock of \$3.00 par value into two new shares of \$1.50 par value received 262,219,067 (98.8 percent) votes for and 3,238,025 (1.2 percent) votes against. There were also 1,870,726 abstentions.

Voters rejected three stockholder proposals. One proposal to compensate directors solely in the form of common stock was rejected with a vote of 212,631,861 (93.3 percent) against and 15,256,181 (6.7 percent) for. There were also 5,944,154 abstentions and 33,494,575 broker non-votes.

A second proposal asking Chevron to prepare a report on the impact of NAFTA on the company was defeated with a vote of 211,626,980 (94.8 percent) against and 11,680,279 (5.2 percent) for. There were also 10,526,614 abstentions and 33,492,898 broker non-votes.

A third proposal asking Chevron to prepare a report on environmental and safety hazards was defeated with a vote of 208,774,792 (93.4 percent) against and 14,659,731 (6.6 percent) for. There were also 10,398,958 abstentions and 33,493,290 broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- (3.1) Restated Certificate of Incorporation of Chevron Corporation, dated August 2, 1994.
- (3.2) By-laws of Chevron Corporation, as amended July 27, 1994.
- (4) Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. A copy of any such instrument will be furnished to the Commission upon request.
- (12) Computation of Ratio of Earnings to Fixed Charges

(b) Reports on Form 8-K

The company filed a Current Report on Form 8-K, dated August 4, 1994, announcing unaudited earnings for the quarter and the six months ended June 30, 1994.

The company filed a Current Report on Form 8-K, dated August 4, 1994, which presented under "Item 5. Other Events," a Press Release announcing a settlement agreement with the Internal Revenue Service that substantially resolves all open tax issues for the nine years 1979 through 1987.

The company filed a Current Report on Form 8-K, dated August 11, 1994, which contained the August 1, 1994 First Supplemental Indenture to the May 15, 1987 original Indenture between Chevron Capital U.S.A. Inc., Chevron Corporation and The Chase Manhattan Bank (National Association).

SIGNATURE

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

CHEVRON CORPORATION

-----  
(Registrant)

Date August 12, 1994

/s/ DONALD G. HENDERSON

-----  
Donald G. Henderson,  
Vice-President & Comptroller  
(Principal Accounting Office  
and Duly Authorized Officer)

RESTATED  
 CERTIFICATE OF INCORPORATION  
 of  
 CHEVRON CORPORATION

CHEVRON CORPORATION, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The Corporation was originally incorporated under the name Standard Oil Company of California. The date of filing its original Certificate of Incorporation with the Secretary of State was January 27, 1926.

2. This Restated Certificate of Incorporation of Chevron Corporation was duly adopted by the Board of Directors of the Corporation in accordance with the provisions of Section 245 of the General Corporation Law of the state of Delaware. This Restated Certificate of Incorporation of Chevron Corporation only restates and integrates and does not further amend the provisions of the Corporation's Restated Certificate of Incorporation, as filed May 6, 1987 and heretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation, except that certain language contained in the Certificate of Amendment of the Restated Certificate of Incorporation, filed May 3, 1994, necessary to effect the split of the Corporation's Common Stock, which became effective May 11, 1994, has been omitted pursuant to Section 245(c) of the General Corporation Law of the State of Delaware.

3. The text of the Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated to read as herein set forth in full:

ARTICLE I

The name of the corporation is CHEVRON CORPORATION.

ARTICLE II

The corporation's registered office is located at Number 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is one billion one hundred million (1,100,000,000), of which one hundred million (100,000,000) shares shall be Preferred Stock of the par value of one dollar (\$1.00) per share, and one billion (1,000,000,000) shares shall be Common Stock of the par value of one dollar and fifty cents (\$1.50) per share.

The number of authorized shares of Common Stock and Preferred Stock may be increased or decreased (but not below the number of shares thereof outstanding) if the increase or decrease is approved by the holders of a majority of the shares of Common Stock, without the vote of the holders of the shares of Preferred Stock or any series thereof, unless any such Preferred Stock holders are entitled to vote thereon pursuant to the provisions established by the Board of Directors in the resolution or resolutions providing for the issue of such Preferred Stock, and if such holders of such Preferred Stock are so entitled to vote thereon, then, except as may otherwise be set forth in this Restated Certificate of Incorporation, the only stockholder approval required shall be that of a majority of the combined voting power of the Common and Preferred Stock so entitled to vote.

