

A photograph of a large industrial refinery at night, with numerous towers and structures illuminated by lights, reflected in a body of water in the foreground. The image is framed by a blue border on the left and right sides, and a blue grid overlay on the left side.

Downstream

Mike Wirth

Executive Vice President
Downstream



What We Delivered in 2006

Base Business

- ✓ Record safety
- ✓ Record utilization
- ✓ Record energy efficiency
- ✓ Record earnings - \$4 Billion

Selective Growth

- ✓ Pascagoula FCC expansion
- ✓ South Korea upgrade
- ✓ U.K. Caspian upgrade
- ✓ Refining investment in India

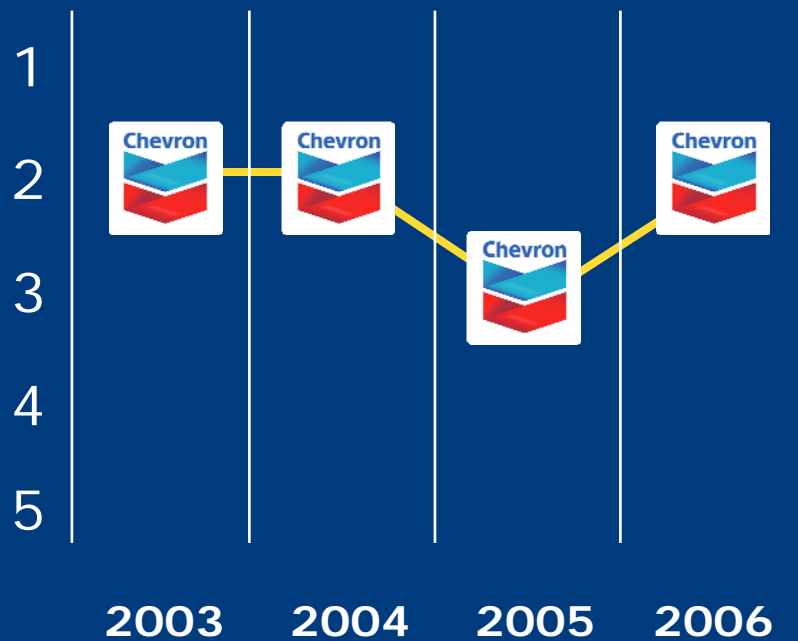




Delivering Competitive ROCE

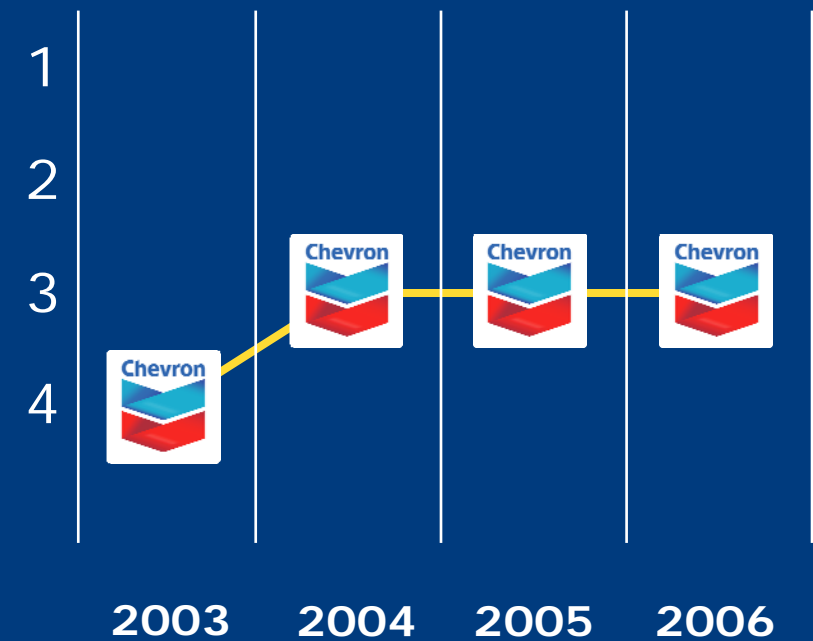
U.S. Downstream ROCE

Rank



Non-U.S. Downstream ROCE

Rank



Competitor Group: XOM, RDS, BP, COP (U.S. only)

Calculated based on CVX estimates and public information handled on a consistent basis. Excludes special items. Reconciliation to non-GAAP earnings measure is available at www.chevron.com under Investors.



