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 March 31, 2007

or

o **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 *(State or other jurisdiction of incorporation or organization)*	**94-0890210** *(I.R.S. Employer Identification Number)*
6001 Bollinger Canyon Road, San Ramon, California *(Address of principal executive offices)*	**94583-2324** *(Zip Code)*

Registrant's telephone number, including area code: (925) 842-1000

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Act. (Check one):

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

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

Class	Outstanding as of March 31, 2007
Common stock, $.75 par value	2,149,237,026

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

This quarterly report on Form 10-Q of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates," "budgets" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are crude oil and natural gas prices; refining margins and marketing margins; chemicals prices and competitive conditions affecting supply and demand for aromatics, olefins and additives products; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather or crude-oil production quotas that might be imposed by OPEC (Organization of Petroleum Exporting Countries); the potential liability for remedial actions under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental statutes, regulations and litigation; the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; government-mandated sales, divestitures, recapitalizations, changes in fiscal terms or restrictions on scope of company operations; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" on pages 31 and 32 of the company's 2006 Annual Report on Form 10-K. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

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PART I.

FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended March 31 2007	Three Months Ended March 31 2006
	(Millions of dollars, except per-share amounts)	
Revenues and Other Income		
Sales and other operating revenues (1)(2)	**$ 46,302**	$ 53,524
Income from equity affiliates	**937**	983
Other income	**988**	117
Total Revenues and Other Income	**48,227**	54,624
Costs and Other Deductions		
Purchased crude oil and products (2)	**28,127**	35,670
Operating expenses	**3,613**	3,047
Selling, general and administrative expenses	**1,131**	1,255
Exploration expenses	**306**	268
Depreciation, depletion and amortization	**1,963**	1,788
Taxes other than on income (1)	**5,425**	4,794
Interest and debt expense	**74**	134
Minority interests	**28**	26
Total Costs and Other Deductions	**40,667**	46,982
Income Before Income Tax Expense	**7,560**	7,642
Income Tax Expense	**2,845**	3,646
Net Income	**$ 4,715**	$ 3,996
Per Share of Common Stock:		
Net Income		
— Basic	**$ 2.20**	$ 1.81
— Diluted	**$ 2.18**	$ 1.80
Dividends	**$ 0.52**	$ 0.45
Weighted Average Number of Shares Outstanding (000s)		
— Basic	**2,145,518**	2,213,980
— Diluted	**2,157,879**	2,223,843

(1) Includes excise, value-added and similar taxes:	**$ 2,414**	$ 2,115
(2) Includes amounts in revenues for buy/sell contracts; associated costs are in "Purchased crude oil and products." Refer to Note 9 on page 17	**$ —**	$ 6,725

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Net Income	**$ 4,715**	$ 3,996
Currency translation adjustment	**(4)**	28
Unrealized holding gain (loss) on securities	**11**	8
Derivatives:		
Net derivatives gain on hedge transactions	**7**	24
Reclassification to net income of net realized loss	**13**	37
Income taxes on derivatives transactions	**(5)**	(19)
Total	**15**	42
Defined benefit plans:		
Minimum pension liability adjustment	**—**	(1)
Actuarial loss:		
Amortization to net income of net actuarial loss	**93**	—
Prior service cost:		
Amortization to net income of net prior service credits	**(4)**	—
Income taxes on defined benefit plans	**(36)**	—
Total	**53**	(1)
Other Comprehensive Gain, Net of Tax	**75**	77
Comprehensive Income	**$ 4,790**	$ 4,073

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Unaudited)

	At March 31 2007	At December 31 2006
	(Millions of dollars, except per-share amounts)	
ASSETS		
Cash and cash equivalents	**$ 11,800**	$ 10,493
Marketable securities	**903**	953
Accounts and notes receivable, net	**17,465**	17,628
Inventories:		
Crude oil and petroleum products	**3,570**	3,586
Chemicals	**287**	258
Materials, supplies and other	**815**	812
Total inventories	**4,672**	4,656
Prepaid expenses and other current assets	**3,157**	2,574
Total Current Assets	**37,997**	36,304
Long-term receivables, net	**2,237**	2,203
Investments and advances	**19,064**	18,552
Properties, plant and equipment, at cost	**140,389**	137,747
Less: accumulated depreciation, depletion and amortization	**70,492**	68,889
Properties, plant and equipment, net	**69,897**	68,858
Deferred charges and other assets	**2,120**	2,088
Goodwill	**4,691**	4,623
Total Assets	**$ 136,006**	$ 132,628
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	**$ 3,817**	$ 2,159
Accounts payable	**16,572**	16,675
Accrued liabilities	**4,042**	4,546
Federal and other taxes on income	**3,457**	3,626
Other taxes payable	**1,614**	1,403
Total Current Liabilities	**29,502**	28,409
Long-term debt	**5,691**	7,405
Capital lease obligations	**440**	274
Deferred credits and other noncurrent obligations	**12,313**	11,000
Noncurrent deferred income taxes	**11,638**	11,647
Reserves for employee benefit plans	**4,748**	4,749
Minority interests	**214**	209
Total Liabilities	**64,546**	63,693
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	**—**	—
Common stock (authorized 4,000,000,000 shares, $.75 par value, 2,442,676,580 shares issued at March 31, 2007, and December 31, 2006)	**1,832**	1,832
Capital in excess of par value	**14,162**	14,126
Retained earnings	**72,030**	68,464
Notes receivable — key employees	**(1)**	(2)
Accumulated other comprehensive loss	**(2,561)**	(2,636)
Deferred compensation and benefit plan trust	**(454)**	(454)
Treasury stock, at cost (293,439,554 and 278,118,341 shares at March 31, 2007, and December 31, 2006, respectively)	**(13,548)**	(12,395)
Total Stockholders' Equity	**71,460**	68,935
Total Liabilities and Stockholders' Equity	**$ 136,006**	$ 132,628

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
Operating Activities		
Net income	**$ 4,715**	$ 3,996
Adjustments		
Depreciation, depletion and amortization	**1,963**	1,788
Dry hole expense	**157**	99
Distributions less than income from equity affiliates	**(284)**	(48)
Net before-tax (gains) losses on asset retirements and sales	**(817)**	40
Net foreign currency effects	**22**	115
Deferred income tax provision	**(38)**	344
Net decrease (increase) in operating working capital	**12**	(332)
Minority interest in net income	**28**	26
Increase in long-term receivables	**(25)**	(92)
(Increase) decrease in other deferred charges	**(113)**	112
Cash contributions to employee pension plans	**(110)**	(104)
Other	**180**	(174)
Net Cash Provided by Operating Activities	**5,690**	5,770
Investing Activities		
Capital expenditures	**(3,260)**	(2,567)
Proceeds from asset sales	**1,164**	54
Net sales of marketable securities	**51**	33
Repayment of loans by equity affiliates	**—**	12
Net Cash Used for Investing Activities	**(2,045)**	(2,468)
Financing Activities		
Net borrowings (payments) of short-term obligations	**87**	(507)
Repayments of long-term debt and other financing obligations	**(156)**	(219)
Cash dividends	**(1,117)**	(996)
Dividends paid to minority interests	**(23)**	(13)
Net purchases of treasury shares	**(1,147)**	(956)
Net Cash Used For Financing Activities	**(2,356)**	(2,691)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**18**	49
Net Change in Cash and Cash Equivalents	**1,307**	660
Cash and Cash Equivalents at January 1	**10,493**	10,043
Cash and Cash Equivalents at March 31	**$ 11,800**	$ 10,703

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. 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.