- 1 -

2. The Board of Directors is expressly authorized to provide for the issue, in one or more series, of all or any shares of the Preferred Stock and, in the resolution or resolutions providing for such issue, to establish for each such series

(a) the number of its shares, which may thereafter (unless forbidden in the resolution or resolutions providing for such issue) be increased or decreased (but not below the number of shares of the series

then outstanding) pursuant to a subsequent resolution of the Board of Directors,

(b) the voting powers, full or limited, of the shares of such series, or that such shares shall have no voting powers, and

(c) the designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof.

3. In furtherance of the foregoing authority and not in limitation of it, the Board of Directors is expressly authorized, in the resolution or resolutions providing for the issue of a series of Preferred Stock,

(a) to subject the shares of such series, without the consent of the holders of such shares, to being converted into or exchanged for shares of another class or classes of stock of the Corporation, or to being redeemed for cash, property or rights, including securities, all on such conditions and on such terms as may be stated in such resolution or resolutions, and

(b) to make any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of the shares of the series dependent upon facts ascertainable outside this Restated Certificate of Incorporation.

4. Whenever the Board of Directors shall have adopted a resolution or resolutions to provide for

(a) the issue of a series of Preferred Stock,

(b) a change in the number of authorized shares of a series of Preferred Stock, or

(c) the elimination from this Restated Certificate of Incorporation of all references to a previously authorized series of Preferred Stock by stating that none of the authorized shares of a series of Preferred Stock are outstanding and that none will be issued,

the officers of the Corporation shall cause a certificate, setting forth a copy of such resolution or resolutions and, if applicable, the number of shares of stock of such series, to be executed, acknowledged, filed and recorded, in order that the certificate may become effective in accordance with the provisions of the General Corporation Law of the State of Delaware, as from time to time amended. When any such certificate becomes effective, it shall have the effect of amending this Restated Certificate of Incorporation, and wherever such term is used in these Articles, it shall be deemed to include the effect of the provisions of any such certificate.

5. As used in this Article IV, the term "Board of Directors" shall include, to the extent permitted by the General Corporation Law of the State of Delaware, any duly authorized committee of the Board of Directors.

6. Holders of shares of Common Stock shall be entitled to receive such dividends or distributions as are lawfully declared on the Common Stock; to have notice of any authorized meeting of stockholders; to one vote for each share of Common Stock on all matters which are properly submitted to a vote of such stockholders; and, upon dissolution of the Corporation, to share ratably in the assets thereof that may be available for distribution after satisfaction of creditors and of the preferences, if any, of any shares of Preferred Stock.

7. The Series A Participating Preferred Stock of the Corporation shall consist of the following:

(a) Designation and Amount. The shares of the series of Preferred Stock shall be designated as "Series A Participating Preferred Stock", \$1.00 par value per share, and the number of shares constituting such series shall be twenty million. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Participating Preferred Stock to a number less than that of the shares then outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

(b) Dividends and Distributions (Including Upon Liquidation, Dissolution or Winding Up).

(i) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Participating Preferred Stock with respect to dividends or distributions (whether or not upon any liquidation, dissolution or winding up of the Corporation), the holders of shares of Series A Participating Preferred Stock, in preference to the holders of shares of Common Stock, par value \$1.50 per share (the "Common Stock"), of the Corporation and any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (whether or not upon any liquidation, dissolution or winding up of the Corporation) other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, since the first issuance of any share or fraction of a share of Series A Participating Preferred Stock. In the event the Corporation shall at any time after the close of business on July 27, 1994 (the "Amended Rights Declaration Date") (A) declare any dividend on Common Stock payable in shares of Common Stock, (B) subdivide the outstanding Common Stock, or (C) combine the outstanding Common Stock into a smaller number of shares, by reclassification or otherwise, then in each such case the amount to which holders of shares of Series A Participating Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) Other than with respect to a dividend on the Common Stock payable in shares of Common Stock, the Corporation shall declare a dividend or distribution on the Series A Participating Preferred Stock as provided in subparagraph (i) above at the same time as it declares a dividend or distribution on the Common Stock. The date or dates set for the payment of such dividend or distribution on the Series A Participating Preferred Stock and the record date or dates for the determination of entitlement to such dividend or distribution shall be the same date or dates as are set for the dividend or distribution on the Common Stock. On any such payment date, no dividend or distribution shall be paid on the Common Stock until the appropriate payment has been made on the Series A Participating Preferred Stock.