Profitable Growth



Effective Execution



Right Strategies





We Have the Right Strategies

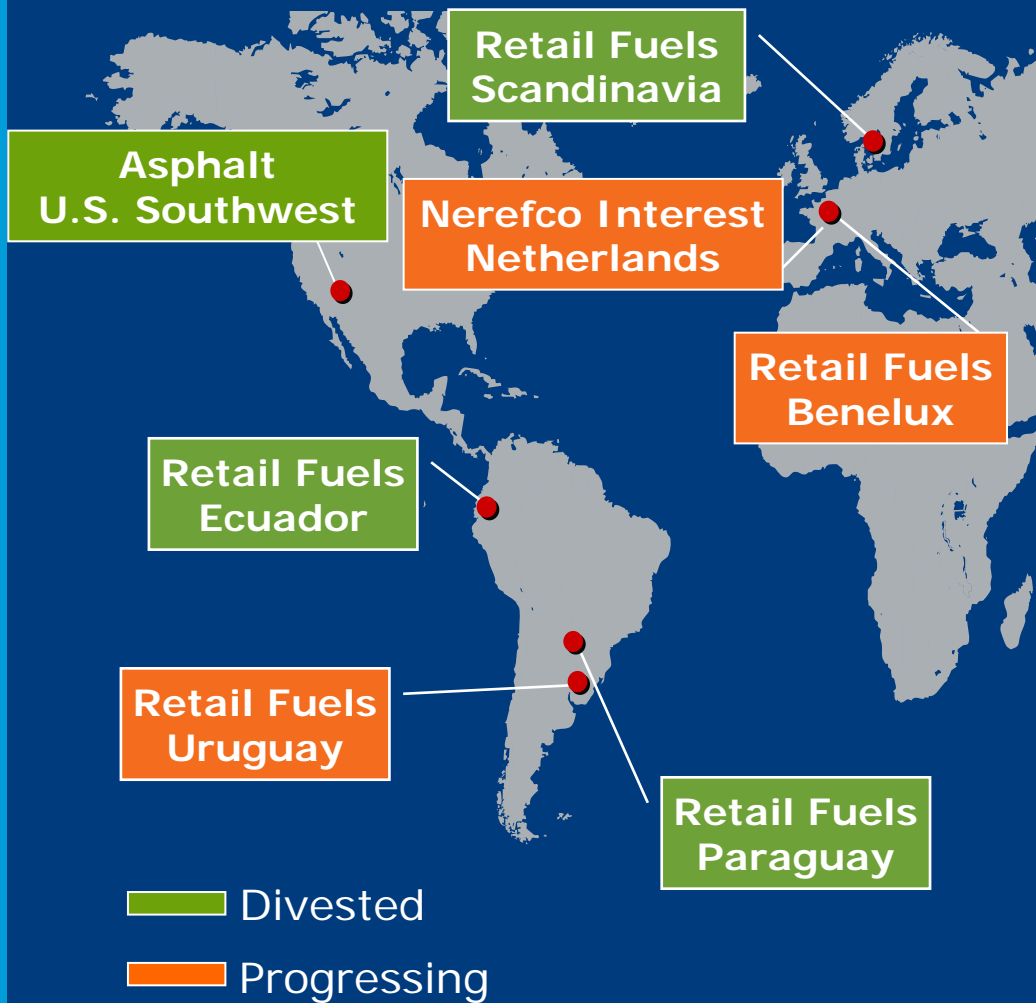
Improve base business returns and selectively grow with a focus on integrated value creation

- Operational excellence in base business
- Disciplined growth in refinery scale/flexibility
- Focused portfolio high-grading