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 2006 Annual Report on Form 10-K.

The results for the three-month period ended March 31, 2007 are not necessarily indicative of future financial results.

During the first quarter 2007, the company sold its interest in refining and related assets in the Netherlands. The first quarter 2007 earnings included a $700 million gain on the sale.

On April 2, 2007, the company's Dynegy Inc. (Dynegy) affiliate and LS Power Group, a privately held power-plant investor, developer and manager, combined their operating assets and established a development joint venture. Upon close of the transaction, Chevron received the same number of shares of the new company's Class A common stock that it previously held in the predecessor company. Chevron's ownership interest in the combined company was reduced to approximately 12 percent. At that time, Chevron ceased its representation on Dynegy's Board of Directors and converted its basis of accounting for the investment from the equity method to the cost method.

Note 2. Information Relating to the Statement of Cash Flows

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

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
Decrease (increase) in accounts and notes receivable	**$ 197**	$ (330)
(Increase) in inventories	**(112)**	(108)
(Increase) decrease in prepaid expenses and other current assets	**(307)**	60
(Decrease) in accounts payable and accrued liabilities	**(656)**	(850)
Increase in income and other taxes payable	**890**	896
Net decrease (increase) in operating working capital	**$ 12**	$ (332)

In accordance with the cash-flow classification requirements of FAS 123R, *Share-Based Payment*, the "Net decrease (increase) in operating working capital" includes reductions of $20 million and $3 million for excess income tax benefits associated with stock options exercised during the first quarter for 2007 and 2006, respectively. These amounts are offset by "Net purchases of treasury shares."

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

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
Interest on debt (net of capitalized interest)	**$ 103**	$ 164
Income taxes	**2,126**	2,428

The “Net sales of marketable securities” consisted of the following gross amounts:

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Marketable securities purchased	**$ (377)**	$ (180)
Marketable securities sold	**428**	213
Net sales of marketable securities	**$ 51**	$ 33

The “Net purchases of treasury shares” represents the cost of common shares acquired in the open market less the cost of shares issued for share-based compensation plans. Net purchases totaled $1.1 billion and $1 billion in the 2007 and 2006 periods, respectively. Purchases in the 2007 first quarter were under the company’s stock repurchase program initiated in December 2006. The 2006 purchases related to a program that began in December 2005 and was completed in November 2006.

The major components of “Capital expenditures” and the reconciliation of this amount to the capital and exploratory expenditures, including equity affiliates, presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are presented in the following table:

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Additions to properties, plant and equipment	**$ 2,948**	$ 2,329
Additions to investments	**217**	211
Current year dry hole expenditures	**127**	59
Payments for other liabilities and assets, net	**(32)**	(32)
Capital expenditures	**3,260**	2,567
Other exploration expenditures	**149**	169
Assets acquired through capital lease obligations	**172**	1
Capital and exploratory expenditures, excluding equity affiliates	**3,581**	2,737
Share of expenditures by equity affiliates	**474**	311
Capital and exploratory expenditures, including equity affiliates	**$ 4,055**	$ 3,048

Note 3. Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. For this purpose, the investments are grouped as follows: upstream – exploration and production; downstream – refining, marketing and transportation; chemicals; and all other. The first three of these groupings represent the company’s “reportable segments” and “operating segments” as defined in Financial Accounting Standards Board (FASB) Statement No. 131, *Disclosures about Segments of an Enterprise and Related Information* (FAS 131).

The segments are separately managed for investment purposes under a structure that includes “segment managers” who report to the company’s “chief operating decision maker” (CODM) (terms as defined in FAS 131). The CODM is the company’s Executive Committee, a committee of senior officers that includes the Chief Executive Officer, and that in turn reports to the Board of Directors of Chevron Corporation.

The operating segments represent components of the company as described in FAS 131 terms that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly

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reviewed by the CODM, which makes decisions about resources to be allocated to the segments and to assess their performance; and (c) for which discrete financial information is available.

Segment managers for the reportable segments are directly accountable to and maintain regular contact with the company's CODM to discuss the segment's operating activities and financial performance. The CODM approves annual capital and exploratory budgets at the reportable segment level, as well as reviews capital and exploratory funding for major projects and approves major changes to the annual capital and exploratory budgets. However, business-unit managers within the operating segments are directly responsible for decisions relating to project implementation and all other matters connected with daily operations. Company officers who are members of the Executive Committee also have individual management responsibilities and participate in other committees for purposes other than acting as the CODM.

"All Other" activities include the company's interest in Dynegy, mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies.

The company's primary country of operation is the United States of America, its country of domicile. Other components of the company's operations are reported as "International" (outside the United States).

Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." Income by operating segment for the three-month periods ended March 31, 2007 and 2006, is presented in the following table:

Segment Income

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
Upstream		
United States	**$ 796**	$ 1,214
International	**2,111**	2,244
Total Upstream	**2,907**	3,458
Downstream		
United States	**350**	210
International	**1,273**	370
Total Downstream	**1,623**	580
Chemicals		
United States	**79**	134
International	**41**	19
Total Chemicals	**120**	153
Total Segment Income	**4,650**	4,191
All Other		
Interest Expense	**(48)**	(93)
Interest Income	**98**	82
Other	**15**	(184)
Net Income	**$ 4,715**	$ 3,996

Segment Assets Segment assets do not include intercompany investments or intercompany receivables. Segment assets at March 31, 2007, and December 31, 2006, are as follows:

Segment Assets

	At March 31 2007	At December 31 2006
	(Millions of dollars)	
Upstream		
United States	**$ 20,946**	$ 20,727
International	**52,829**	51,844
Goodwill	**4,691**	4,623
Total Upstream	**78,466**	77,194
Downstream		
United States	**14,081**	13,482
International	**22,651**	22,892
Total Downstream	**36,732**	36,374
Chemicals		
United States	**2,510**	2,568
International	**841**	832
Total Chemicals	**3,351**	3,400
Total Segment Assets	**118,549**	116,968
All Other		
United States	**7,806**	8,481
International	**9,651**	7,179
Total All Other	**17,457**	15,660
Total Assets — United States	**45,343**	45,258
Total Assets — International	**85,972**	82,747
Goodwill	**4,691**	4,623
Total Assets	**$ 136,006**	$ 132,628

Segment Sales and Other Operating Revenues Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products such as gasoline, jet fuel, gas oils, kerosene, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the transportation and trading of crude oil and refined products. Revenues for the chemicals segment are derived primarily from the manufacture and sale of additives for lubricants and fuels. “All Other” activities include revenues from mining operations of coal and other minerals, power generation businesses, insurance operations, real estate activities, alternative fuels and technology companies.