(c) Voting Rights. The holders of shares of Series A Participating Preferred Stock shall have the following voting rights:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Amended Rights Declaration Date (A) declare any dividend on Common Stock payable in shares of Common Stock, (B) subdivide the outstanding Common Stock into a greater number of shares, or (C) combine the outstanding Common Stock into a smaller number of shares, by

reclassification or otherwise, then in each such case the number of votes per share to which holders of shares of Series A Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(iii)(A) If at any time dividends on any Series A Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly

dividend periods and for the current quarterly dividend period on all shares of Series A Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(B) During any default period, such voting right of the holders of Series A Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (C) of this Section 7(c)(iii) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors, or if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Participating Preferred Stock.

(C) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board, a Vice Chairman of the Board or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this subparagraph (c)(iii)(C) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the



Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this subparagraph (c)(iii)(C), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(D) In any default period, the holders of Common Stock, and other classes of stock of the Corporation, if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in subparagraph (c)(iii)(B) of this Section 7) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (iii) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(E) Immediately upon the expiration of a default period (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in, or pursuant to, this Restated Certificate of Incorporation or By-Laws irrespective of any increase made pursuant to the provisions of subparagraph (c)(iii)(B) of this Section 7 (such number being subject, however, to change thereafter in any manner provided by law or in this Restated Certificate of Incorporation or By-Laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors, even though less than a quorum.

(iv) Following the establishment of a Fairness Committee of the Board of Directors, pursuant to the provisions of Article VII of this Restated Certificate of Incorporation of the Corporation as in effect on the date hereof, no action requiring the approval of the holders of Common Stock pursuant to such provisions may be effected without the approval of the holders of a majority of the voting power of the aggregate outstanding shares of the Series A Participating Preferred Stock and the Common Stock.

(v) Except as set forth herein, holders of Series A Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote on matters submitted to the stockholders of the Corporation as set forth herein) for taking any corporate action.

(d) Certain Restrictions.

(i) Whenever quarterly dividends or other dividends or distributions payable on the Series A Participating Preferred Stock as provided in Subsection (b) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(A) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock;

(B) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock except dividends paid ratably on the Series A Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(C) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Participating Preferred Stock; or

(D) purchase or otherwise acquire for consideration any shares of Series A Participating Preferred Stock or any shares of stock ranking on a parity with the Series A Participating Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(ii) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (i) of this Subsection (d), purchase or otherwise acquire such shares at such time and in such manner.

(e) Reacquired Shares. Any shares of Series A Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(f) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Amended Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

(g) Redemption. The shares of Series A Participating Preferred Stock shall not be redeemable.

(h) Ranking. The Series A Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

(i) Amendment. This Restated Certificate of Incorporation and the By-Laws of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Series A Participating Preferred Stock voting separately as a class.

(j) Fractional Shares. Series A Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Participating Preferred Stock.

#### ARTICLE V

The corporation shall be entitled to treat the person in whose name any share is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have notice thereof, save as expressly provided by the laws of the United States of America or of the State of Delaware.

#### ARTICLE VI

The Board of Directors is expressly authorized to make and alter the By-Laws of the corporation, without any action on the part of the stockholders; but the By-Laws made by the Directors and the powers so conferred may be altered or repealed by the Directors or stockholders.

#### ARTICLE VII

1. A Fairness Committee of the Board of Directors of the Corporation is hereby established during any period of the existence of a 10% Stockholder. The Fairness Committee shall have such powers and duties as may be set forth in this Certificate of Incorporation, and such additional powers and duties as may be established and set forth in the By-Laws of the Corporation or a resolution of the Board of Directors of the Corporation. Each Director of the Corporation who is not a 10% Stockholder and has served continuously since before any current establishment of the Fairness Committee, shall be a member of such committee; no other Director shall be a member of the committee unless chosen unanimously by the other members. The Fairness Committee shall act by a majority of its members, and shall establish such other rules of procedure as it sees fit to govern its actions; provided, however, that it shall have no power to take any action unless there are at least three members in agreement on such action. The Corporation shall pay all the reasonable expenses of the Fairness Committee, including the fees and expenses of persons (including former members of the committee) hired to assist the committee or its members in their tasks, and expenses incurred by the members of the committee in the course of attending its meetings or otherwise carrying out its functions.