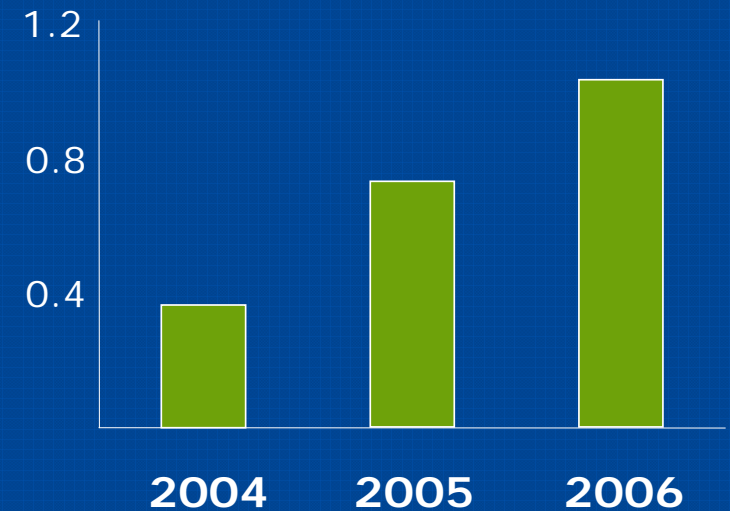




High-Grading Portfolio



Cumulative Proceeds \$ Billions A/T



Strong Focus on Improving Marketing Returns



Standardization

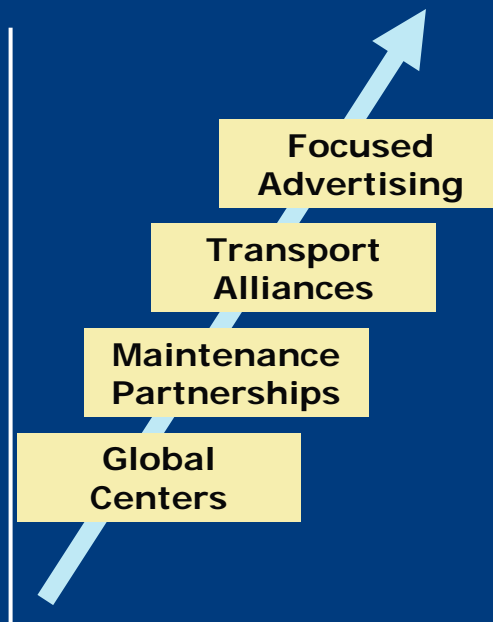
Supply Chain

Premier Brands

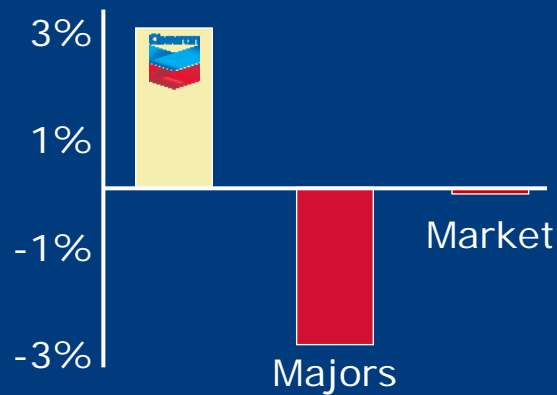
Increasing efficiency

Optimizing product channels

Leveraging top-ranked brands



Gasoline Sales Volume
YTD Oct. (2006 vs. 2005)