Operating-segment sales and other operating revenues, including internal transfers, for the three-month periods ended March 31, 2007 and 2006, are presented in the following table. Products are transferred between operating segments at internal product values that approximate market prices.

Sales and Other Operating Revenues

	Three Months Ended March 31 2007	Three Months Ended March 31 2006
	(Millions of dollars)	
Upstream		
United States	**$ 7,022**	$ 7,378
International	**7,378**	7,417
Sub-total	**14,400**	14,795
Intersegment elimination — United States	**(2,287)**	(2,283)
Intersegment elimination — International	**(3,842)**	(3,900)
Total Upstream	**8,271**	8,612
Downstream		
United States	**15,703**	20,755
International	**21,947**	23,926
Sub-total	**37,650**	44,681
Intersegment elimination — United States	**(134)**	(175)
Intersegment elimination — International	**(6)**	(40)
Total Downstream	**37,510**	44,466
Chemicals		
United States	**151**	145
International	**311**	247
Sub-total	**462**	392
Intersegment elimination — United States	**(52)**	(55)
Intersegment elimination — International	**(42)**	(38)
Total Chemicals	**368**	299
All Other		
United States	**271**	258
International	**17**	13
Sub-total	**288**	271
Intersegment elimination — United States	**(131)**	(120)
Intersegment elimination — International	**(4)**	(4)
Total All Other	**153**	147
Sales and Other Operating Revenues		
United States	**23,147**	28,536
International	**29,653**	31,603
Sub-total	**52,800**	60,139
Intersegment elimination — United States	**(2,604)**	(2,633)
Intersegment elimination — International	**(3,894)**	(3,982)
Total Sales and Other Operating Revenues*	**$ 46,302**	$ 53,524

* Includes buy/sell contracts of $6,725 in the 2006 period. Substantially all of the amount relates to the downstream segment. Refer to Note 9 on page 17 for a discussion on the company's accounting for buy/sell contracts.

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Note 4. Summarized Financial Data — Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron's U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with refining, marketing, supply and distribution of products derived from petroleum, other than natural gas liquids, excluding most of the regulated pipeline operations of Chevron. CUSA also holds Chevron's investments in the Chevron Phillips Chemical Company LLC (CPChem) joint venture and Dynegy, which are accounted for using the equity method.

During the first quarter 2007, Chevron implemented a legal reorganization in which certain Chevron subsidiaries transferred assets to or under CUSA. The summarized financial information for CUSA and its consolidated subsidiaries presented in the table below gives retroactive effect to the reorganization as if it had occurred on January 1, 2006. However, the financial information below may not reflect the financial position and operating results in the future or the historical results in the period presented if the reorganization actually had occurred on January 1, 2006.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Sales and other operating revenues	**$ 32,589**	$ 38,552
Costs and other deductions	**31,138**	36,813
Net income	**1,161**	1,411

	At March 31 2007	At December 31 2006
	(Millions of dollars)	
Current assets	**$ 25,713**	$ 26,588
Other assets	**23,910**	23,440
Current liabilities	**14,971**	17,424
Other liabilities	**10,014**	8,997
Net equity	**$ 24,638**	$ 23,607
Memo: Total debt	**$ 3,659**	$ 3,465

Note 5. Summarized Financial Data — Chevron Transport Corporation

Chevron Transport Corporation Limited (CTC), incorporated in Bermuda, is an indirect, wholly owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived by providing transportation services to other Chevron companies. Chevron Corporation has guaranteed this subsidiary's obligations in connection with certain debt securities issued by a third party. Summarized financial information for CTC and its consolidated subsidiaries is presented as follows:

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Sales and other operating revenues	**$ 157**	$ 179
Costs and other deductions	**154**	138
Net income	**6**	24

	At March 31 2007	At December 31 2006
	(Millions of dollars)	
Current assets	**$ 401**	$ 413
Other assets	**347**	345
Current liabilities	**91**	92
Other liabilities	**235**	250
Net equity	**$ 422**	$ 416

There were no restrictions on CTC's ability to pay dividends or make loans or advances at March 31, 2007.

Note 6. Income Taxes

Effective January 1, 2007, the company implemented Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for income tax benefits that are uncertain in nature. This interpretation was intended by the standard-setters to address the diversity in practice that exists in this area of accounting for income taxes.

Under FIN 48, a company recognizes a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" in FIN 48 refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The accounting interpretation also provides guidance on measurement methodology, derecognition thresholds, financial statement classification and disclosures, recognition of interest and penalties, and accounting for the cumulative-effect adjustment at the date of adoption. Upon adoption of FIN 48 on January 1, 2007, the company recorded a cumulative-effect adjustment that reduced retained earnings by $34 million.

Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for prior tax years had not been completed as of January 1, 2007. In this regard, examinations had not been finalized for years beginning after 2001 for the company's U.S. federal income taxes. For other major tax jurisdictions, the earliest years for which income tax examinations had not been finalized were as follows: Nigeria – 1995, Angola – 2002, and Saudi Arabia — 2004. In these and other tax jurisdictions, the company may make refund claims for years that have had examinations completed. As a result of these refund claims, the audited tax years may be subject to reexamination by the taxing authorities.

The company's total amount of unrecognized tax benefits for numerous issues and all tax jurisdictions at January 1, 2007, was approximately $2.3 billion. The term "unrecognized tax benefits" in FIN 48 refers to the differences between a tax position taken or expected to be taken in a tax return and the benefit measured and recognized in the financial statements in accordance with the guidelines of FIN 48. Interest and penalties are not included. Although unrecognized tax benefits for individual tax positions may increase or decrease during 2007, the company believed none had a reasonable possibility of significantly increasing or decreasing the total amount of unrecognized tax benefits during 2007 or for the period one year after March 31, 2007. Substantially all of the estimated $2.3 billion of unrecognized tax benefits at January 1, 2007, would have an impact on the overall tax rate if subsequently recognized.