2. It shall be the duty of the Fairness Committee to make a separate determination as to the fairness to the Corporation and all of its stockholders of transactions that are not in the ordinary course of the business of the Corporation. Such extraordinary transactions shall include:

(a) any liquidation or dissolution of the Corporation, or its merger or consolidation with or into any other corporation;

(b) any one or any series of sales, leases, exchanges, pledges, transfers or other dispositions of any substantial portion of the assets of the Corporation and its consolidated subsidiaries, taken as a whole;

(c) any substantial increase in the total debt of the Corporation and its consolidated subsidiaries, taken as a whole;

(d) any purchase or other acquisition of securities or other assets or liabilities from, or any loan of money or other assets to, or any guarantee of indebtedness or other obligations of, any 10% Stockholder; and

(e) any issuance, redemption, reclassification or other exchange or transfer (except the recordation of transfer) of securities of the Corporation or any of its subsidiaries, which, directly or indirectly, increases any 10% Stockholder's relative voting power or other beneficial interest in the Corporation or any of its subsidiaries.

If the Fairness Committee does not determine it to be in the best interests of the Corporation and its stockholders for an extraordinary transaction to proceed without special ratification by the stockholders, then such ratification shall be a condition to any corporate act that would effect or facilitate such transaction. Such ratification shall require not less than the affirmative vote of either

(a) two-thirds of the outstanding shares of the Common Stock of the Corporation, or

(b) a majority of the outstanding shares of the Common Stock of the Corporation, and a majority of the outstanding shares of the Common Stock of the Corporation excluding any shares of which any 10% Stockholder is a beneficial owner.

Any determination by the Fairness Committee or ratification by the stockholders of the Corporation pursuant to the provisions of this paragraph 2 shall not affect any other requirements that applicable law, this Certificate of Incorporation, or the By-Laws of the Corporation may establish as conditions to particular corporate acts.

3. For purposes of this Article VII:

(a) "10% Stockholder" shall mean any person who is a beneficial owner of securities of the Corporation aggregating at least ten percent of the voting power of the outstanding securities of the Corporation entitled to vote on the election of Directors.

(b) A person shall be deemed to be a "beneficial owner" of securities if the right, pursuant to an agreement or otherwise, to

(i) vote such securities,

(ii) receive dividends or interest declared thereon,

(iii) dispose or receive money or other property upon the sale or surrender thereof, whether at maturity or otherwise, or

(iv) acquire the beneficial ownership thereof, whether immediately, at the expiration of a term, or upon satisfaction of any condition,

is held or shared by

(i) such person,

(ii) anyone related to such person, or

(iii) anyone else with whom such person or any such related person has any agreement, arrangement or understanding (except to act solely as a holder of record, or as a broker for purchasing or selling securities) for the purpose of acquiring, holding, voting or disposing of securities of the Corporation.

Without limiting the generality of the foregoing, a person is also a "beneficial owner" of securities if such securities are listed or described in the text of, or a note to, any report on a Schedule 13-D or a Form 3 or 4 or any successor form or schedule which such person has on file with the Securities and Exchange Commission or a successor agency; and, notwithstanding any of the foregoing,

(i) a trustee under a qualified profit-sharing plan established by the Corporation is not a beneficial owner of securities in the trust if the trustee is not permitted to vote such securities other than in accordance with the direction of the beneficiaries of the trust, and

(ii) the holder of a revocable proxy to vote securities of the Corporation at a meeting of stockholders or with respect to a proposed action by written consent shall not be deemed a beneficial owner of such securities if such revocable proxy was solicited on the basis of information presented in a proxy statement conforming to the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, and such proxy holder possesses no other incident of beneficial ownership with respect to such securities.

(c) One is "related to" a person and is a "related person" to such person if one is

(i) the spouse of such person,

(ii) a relative of such person or such spouse sharing the home of such person,

(iii) a corporation, trust, estate, partnership, joint venture or other organization in which such person, spouse or relative is a director, officer, trustee, executor, partner, joint venturer or other executive or manager, or in which such person, spouse or relative has a substantial beneficial interest, or

(iv) a person who, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, any of the foregoing.

4. The Fairness Committee shall have the power to interpret and to determine the satisfaction of all the terms, provisions and requirements of this Article VII. If the Fairness Committee shall be unable to act, a majority of all present and former members of the Fairness Committee shall have the power to determine who is a 10% Stockholder, what transactions are extraordinary, and what percentage of the outstanding shares of the Common Stock of the Corporation that are not held by any 10% Stockholder have voted to ratify any extraordinary transaction.

5. Nothing contained in this Article VII shall relieve any person from any fiduciary obligation otherwise imposed by law, or impose any fiduciary obligation not otherwise imposed by law on the Board of Directors of the Corporation or any committee or member thereof to approve any action or recommend its adoption or approval by the stockholders of the Corporation.