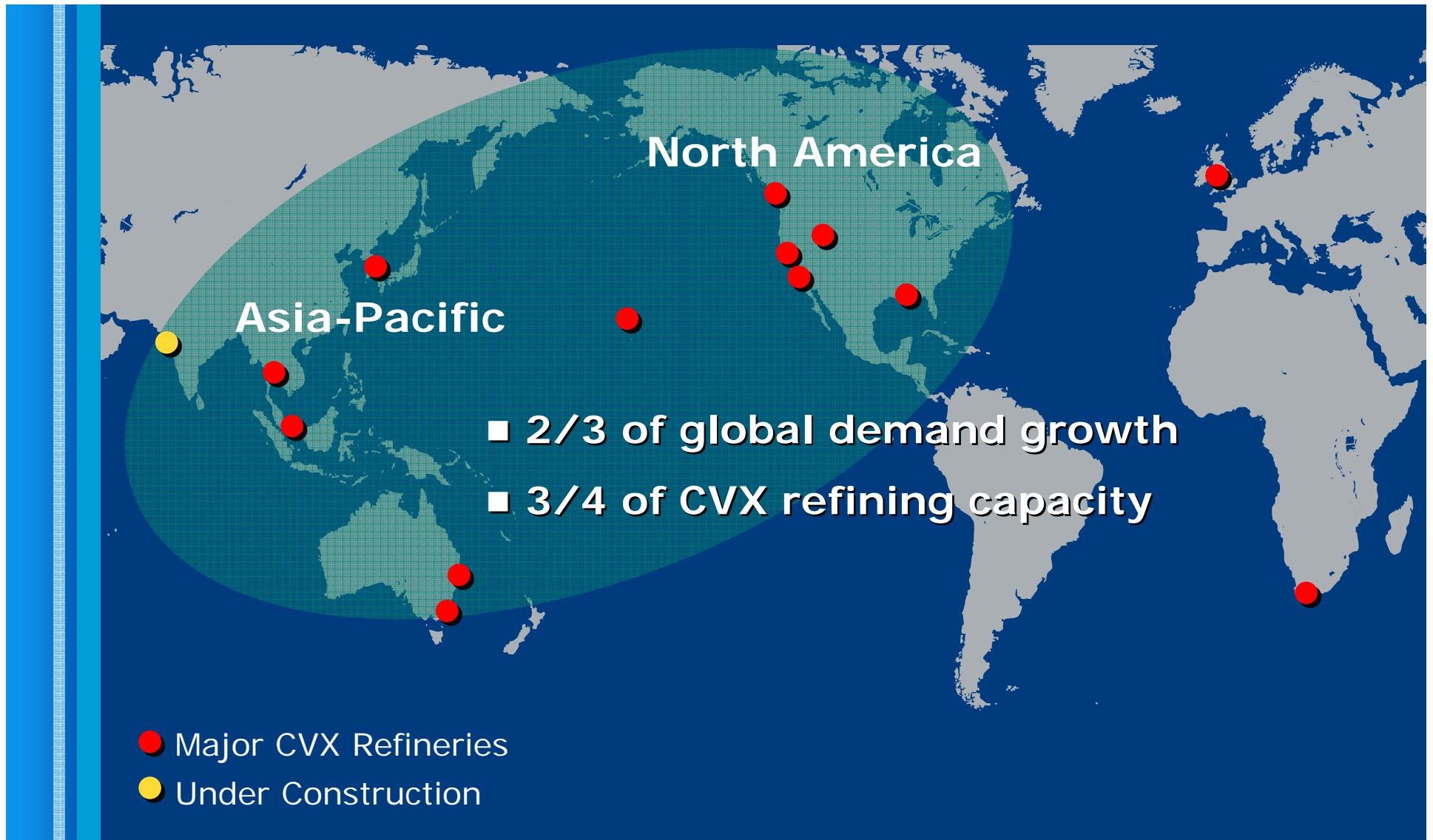


PADD 5 core markets
Source: Lundberg





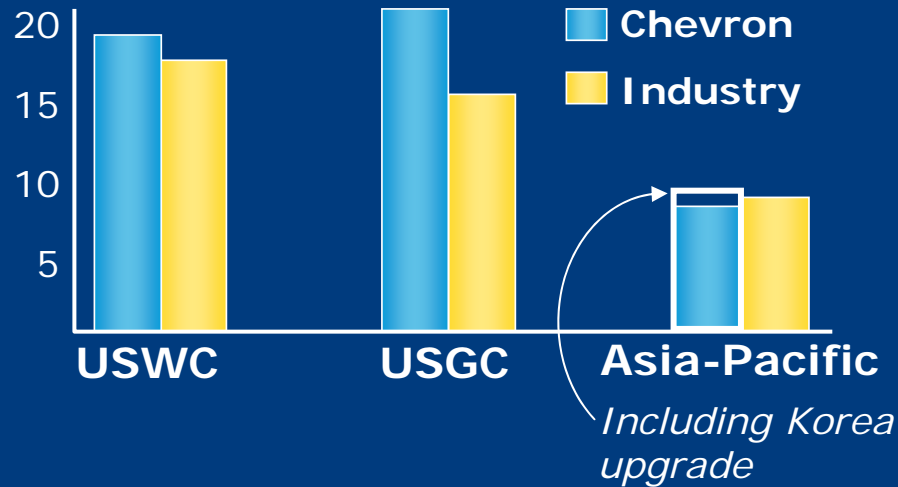
Capitalizing on Demand Growth





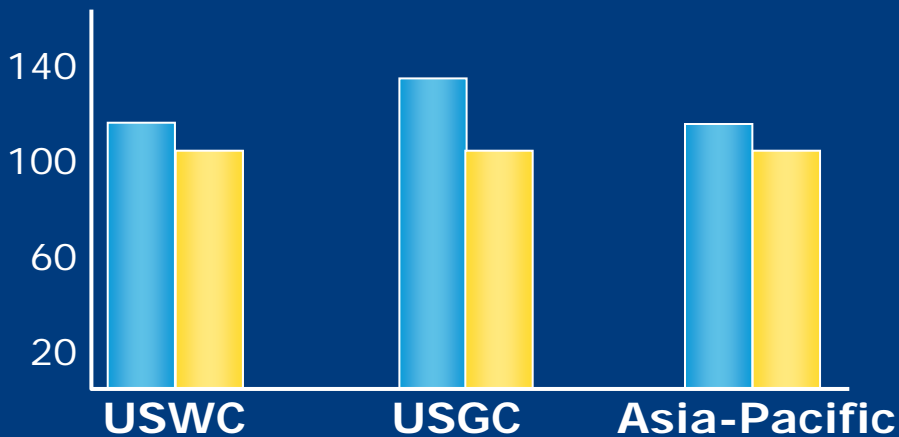
Superior Refining Assets

Solomon Complexity



- Building further advantage in U.S. configuration
- Increasing complexity in Asia

Solomon Net Cash Margin (Indexed)



- Top quartile performer
- Improving through reliability, efficiency and investment



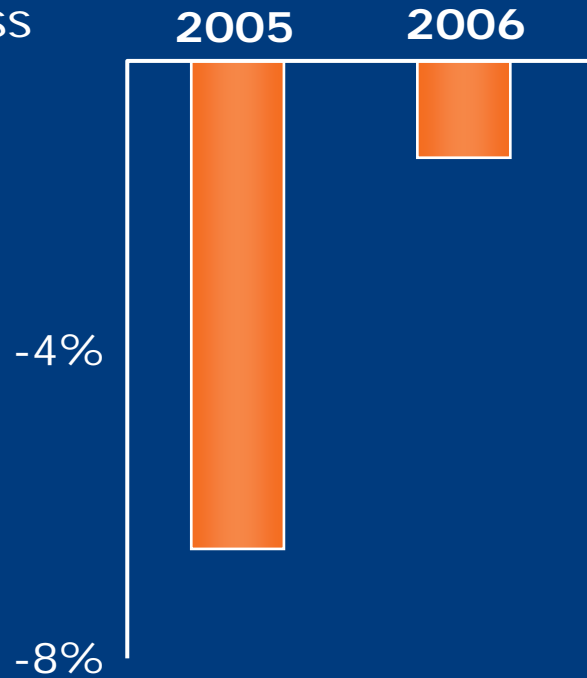
Effective Execution



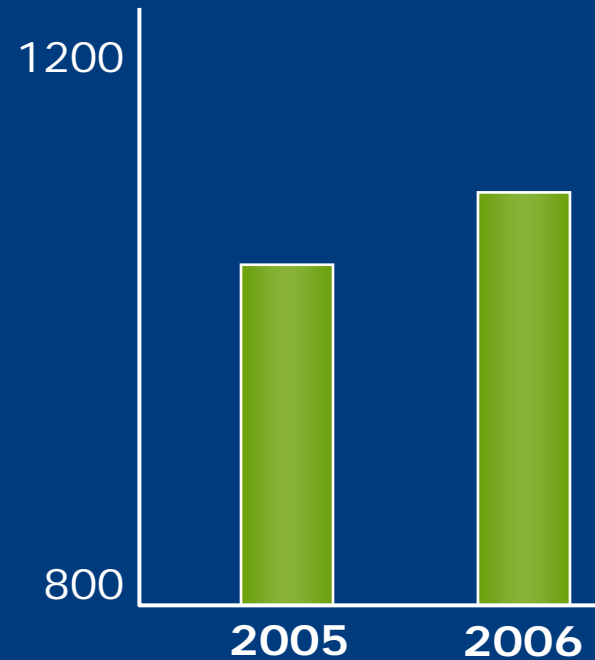


Improved Utilization

Utilization Loss



High-Value Product Volume (MBD)