On the Consolidated Statement of Income, the company reports interest and penalties related to liabilities for uncertain tax positions as "Income tax expense." As of January 1, 2007, accruals of approximately $130 million for anticipated interest and penalty obligations were included on the Consolidated Balance Sheet. For the first quarter of 2007, income tax expense associated with interest and penalties was not material.

In March 2007, the company received a final U.S. federal income tax audit report for Chevron Corporation years 2002 and 2003. The impact of the report on the total amount of unrecognized tax benefits as of March 31, 2007, was not significant.

Taxes on income for the first quarter 2007 were $2.8 billion, compared with $3.6 billion for the comparable period in 2006. The associated effective tax rates were 38 percent and 48 percent, respectively. The primary reason for the lower rate in 2007 was the impact of nonrecurring items, which included a relatively low effective tax rate on the sale of the refining-related assets in the Netherlands and favorable adjustments to taxes from prior periods that resulted from the completion of audits by certain tax authorities.

Note 7. Employee Benefits

The company has defined benefit pension plans for many employees. The company typically pre-funds defined-benefit plans as required by local regulations or in certain situations where pre-funding provides economic advantages. In the United States, this includes all qualified plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) minimum funding standard. The company does not typically fund domestic nonqualified pension plans that are not subject to funding requirements under applicable laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company's other investment alternatives.

The company also sponsors other postretirement plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and the retirees share the costs. Medical coverage for Medicare-eligible retirees in the company's main U.S. medical plan is secondary to Medicare (including Part D) and the increase to the company contribution for retiree medical coverage is limited to no more than 4 percent each year. Certain life insurance benefits are paid by the company and annual contributions are based on actual plan experience.

The components of net periodic benefit costs for the first quarters of 2007 and 2006 were:

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Pension Benefits		
United States		
Service cost	**$ 65**	$ 58
Interest cost	**121**	113
Expected return on plan assets	**(144)**	(136)
Amortization of prior-service costs	**12**	12
Amortization of actuarial losses	**32**	46
Settlement losses	**20**	17
Total United States	**106**	110
International		
Service cost	**30**	25
Interest cost	**61**	53
Expected return on plan assets	**(63)**	(53)
Amortization of prior-service costs	**4**	3
Amortization of actuarial losses	**20**	16
Total International	**52**	44
Net Periodic Pension Benefit Costs	**$ 158**	$ 154
Other Benefits*		
Service cost	**$ 8**	$ 10
Interest cost	**45**	44
Amortization of prior-service credits	**(20)**	(23)
Amortization of actuarial losses	**21**	27
Net Periodic Other Benefit Costs	**$ 54**	$ 58

* Includes costs for U.S. and international other postretirement benefit plans. Obligations for plans outside the U.S. are not significant relative to the company's total other postretirement benefit obligation.

At the end of 2006, the company estimated it would contribute $500 million to employee pension plans during 2007 (composed of $300 million for the U.S. plans and $200 million for the international plans). Through March 31, 2007, a total of $110 million was contributed (including $56 million to the U.S. plans). Total estimated contributions for the full year continue to be $500 million, but the company may contribute an amount that differs from this estimate. Actual contribution amounts are dependent upon investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

During the first quarter 2007, the company contributed $51 million to its other postretirement benefit plans. The company anticipates contributing $172 million during the remainder of 2007.

Note 8. Accounting for Suspended Exploratory Wells

The company accounts for the cost of exploratory wells in accordance with FAS 19, *Financial Accounting and Reporting by Oil and Gas Producing Companies* as amended by FASB Staff Position FAS 19-1, *Accounting for Suspended Well Costs,* which provides that an exploratory well continues to be capitalized after the completion of drilling if certain criteria are met. The company's capitalized cost of suspended wells at March 31, 2007, was approximately $1.3 billion, an increase of $81 million from year-end 2006 due mainly to drilling activities in the United Kingdom, Angola and Canada. For the category of exploratory well costs at year-end 2006 that were suspended more than one year, a total of $12 million was expensed in the first three months of 2007.

Note 9. Accounting for Buy/Sell Contracts

The company adopted the accounting prescribed by EITF Issue No. 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty* (Issue 04-13), on a prospective basis from April 1, 2006. Issue 04-13 requires that two or more legally separate exchange transactions with the same counterparty, including buy/sell transactions, be combined and considered as a single arrangement for purposes of applying the provisions of Accounting Principles Board Opinion No. 29, *Accounting for Nonmonetary Transactions,* when the transactions are entered into "in contemplation" of one another. In prior periods, the company accounted for buy/sell transactions in the Consolidated Statement of Income the same as a monetary transaction — purchases were reported as "Purchased crude oil and products" and sales were reported as "Sales and other operating revenues."

With the company's adoption of Issue 04-13, buy/sell transactions from April 1, 2006, are netted against each other on the Consolidated Statement of Income, with no effect on net income. In the first quarter 2006, $6.725 billion was included in revenues for buy/sell contracts.

Note 10. Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to approximately 75 lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners, related to the use of MTBE in certain oxygenated gasolines and the alleged seepage of MTBE into groundwater. Resolution of these actions may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future.

The company's ultimate exposure related to these lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company currently does not use MTBE in the manufacture of gasoline in the United States.

RFG Patent Fourteen purported class actions were brought by consumers of reformulated gasoline (RFG) alleging that Unocal misled the California Air Resources Board into adopting standards for composition of RFG that overlapped with Unocal's undisclosed and pending patents. Eleven lawsuits are now consolidated in U.S. District Court for the Central District of California, where a class action has been certified, and three are consolidated in a state court action that has been stayed. Unocal is alleged to have monopolized, conspired and engaged in unfair methods of competition, resulting in injury to consumers of RFG. Plaintiffs in both consolidated actions seek unspecified actual and punitive damages, attorneys' fees, and interest on behalf of an alleged class of consumers who purchased "summertime" RFG in California from January 1995 through August 2005. The company intends to vigorously defend against these lawsuits. The company's potential exposure related to these lawsuits cannot currently be estimated.

Note 11. Other Contingencies and Commitments

Guarantees The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, generally the company would be required to perform should the affiliated company or third party fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain other contractual obligations relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, drilling rigs, utilities and petroleum products, to be used or sold in the ordinary course of the company's business.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300 million. Through the end of March 2007, the company paid approximately $48 million under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims must be asserted no later than February 2009 for Equilon indemnities and no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. The company has not recorded any liabilities for possible claims under these indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

The amounts payable for the indemnities described above are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the liability expires. The acquirer shares in certain environmental remediation costs up to a maximum obligation of $200 million, which had not been reached as of March 31, 2007.

Minority Interests The company has commitments of $214 million related to minority interests in subsidiary companies.