6. Any proposal to amend or repeal any provision of this Article VII or any other proposal to amend this Certificate of Incorporation that is inconsistent with any provision set forth in this Article VII shall require not less than the affirmative vote of two-thirds of the outstanding shares of the Common Stock of the Corporation.

#### ARTICLE VIII

1. Not less than thirty days' prior notice of any meeting of stockholders and of any business to be conducted at such meeting, together with a proxy statement which

(a) complies as to form and content with the requirements which have been established for proxy statements pursuant to the Securities Exchange Act of 1934, as amended, and

(b) describes any action of stockholders to be taken at such meeting and the recommendations of the several Directors with respect thereto,

shall be given in writing by the Corporation to each stockholder entitled to vote at such meeting, and no business shall be conducted at such meeting except that which has been set forth in the notice of such meeting.

2. Any action which may be taken by stockholders of the Corporation at an annual or special meeting and which requires the approval of at least a majority of

(a) the voting power of the securities of the Corporation present at such meeting and entitled to vote on such action, or

(b) the shares of the Common Stock of the Corporation present at such meeting,

may not be effected except at such an annual or special meeting by the vote required for the taking of such action.

3. Any of the provisions of paragraph 1 or 2 of this Article VIII may be waived by the Fairness Committee, if one has been established by the provisions of Article VII of this Certificate of Incorporation, or, if no such Fairness Committee shall have been established, then by the Board of Directors of the Corporation.

4. Any proposal to amend or repeal any provision of this Article VIII or any other proposal to amend this Certificate of Incorporation that is inconsistent with any provision set forth in this Article VIII shall require not less than the affirmative vote of two-thirds of the outstanding shares of the Common Stock of the Corporation.

#### ARTICLE IX

1. A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) pursuant to section 174 of the Corporation Law; or (d) for any transaction from which the director derived an improper personal benefit.

2. To the fullest extent authorized by the Corporation Law, the corporation shall indemnify any Corporate Servant who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that such person was or is a Corporate Servant.

3. In serving or continuing to serve the corporation, a Corporate Servant is entitled to rely and shall be presumed to have relied on the rights granted pursuant to the foregoing provisions of this Article IX, which shall be enforceable as contract rights and inure to the benefit of the heirs, executors and administrators of the Corporate Servant; and no repeal or modification of the foregoing provisions of this Article IX shall adversely affect any right existing at the time of such repeal or modification.

4. The Board of Directors is authorized, to the extent permitted by the Corporation Law, to cause the corporation to pay expenses incurred by Corporate Servants in defending Proceedings and to purchase and maintain insurance on their behalf whether or not the corporation would have the power to indemnify them under the provisions of this Article IX or otherwise.

5. Any right or privilege conferred by or pursuant to the provisions of this Article IX shall not be exclusive of any other rights to which any Corporate Servant may otherwise be entitled.

6. As used in this Article IX:

(a) "Corporate Servant" means any natural person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, manager, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other organization or enterprise, nonprofit or otherwise, including an employee benefit plan;

(b) "Corporation Law" means the General Corporation Law of the State of Delaware, as from time to time amended;

(c) "indemnify" means to hold harmless against expenses (including attorneys' fees), judgments, fines (including excise taxes assessed with respect to an employee benefit plan) and amounts paid in settlement actually and reasonably incurred by the Corporate Servant in connection with a Proceeding;

(d) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative; and

(e) "request of the corporation" includes any written authorization by an officer of the Corporation.

IN WITNESS WHEREOF, said Chevron Corporation has caused this certificate to be signed by Kenneth T. Derr, its Chairman of the Board, and attested by Malcolm J. McAuley, its Secretary, as of this 2nd day of August, 1994.

CHEVRON CORPORATION

/s/ KENNETH T. DERR

By -----

Kenneth T. Derr  
Chairman of the Board

ATTEST:

/s/ MALCOLM J. MCAULEY

By -----

Malcolm J. McAuley  
Secretary

BY-LAWS  
of  
CHEVRON CORPORATION  
As Amended  
July 27, 1994

ARTICLE I

THE BOARD OF DIRECTORS

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

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

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

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

Notice of the time or place of a meeting may be given in person or by telephone by any officer of the Corporation, or transmitted electronically to the Director's home or office, or entrusted to a third party company or governmental entity for delivery to the Director's business address. Notice of annual or regular meetings is required only if the time for the meeting is changed or the meeting is not to be held at the principal executive offices of the Corporation. When notice is required, it shall be given not less than four hours prior to the time fixed for the meeting; provided, however, that if notice is transmitted electronically or entrusted to a third party for delivery, the electronic transmission shall be effected or the third party shall promise delivery by not later than the end of the day prior to the day fixed for the meeting. The Board may act at meetings held without required notice if all Directors consent to the holding of the meeting before, during or after the meeting.