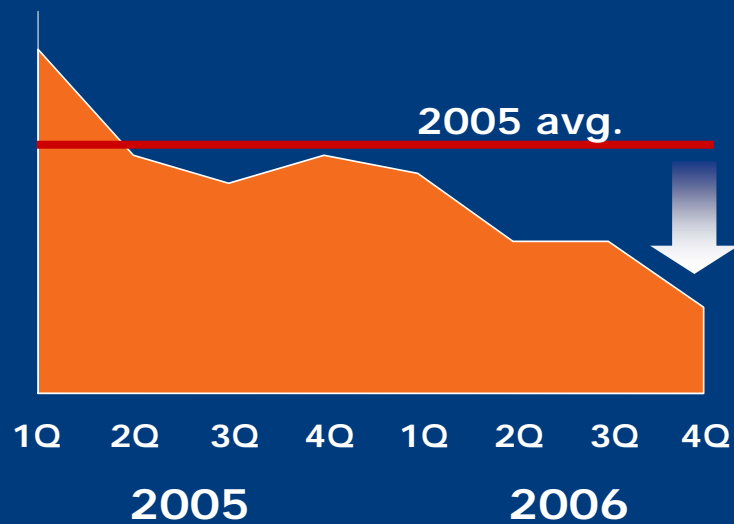
Chevron-Operated Refineries

- Focusing on continual and sustained improvements
- Building “reliability refinery” is a top priority

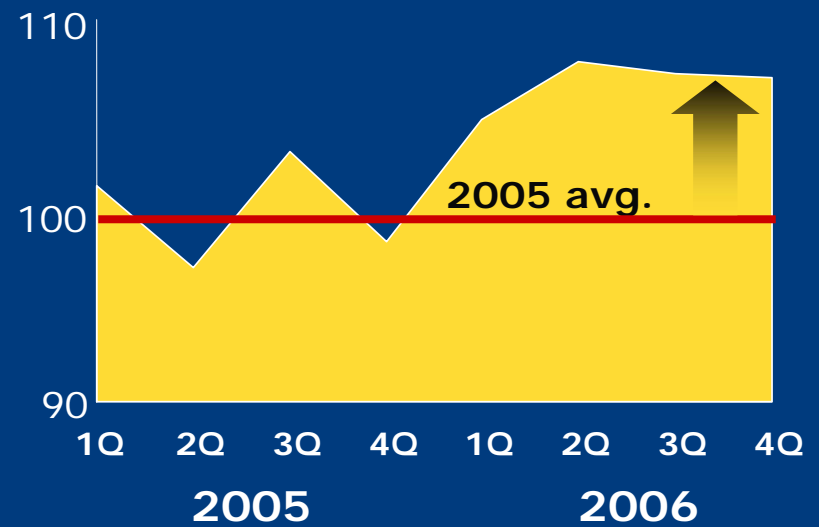


Sustaining High Reliability

Unplanned Unit Outages (Number)



Solomon Utilization (Indexed)



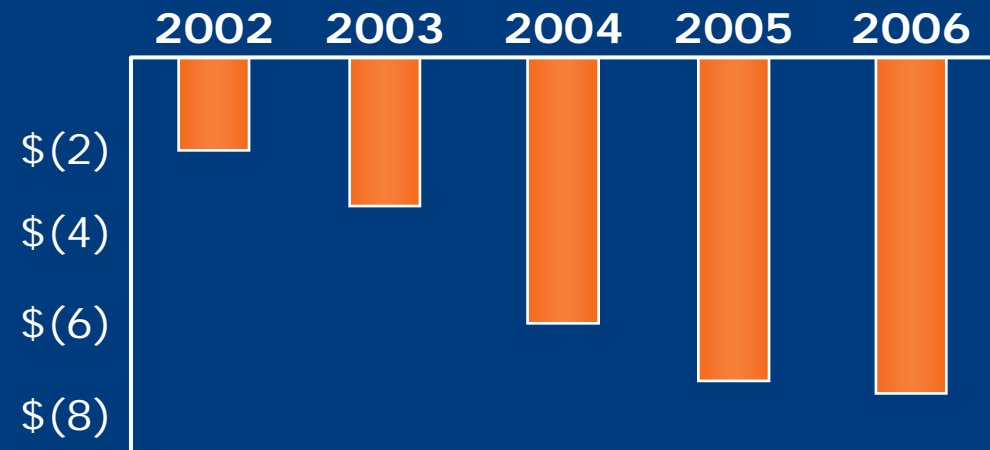
Chevron-Operated Refineries

- Reliability focus driving down incident rate
- 2006 utilization consistently better than 2005