Environmental 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 release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Financial Instruments The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivatives activities, including forward exchange contracts and interest rate swaps. However, the results of operations and the financial position of certain equity affiliates may be affected by their business activities involving the use of derivative instruments.

Global Operations Chevron and its affiliates conduct business activities in approximately 180 countries. Besides the United States, the company and its affiliates have significant operations in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Cambodia, Canada, Chad, China, Colombia, Democratic Republic of the Congo, Denmark, France, India, Indonesia, Kazakhstan, Myanmar, the Netherlands, Nigeria, Norway, the Partitioned Neutral Zone of Kuwait and Saudi Arabia, the Philippines, Republic of the Congo, Singapore, South Africa, South Korea, Thailand, Trinidad and Tobago, the United Kingdom, Venezuela and Vietnam.

The company's operations, particularly exploration and production, can be affected by changing economic, regulatory and political environments in the various countries in which it operates, including the United States. As has occurred in the past, actions could be taken by governments to increase public or governmental ownership of the company's partially or wholly owned businesses or assets or to impose additional taxes or royalties on the company's operations or both.

In certain locations, 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, acts of violence or strained relations between a 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.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude oil and natural gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200 million, and estimates a maximum possible net before-tax amount that could be owed to the company at about $150 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and submits claims to customers, trading partners, U.S. federal, state and local regulatory bodies, governments, contractors, insurers, and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

Note 12: New Accounting Standards

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109 (FIN 48) In July 2006, the FASB issued FIN 48, which became effective for the company on January 1, 2007. Refer to Note 6 beginning on page 14, for additional information.

FASB Statement No. 157, Fair Value Measurements (FAS 157) In September 2006, the FASB issued FAS 157, which will become effective for the company on January 1, 2008. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 does not require any new fair value measurements but would apply to assets and liabilities that are required to be recorded at fair value under other accounting standards. The impact, if any, to the company from the adoption of FAS 157 in 2008 will depend on the company's assets and liabilities at that time that are required to be measured at fair value.

FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115 (FAS 159) In February 2007, the FASB issued FAS 159, which becomes effective for the company on January 1, 2008. This standard permits companies to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is generally to be applied instrument by instrument. The company does not anticipate that election, if any, of this fair-value option will have a material effect on its results of operations or consolidated financial position.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

First Quarter 2007 Compared with First Quarter 2006

Key Financial Results

Income by Business Segments

	Three Months Ended March 31 2007	Three Months Ended March 31 2006
	(Millions of dollars)	
Income by Business Segment		
Upstream — Exploration and Production		
United States	**$ 796**	$ 1,214
International	**2,111**	2,244
Total Upstream	**2,907**	3,458
Downstream — Refining, Marketing and Transportation		
United States	**350**	210
International	**1,273**	370
Total Downstream	**1,623**	580
Chemicals	**120**	153
Total Segment Income	**4,650**	4,191
All Other	**65**	(195)
Net Income*	**$ 4,715**	$ 3,996

* Includes foreign currency effects **$ (120)** $ (108)

Net income for the 2007 first quarter was $4.7 billion ($2.18 per share — diluted), compared with $4 billion ($1.80 per share — diluted) in the corresponding 2006 period. In the following discussions, the term "earnings" is defined as segment income.

Upstream earnings in the first quarter 2007 were $2.9 billion, compared with $3.5 billion in the year-ago period. Results for the current period declined mainly on lower average prices for crude oil and natural gas and an increase in operating and depreciation expenses.

Downstream earnings were $1.6 billion in the first quarter 2007, up $1 billion from a year earlier. The increase was primarily associated with a $700 million gain on the sale of the company's interest in refining-related assets in the Netherlands.

Chemicals earnings were down 22 percent from the 2006 first quarter to $120 million, due mainly to lower margins on sales of commodity chemicals that were partially offset by higher margins on sales of lubricant and fuel additives.

Refer to pages 25 through 27 for additional discussion of earnings by business segment and "all other" activities for the first quarter 2007 vs. the same period in 2006.

Business Environment and Outlook

Chevron's current and future earnings depend largely on the profitability of its upstream (exploration and production) and downstream (refining, marketing and transportation) business segments. The single biggest factor that affects the results of operations for both segments is movement in the price of crude oil. In the downstream business, crude oil is the largest cost component of refined products. The overall trend in earnings is typically less affected by results from the company's chemicals business and other activities and investments. Earnings for the company in any period may also be influenced by events or transactions that are infrequent and/or unusual in nature. Chevron and the oil and gas industry at large continue to experience an increase in certain costs that exceeds the general trend of inflation in many areas of the world. This increase in costs is affecting the company's operating expenses for all business segments and capital expenditures, particularly for the upstream business.

To sustain its long-term competitive position in the upstream business, the company must develop and replenish an inventory of projects that offer adequate financial returns for the investment required. Identifying promising areas for exploration, acquiring the necessary rights to explore for and to produce crude oil and natural gas, drilling successfully, and handling the many technical and operational details in a safe and cost-effective manner, are all important factors in this effort. Projects often require long lead times and large capital commitments. Changes in economic, legal or political circumstances can have significant effects on the profitability of a project over its expected life. In the current environment of higher commodity prices, certain governments have sought to renegotiate contracts or impose additional costs on the company. Other governments may attempt to do so in the future. The company will continue to monitor these developments, take them into account in evaluating future investment opportunities, and otherwise seek to mitigate any risks to the company's current operations or future prospects.

The company also continually evaluates opportunities to dispose of assets that are not key to providing sufficient long-term value, or to acquire assets or operations complementary to its asset base to help augment the company's growth. On March 31, 2007, the company sold its 31 percent ownership interest in the Nerefco Refinery and related assets. As of April 2007, the company was also in continuing discussions related to the possible sale of its fuels marketing operations in the Netherlands, Belgium and Luxembourg. Other asset dispositions and restructurings may occur in future periods and could result in significant gains or losses.

Comments related to earnings trends for the company's major business areas are as follows:

Upstream Earnings for the upstream segment are closely aligned with industry price levels for crude oil and natural gas. Crude oil and natural gas prices are subject to external factors over which the company has no control, including product demand connected with global economic conditions, industry inventory levels, production quotas imposed by the Organization of Petroleum Exporting Countries (OPEC), weather-related damage and disruptions, competing fuel prices, and regional supply interruptions that may be caused by military conflicts, civil unrest or political uncertainty. Moreover, any of these factors could also inhibit the company's production capacity in an affected region. The company monitors developments closely in the countries in which it operates and holds investments, and attempts to manage risks in operating its facilities and business.