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

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

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SECTION 5. COMPENSATION. Directors who are not also employees of the Corporation shall be entitled to such compensation for their service on the Board or any committee thereof as the Board may from time to time determine.

ARTICLE II



## OFFICERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE III

### STOCK AND STOCK CERTIFICATES

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

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

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

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

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

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



## ARTICLE IV

### MEETINGS OF STOCKHOLDERS

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

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

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

SECTION 4. PROXIES. At any meeting of the stockholders, any stockholder of record entitled to vote thereat may be represented and have his shares voted by a proxy or proxies appointed by an instrument in writing executed by the stockholder of record; provided, however, that no such instrument may appoint more than three persons to act as proxies at any such meeting, and if an instrument shall purport to appoint more than three persons to act as proxies the Corporation shall recognize as proxies only the first three persons listed as appointed. In the event that an instrument in writing executed by a stockholder of record shall designate two or three persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such instrument shall be valid except for the purposes expressly stated therein, and shall not be valid after the expiration of three years from the date of its execution, unless the person executing it specifies therein that the proxy shall continue for a longer period. Subject to the above, any written instrument appointing a proxy or proxies and duly executed by a stockholder of record shall, unless otherwise limited by its terms, continue in full force and effect until a written instrument bearing a later date is filed with the Secretary, which instrument by its terms either revokes the earlier appointment or creates a new appointment.

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

ARTICLE V

CORPORATE SEAL

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

ARTICLE VI

AMENDMENTS

Any of these By-Laws may be altered, amended or repealed by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock at any annual or special meeting of the stockholders, if notice of the proposed alteration, amendment or repeal be contained in the notice of the meeting; or any of these By-Laws may be altered, amended or repealed by resolution of the Board approved by at least a majority of the Directors then in office.

CHEVRON CORPORATION - TOTAL ENTERPRISE BASIS  
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
(Dollars in Millions)

	SIX MONTHS ENDED JUNE 30, 1994	1993	1992(1)	1991	1990	1989
Net Income before Cumulative Effect of Changes in Accounting Principles	\$ 645	\$1,265	\$2,210	\$1,293	\$2,157	\$ 251
Income Tax Expense	641	1,389	1,508	1,302	2,387	1,322
Distributions (Less Than) Greater Than Equity in Earnings of Less Than 50% Owned Affiliates	(5)	6	(9)	(20)	(6)	(9)
Minority Interest	-	(2)	2	2	6	3
Previously Capitalized Interest Charged to Earnings During Period	13	20	18	17	15	15
Interest and Debt Expense	201	390	490	585	707	718
Interest Portion of Rentals(2)	74	169	152	153	163	118
EARNINGS BEFORE PROVISION FOR TAXES AND FIXED CHARGES	\$1,569 =====	\$3,237 =====	\$4,371 =====	\$3,332 =====	\$5,429 =====	\$2,418 =====
Interest and Debt Expense	\$ 201	\$ 390	\$ 490	\$ 585	\$ 707	\$ 718
Interest Portion of Rentals(2)	74	169	152	153	163	118
Capitalized Interest	33	60	46	30	24	42
TOTAL FIXED CHARGES	\$ 308 =====	\$ 619 =====	\$ 688 =====	\$ 768 =====	\$ 894 =====	\$ 878 =====
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RATIO OF EARNINGS TO FIXED CHARGES	5.09	5.23	6.35	4.34	6.07	2.75
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(1) The information for 1992 and subsequent periods reflects the company's adoption of the Financial Accounting Standards Board Statements No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" and No. 109, "Accounting for Income Taxes," effective January 1, 1992.

(2) Calculated as one-third of rentals.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S BALANCE SHEET AT JUNE 30, 1994 AND INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THEIR RELATED FOOTNOTES.

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6-MOS

DEC-31-1994

JUN-30-1994

1,203

373

4,290

68

1,922

8,997

45,649

23,818

35,376

11,314

3,877

1,069

0

0

13,119

35,376

16,807

17,088

0

15,906

0

0

156

1,182

537

645

0

0

0

645

.99

.99