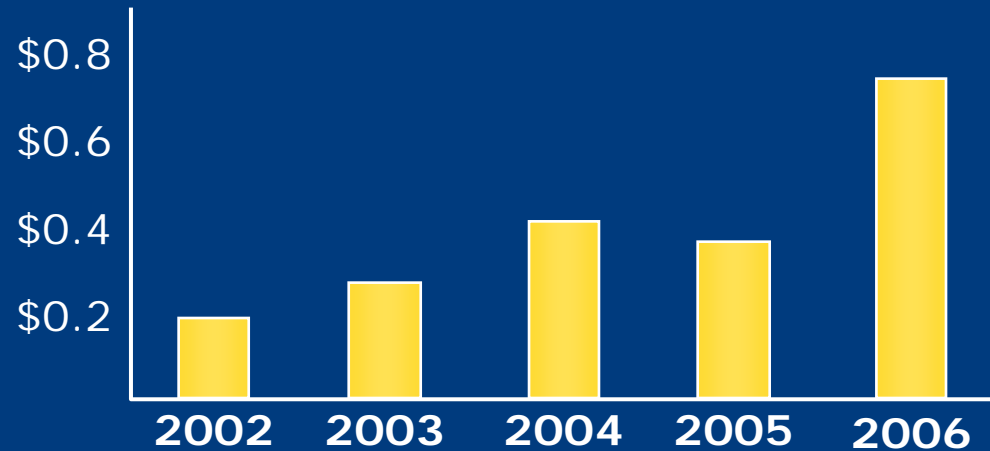
Maximizing Margins Through Optimization

U.S. Crude Costs vs. WTI (\$/bbl)



Lower Feedstock Costs

Asia Margins vs. Benchmarks (\$/bbl)