Price levels for capital and exploratory costs and operating expenses associated with the efficient production of crude oil and natural gas can also be subject to external factors beyond the company's control. External factors include not only the general level of inflation but also prices charged by the industry's product- and service-providers, which can be affected by the volatility of the industry's own supply and demand conditions for such products and services. The oil and gas industry worldwide experienced significant price increases for these items during 2005 and 2006, and price levels may remain high for the full-year 2007. Capital and exploratory expenditures and operating expenses also can be affected by uninsured damages to production facilities caused by severe weather or civil unrest.

During 2006, industry price levels for West Texas Intermediate (WTI), a benchmark crude oil, averaged $66 per barrel. In the first quarter 2007, WTI averaged $58 per barrel, compared with about $63 a year earlier. The average price for WTI in late April 2007 was about $64 per barrel. While lower in the first quarter of 2007 than a year earlier, crude-oil prices have remained strong due mainly to increasing demand in growing economies, the heightened level of geopolitical uncertainty in some areas of the world and supply concerns in other key producing regions.

As was the case in 2006, a wide differential in prices existed during the first quarter 2007 between high-quality, light-sweet crude oils and heavier types of crude. The price for the heavier crudes has been dampened because of ample supply and lower relative demand due to the limited number of refineries that are able to process this lower-quality feedstock into light products (i.e., motor gasoline, jet fuel, aviation gasoline and diesel fuel). The price for higher-quality, light-sweet crude oil has remained high, as the demand for light products, which can be more easily manufactured by refineries from light-sweet crude oil, has been strong worldwide. Chevron produces heavy crude oil in California, Chad, Indonesia, the Partitioned Neutral Zone of Saudi Arabia and Kuwait, Venezuela and in certain fields in Angola, China and the United Kingdom North Sea. (Refer to page 30 for the company's average U.S. and international crude oil prices.)

In contrast to price movements in the global market for crude oil, price changes for natural gas are more closely aligned with regional supply and demand conditions. In the United States, benchmark prices at Henry Hub averaged about $7.20 per thousand cubic feet (MCF) in the first quarter 2007 compared with about $7.80 for the first quarter 2006. During late April, prices averaged about $7.50 per MCF. Fluctuations in the price for natural gas in the United States are closely associated with the volumes produced in North America and the inventory in underground storage relative to customer demand. Natural gas prices in the U.S. are also typically higher during the winter period when demand for heating is greatest.

Certain other regions of the world in which the company operates have different supply, demand and regulatory circumstances, typically resulting in significantly lower average sales prices for the company's production of natural gas. (Refer to page 30 for the company's average natural gas prices for the U.S. and international regions). Additionally, excess-supply conditions that exist in certain parts of the world cannot easily serve to mitigate the relatively high-price conditions in the United States and other markets because of the lack of infrastructure to transport and receive liquefied natural gas.

To help address this regional imbalance between supply and demand for natural gas, Chevron is planning increased investments in long-term projects in areas of excess supply to install infrastructure to produce and liquefy natural gas for transport by tanker, along with investments and commitments to regasify the product in markets where demand is strong and supplies are not as plentiful. Due to the significance of the overall investment in these long-term projects, the natural gas sales prices in the areas of excess supply (before the natural gas is transferred to a company-owned or third-party processing facility) are expected to remain well below sales prices for natural gas that is produced much nearer to areas of high demand and can be transported in existing natural gas pipeline networks (as in the United States).

Besides the impact of the fluctuation in price for crude oil and natural gas, the longer-term trend in earnings for the upstream segment is also a function of other factors, including the company's ability to find or acquire and efficiently produce crude oil and natural gas, changes in fiscal terms of contracts, changes in tax rates on income, and the cost of goods and services.

The company estimates that oil-equivalent production in 2007 will average approximately 2.6 million barrels per day. This estimate is subject to many uncertainties, including quotas that may be imposed by OPEC, the price effect on production volumes calculated under cost-recovery and variable-royalty provisions of certain contracts, changes in fiscal terms or restrictions on scope of company operations, and production disruptions that could be caused by severe weather, local civil unrest and changing geopolitics. Future production levels also are affected by the size and number of economic investment opportunities and, for new large-scale projects, the time lag between initial exploration and the beginning of production. Most of Chevron's upstream investment is currently being made outside the United States. Investments in upstream projects generally are made well in advance of the start of the associated crude oil and natural gas production.

Approximately 28 percent of the company's net oil-equivalent production in the first quarter 2007 occurred in the OPEC-member countries of Angola, Indonesia, Nigeria and Venezuela and in the Partitioned Neutral Zone between Saudi Arabia and Kuwait. In October 2006, OPEC announced its decision to reduce OPEC-member production quotas by 1.2 million barrels of crude oil per day, or 4.4 percent, from a production level of 27.5 million barrels, effective November 1, 2006. In December 2006, OPEC announced an additional quota reduction of 500,000 barrels of crude oil per day, effective February 1, 2007. OPEC quotas did not significantly affect Chevron's production level in the first quarter 2007. The impact of quotas on the company's production in future periods is uncertain.

In October 2006, Chevron's Boscan and LL-652 operating service agreements in Venezuela were converted to Empresas Mixtas (i.e., joint-stock companies), with Petróleos de Venezuela, S.A (PDVSA) as majority shareholder. Beginning in October, Chevron reported its equity share of the Boscan and LL-652 production, which was approximately 90,000 barrels per day less than what the company previously reported under the operating service agreements. The change to the Empresa Mixta structure did not have a material effect on the company's results of operations, consolidated financial position or liquidity.

In February 2007, the President of Venezuela issued a decree announcing the government's intention for PDVSA to take over operational control of all Orinoco Heavy Oil Associations effective May 1, 2007, and to increase its ownership in all such Associations to a minimum of 60 percent. The decree included Chevron's 30 percent-owned Hamaca project, which is also 30 percent-owned by PDVSA. On April 25, 2007, Chevron signed a memorandum of understanding (MOU) with PDVSA that summarized the ongoing discussions to transfer control of Hamaca operations in accordance with the February decree. As provided in the MOU, a PDVSA-controlled transitory operational committee, on which Chevron has representation, assumed responsibility for daily operations on May 1, 2007. The MOU stipulates that terms of existing contracts remain in place during the transition period. The company expects finalization of a new agreement for the Hamaca project in the second half of 2007. The impact on Chevron from this action is uncertain but is not expected to have a material effect on the company's results of operations, consolidated financial position or liquidity.

Refer to the Results of Operations on pages 25 through 26 for additional discussion of the company's upstream operations.

Downstream Earnings for the downstream segment are closely tied to margins on the refining and marketing of products that include gasoline, diesel, jet fuel, lubricants, home heating oil and feedstocks for chemical manufacturing. Industry margins are sometimes volatile and can be affected by the global and regional supply-and-demand balance for refined products and by changes in the price of crude oil used for refinery feedstock. Industry margins can also be influenced by refined-product inventory levels, geopolitical events refinery maintenance programs and disruptions at refineries resulting from unplanned outages that may be due to severe weather, fires or other operational events.