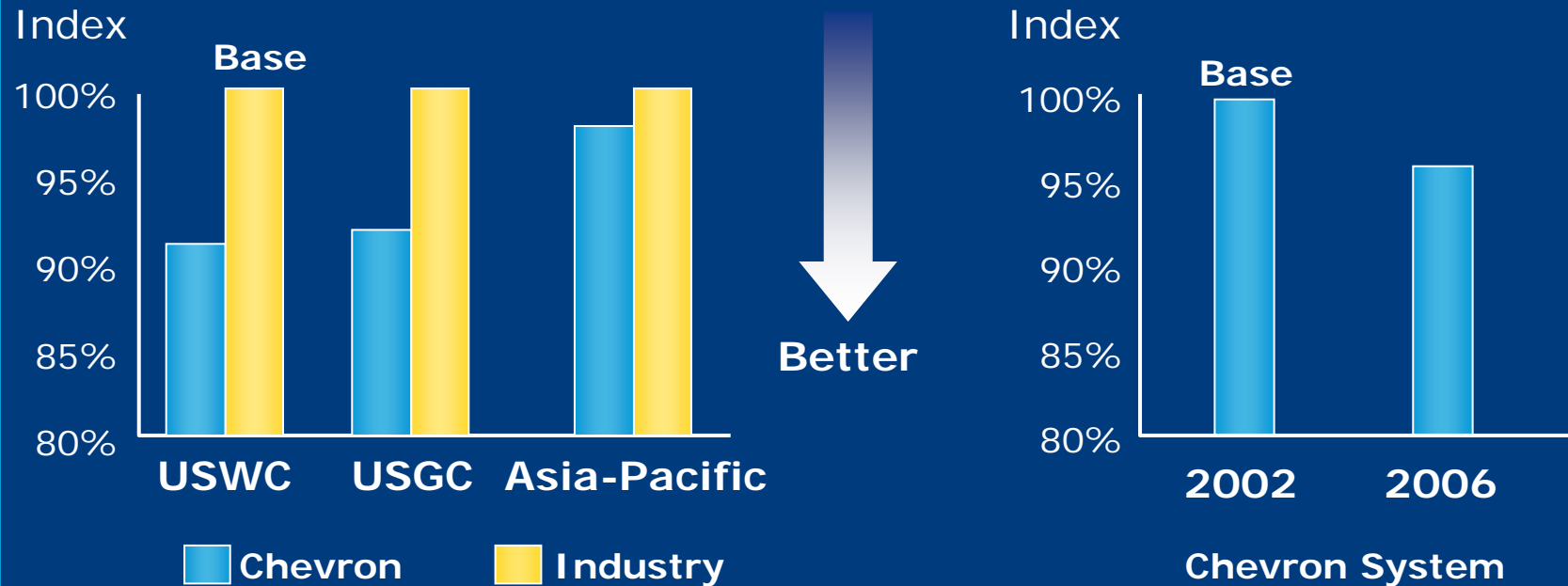


Higher Value Yields



Industry Leader in Energy Efficiency

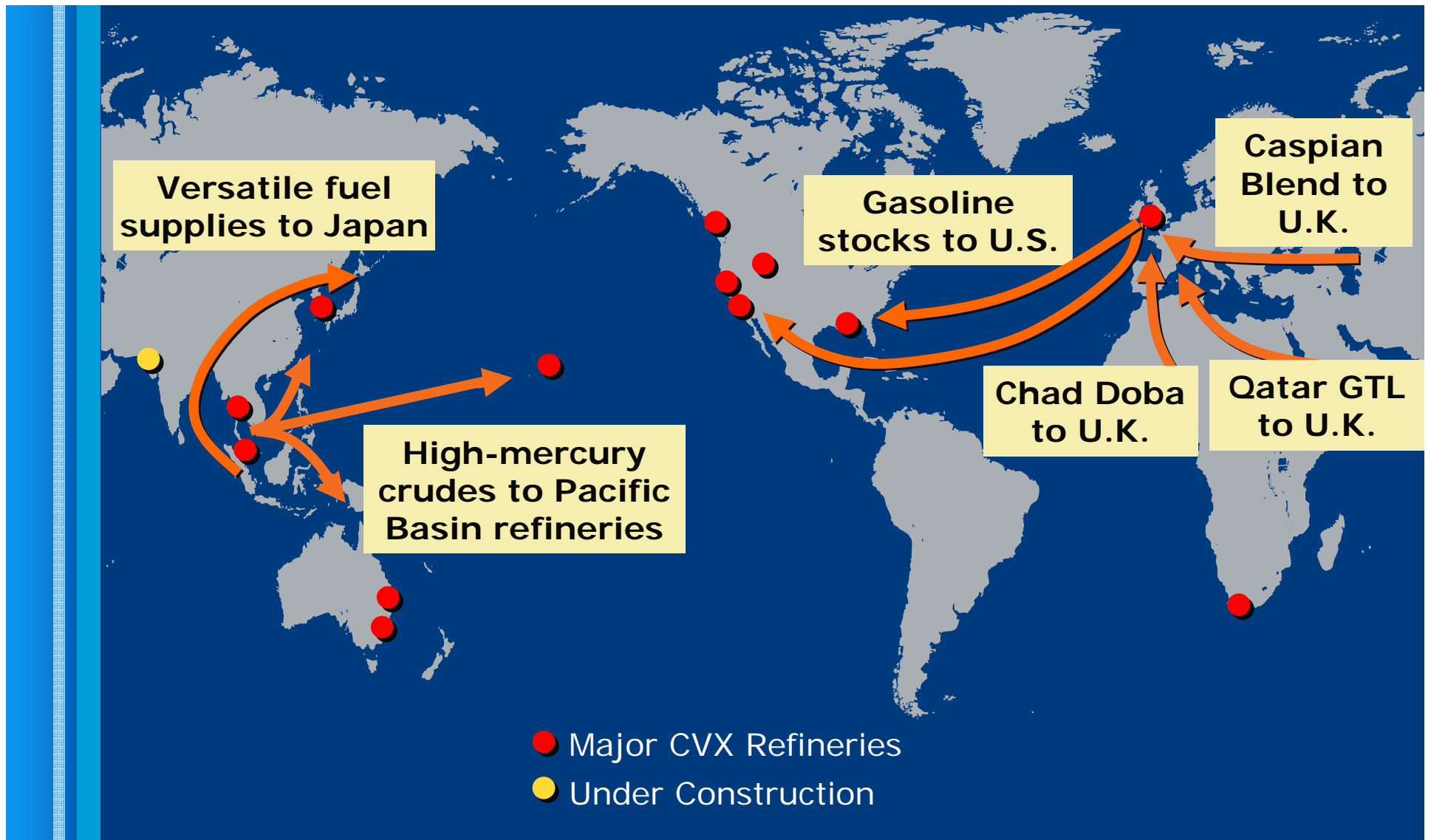
Energy Usage – Refining



- Top quartile U.S. Solomon energy efficiency
- 2006 performance was best ever



Integration Creates Advantage





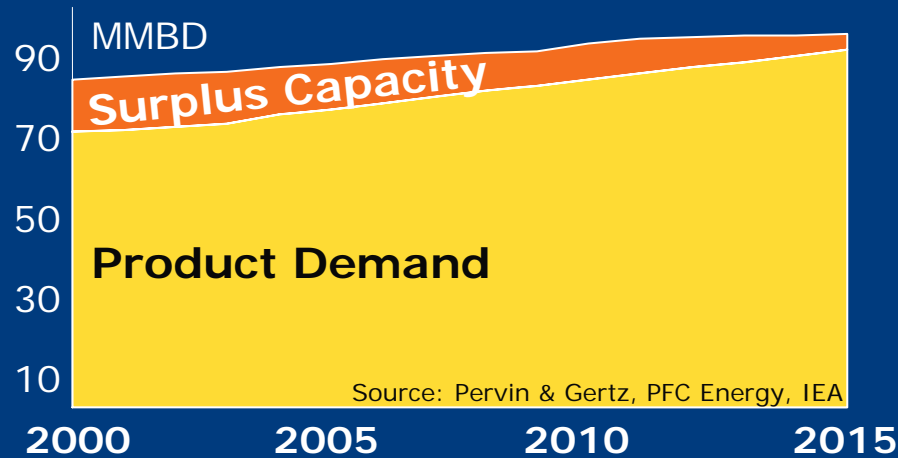
Profitable Growth





Constrained Industry Refining Capacity

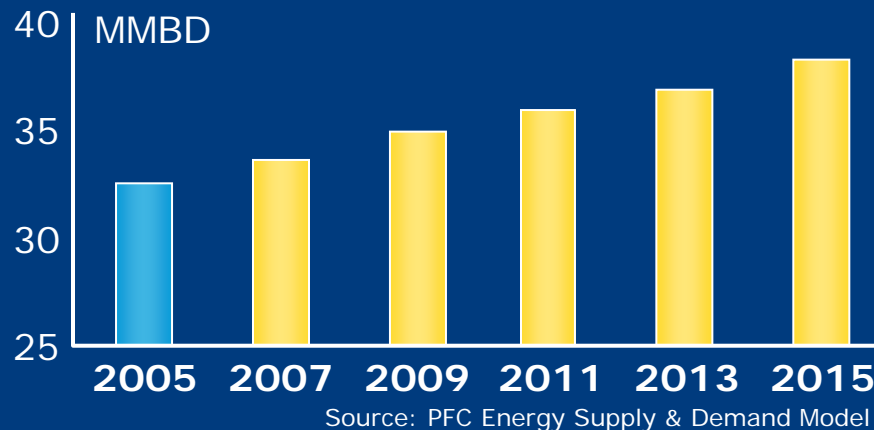
Global Capacity & Product Demand



Response to Constraints Industry

- Significant capacity builds (risked assessment)
- Capacity additions expected to peak in 2010-2011