Other factors affecting profitability for downstream operations include the reliability and efficiency of the company's refining and marketing network, the effectiveness of the crude-oil and product-supply functions and the economic returns on invested capital. Profitability can also be affected by the volatility of charter expenses for the company's shipping operations, which are driven by the industry's demand for crude oil and product tankers. Other factors beyond the company's control include the general level of inflation and energy costs to operate the company's refinery and distribution network.

The company's core marketing areas are the West Coast of North America, the U.S. Gulf Coast, Latin America, Asia and sub-Saharan Africa. Chevron operates or has ownership interests in refineries in each of these areas, except Latin America. Industry refined-product margins were generally higher in the first quarter 2007 than a year earlier. However, during most of the 2007 first quarter, the crude-oil processing unit at Chevron's refinery in Richmond, California, was offline due to a major planned-maintenance program that was extended due to a fire. As a result, the company did not fully benefit during the quarter from the higher margins on the U.S. West Coast. The crude-oil processing unit was back in service by the end of the quarter.

Refer to the Results of Operations on page 26 for additional discussion of the company's downstream operations.

Chemicals Earnings in the petrochemicals business are closely tied to global chemical demand, industry inventory levels and plant capacity utilization. Feedstock and fuel costs, which tend to follow crude oil and natural gas price movements, also influence earnings in this segment.

Refer to the Results of Operations on pages 26 through 27 for additional discussion of chemical earnings.

Operating Developments

Noteworthy operating developments and events in recent months included the following:

- *Bangladesh* — Started production at the Bibiyana natural gas field. The field's total production is expected to increase from 200 million cubic feet per day at start-up to a maximum of 500 million by 2010. The company holds a 98 percent working interest in the field.

- *Republic of the Congo* — Confirmed a crude oil discovery in the Moho-Bilondo permit situated 50 miles offshore. The company holds a 32 percent nonoperated working interest in the permit.
- *Netherlands* — Completed the sale of the company's 31 percent interest in the Nerefco Refinery and related assets on March 31. The sale generated before-tax cash proceeds of approximately $1.1 billion.

Results of Operations

Business Segments The following section presents the results of operations for the company's business segments — upstream, downstream and chemicals — as well as for "all other" — the departments and companies managed at the corporate level. (Refer to Note 3 beginning on page 8 for a discussion of the company's "reportable segments," as defined in FAS 131, *Disclosures about Segments of an Enterprise and Related Information.*)

Upstream

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
U.S. Upstream Income	**$ 796**	$ 1,214

U.S. upstream income of $796 million decreased $418 million from the first quarter 2006. Lower prices for crude oil and natural gas accounted for approximately $200 million of the decline, with the remainder attributable to higher operating expenses and an increase in depreciation expense for wells, equipment and facilities.

The average liquids realization in 2007 was $49.91 per barrel, down from $53.45. The average natural gas realization was $6.40 per thousand cubic feet, compared with $7.46 in the 2006 quarter.

Net oil-equivalent production of 749,000 barrels per day in the 2007 quarter was essentially the same as a year ago. Production increased in the Gulf of Mexico between periods, reflecting the restoration of volumes that were shut-in following the hurricanes of 2005. However, this increase was essentially offset by the effect of normal field declines. The net liquids component of oil-equivalent production increased 2 percent to 462,000 barrels per day. Net natural gas production of 1.7 billion cubic feet per day was 3 percent lower.

	Three Months Ended March 31	
	2007	**2006**
	(Millions of dollars)	
International Upstream Income*	**$ 2,111**	$ 2,244
* Includes foreign currency effects	**$ (119)**	$ (123)

International upstream income of $2.1 billion in the first quarter 2007 decreased $133 million from a year earlier. Lower prices for crude oil reduced earnings by about $200 million between periods. Also contributing to the earnings decline were higher operating expenses and an increase in depreciation expense for wells, equipment and facilities. Partially offsetting these impacts was the benefit of higher sales volumes associated with the timing of cargo liftings in certain producing regions.

The average liquids realization for the first quarter 2007 was $51.15 per barrel, a 7 percent decrease from $55.13 in the 2006 period. The average natural gas realization in 2007 was $3.85 per thousand cubic feet, an increase of 2 percent from $3.78 in the first quarter last year.

Net oil-equivalent production, including volumes from oil sands in Canada, was flat between periods at 1,894,000 barrels per day. In Venezuela, the October 2006 conversion of operating service agreements to joint-stock companies resulted in a decline of about 90,000 barrels per day between periods. Elsewhere, production was higher in Kazakhstan, Angola and Azerbaijan. The net liquids component of oil-equivalent production decreased 1 percent between periods to 1.35 million barrels per day. Net natural gas production of 3.3 billion cubic feet per day in the first quarter 2007 increased 3 percent from the year-ago period.

Downstream

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
U.S. Downstream Income	**$ 350**	$ 210

U.S. downstream income of $350 million increased $140 million from the 2006 first quarter, primarily as a result of higher margins for refined products. This benefit to earnings was partially offset by the effect of a major turnaround that lasted most of the quarter at the company's refinery in Richmond, California. The turnaround was extended to make repairs to the crude-oil processing unit following a fire that occurred during shut-down.

Crude-oil inputs of 729,000 barrels per day to the company's refineries were down about 22 percent between periods, mainly due to the Richmond turnaround. Refined-product sales volumes decreased 6 percent to 1,447,000 barrels per day. The decline was associated with an accounting standard effective in April 2006 that requires certain purchase and sale contracts with the same counterparty to be netted for reporting. These transactions were previously reported separately as a purchase and a sale. Excluding the impact of this standard, refined-product sales volume increased 1 percent between periods. Branded gasoline sales increased 5 percent from last year's quarter to 622,000 barrels per day.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
International Downstream Income*	**$ 1,273**	$ 370
* Includes foreign currency effects	**$ 5**	$ 9

International downstream income of nearly $1.3 billion increased about $900 million from the 2006 quarter. The 2007 earnings included a $700 million gain on the sale of the company's interest in the Nerefco Refinery and related assets in the Netherlands and a benefit from higher average margins for refined products.

The company's share of refinery crude-oil inputs of 1,070,000 barrels per day was down about 1 percent between periods. Total refined-product sales volumes of 2,064,000 barrels per day in the 2007 quarter were 9 percent lower than last year. Excluding the effects of the accounting standard for purchase and sale contracts with the same counterparty, sales volumes were down 5 percent on lower fuel-oil sales in Europe.