Road Transportation Fuel Demand



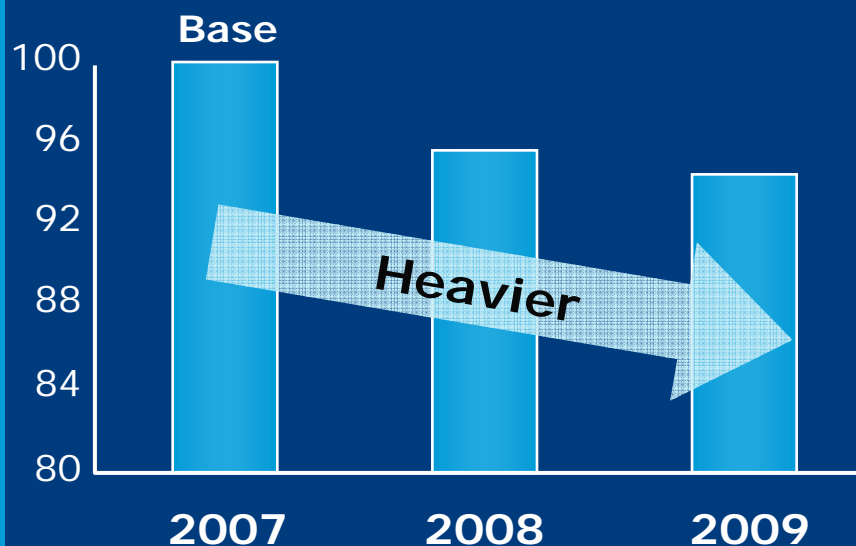
Chevron

- Build "reliability refinery"
- Pursue capacity creep
- Invest to expand margins
- Reliance ahead of peak

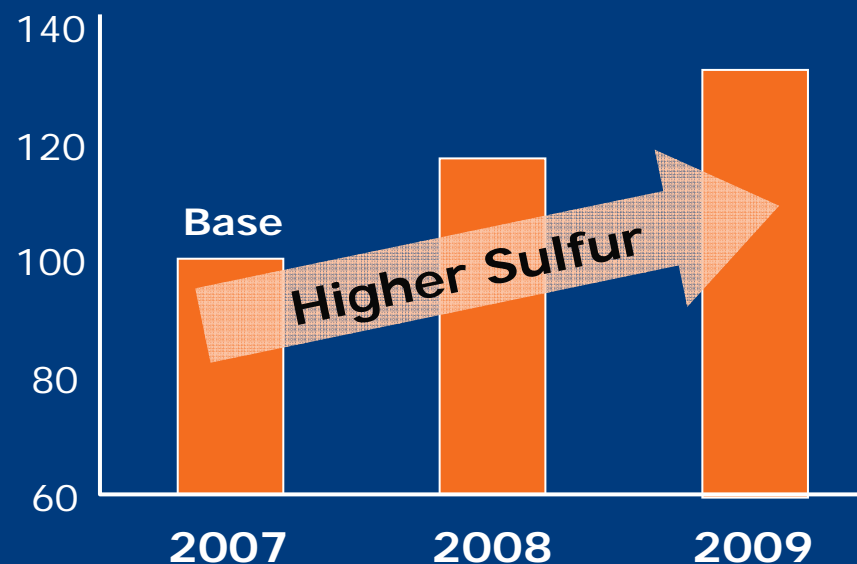


Investing to Further Expand Margins

Average Crude Slate API (Indexed)



Average Crude Slate Sulfur (Indexed)



- 2° API gravity improvement
- 25% increase in %wt sulfur



Larger-Scale Flexible Refining

	Atlantic Basin		U.S. West Coast & Asia-Pacific			
	Pascagoula	Pembroke	El Segundo	Richmond	South Korea	India
2007		Caspian Blend Expansion 1	Heavy Sour		Resid Upgrade 1	
2008	Capacity Expansion FID			Heavy Sour		New Build Online ↓ Opportunity for 29%
2009	CCR		Capacity Expansion	CCR		
2010		Caspian Blend Expansion 2			Resid Upgrade 2	

Flexibility
 Organic Creep
 Acquisition



Focus and Execution Are Key

- High-grading portfolio
- Building “reliability refinery”
- Cost-effective capacity creep
- Expanding flexibility/margins
- Capturing integration value



Our Continued Commitment to Earnings and Returns



Portfolio High-Grading	2007
South Korea Upgrade	2007
U.K. Caspian Upgrade	2007
Improve Utilization by 6%	2008
Pascagoula Expansion FID	2008
Reliance 29% Opportunity	2009