Chemicals

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Income*	**$ 120**	$ 153
* Includes foreign currency effects	**$ (1)**	$ (6)

Chemical operations earned $120 million in the first quarter 2007, a decline of $33 million from the year-earlier period. The decrease was largely due to lower margins on sales of commodity chemicals by the company's

50 percent-owned Chevron Phillips Chemical Company LLC. Margins on sales of lubricant and fuel additives by the company's Oronite subsidiary were higher between periods.

All Other

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Net Income/(Charges)*	**$ 65**	$ (195)
* Includes foreign currency effects	**$ (5)**	$ 12

All Other consists of the company's interest in Dynegy, mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies.

Income in the first quarter was $65 million, compared with charges of $195 million in the year-ago period. The variance between quarters was largely due to favorable corporate tax items, lower interest expense and higher interest income.

Consolidated Statement of Income

Explanations of variations between periods for certain income statement categories are provided below:

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Sales and other operating revenues	**$ 46,302**	$ 53,524

Sales and other operating revenues in the 2007 first quarter decreased mainly as a result of the accounting-standard change beginning April 1, 2006, for certain purchase and sale contracts with the same counterparty. Also contributing to the decline were lower prices for crude oil and lower refined-product sales volumes.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Income from equity affiliates	**$ 937**	$ 983

Income from equity affiliates decreased in the first quarter 2007 due mainly to lower earnings from the company's Chevron Phillips Chemical Company LLC and Hamaca (Venezuela) affiliates.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Other income	**$ 988**	$ 117

Other income in 2007 increased mainly due to the before-tax gain on the sale of the company's 31 percent interest in the Nerefco Refinery and related assets in the Netherlands.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Purchased crude oil and products	**$ 28,127**	$ 35,670

The decrease in crude oil and product purchases in the 2007 period was primarily the result of the impact of the accounting standard change beginning April 1, 2006 for certain purchase and sale contracts with the same counterparty and lower prices and volumes for crude oil.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Operating, selling, general and administrative expenses	**$ 4,744**	$ 4,302

Operating, selling, general and administrative expenses in the first quarter 2007 increased 10 percent from the year-ago period. Higher amounts in 2007 included costs of employee payroll and contract labor.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Exploration expense	**$ 306**	$ 268

Exploration expenses in 2007 increased mainly due to higher amounts for well write-offs for operations in the United States.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Depreciation, depletion and amortization	**$ 1,963**	$ 1,788

The increase in 2007 was mainly the result of higher depreciation rates for certain oil and gas producing fields worldwide.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Taxes other than on income	**$ 5,425**	$ 4,794

Taxes other than on income increased primarily due to higher duty rates in the company’s European downstream operations.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Interest and debt expense	**$ 74**	$ 134

Interest and debt expense in 2007 decreased primarily due to lower average debt balances.

	Three Months Ended March 31	
	2007	2006
	(Millions of dollars)	
Income tax expense	**$ 2,845**	$ 3,646

Effective income tax rates for the 2007 and 2006 first quarters were 38 percent and 48 percent, respectively. The primary reason for the lower rate in 2007 was the impact of nonrecurring items, which included the tax rate on the sale of the refining-related assets in the Netherlands and favorable adjustments to taxes from prior periods that resulted from the completion of audits by certain tax authorities.

Information Relating to the Company's Investment in Dynegy

At March 31, 2007, Chevron owned a 19 percent equity interest in the common stock of Dynegy Inc., an electricity-generation company. The carrying value of the investment was approximately $270 million, or about $165 million below the company's proportionate interest in Dynegy's underlying net assets. This difference related primarily to write-downs of the investment in 2002 for declines in the market value of the common shares below the company's carrying value that were deemed to be other than temporary. The market value of the company's investment in Dynegy's common stock at March 31, 2007, was approximately $900 million.

On April 2, 2007, Dynegy and LS Power Group, a privately held power-plant investor, developer and manager, combined their operating assets and established a development joint venture. Upon close of the transaction, Chevron received the same number of shares of the new company's Class A common stock that it previously held in the predecessor company. Chevron's ownership interest in the combined company was reduced to approximately 12 percent. At that time, Chevron ceased its representation on Dynegy's Board of Directors and converted its basis of accounting for the investment from the equity method to the cost method.

Selected Operating Data

The following table presents a comparison of selected operating data:

Selected Operating Data(1)(2)

	Three Months Ended March 31	
	2007	**2006**
U.S. Upstream		
Net Crude Oil and Natural Gas Liquids Production (MBPD)	**462**	453
Net Natural Gas Production (MMCFPD)(3)	**1,723**	1,782
Net Oil-Equivalent Production (MBOEPD)	**749**	750
Sales of Natural Gas (MMCFPD)	**7,854**	6,961
Sales of Natural Gas Liquids (MBPD)	**140**	111
Revenue from Net Production		
Liquids ($/Bbl.)	**$ 49.91**	$ 53.45
Natural Gas ($/MCF)	**$ 6.40**	$ 7.46
International Upstream		
Net Crude Oil and Natural Gas Liquids Production (MBPD)	**1,317**	1,228
Net Natural Gas Production (MMCFPD)(3)	**3,271**	3,165
Net Oil-Equivalent Production (MBOEPD)(4)	**1,894**	1,894
Sales of Natural Gas (MMCFPD)	**3,890**	3,093
Sales of Natural Gas Liquids (MBPD)	**80**	109
Revenue from Liftings		
Liquids ($/Bbl.)	**$ 51.15**	$ 55.13
Natural Gas ($/MCF)	**$ 3.85**	$ 3.78
U.S. and International Upstream		
Total Net Oil-Equivalent Production, including Other Produced Volumes (MBOEPD)(3)(4)	**2,643**	2,644
U.S. Downstream		
Gasoline Sales (MBPD)(5)	**730**	735
Sales of Other Refined Products (MBPD)	**717**	799
Total(6)	**1,447**	1,534
Refinery Input (MBPD)	**729**	939
International Downstream		
Gasoline Sales (MBPD)(5)	**475**	533
Sales of Other Refined Products (MBPD)	**1,114**	1,248
Share of Affiliate Sales (MBPD)	**475**	494
Total(6)	**2,064**	2,275
Refinery Input (MBPD)	**1,070**	1,079

(1) Includes company share of equity affiliates.

(2) MBPD — Thousands of barrels per day; MMCFPD — Millions of cubic feet per day; Bbl. — Barrel; MCF — Thousands of cubic feet; Oil-equivalent gas (OEG) conversion ratio is 6,000 cubic feet of natural gas = 1 barrel of crude oil; MBOEPD — Thousands of barrels of oil-equivalent per day.

(3) Includes natural gas consumed in operations (MMCFPD):

United States	**69**	29
International	**445**	386

(4) Includes other produced volumes (MBPD):

Athabasca oil sands — net	**32**	26
Boscan Operating Service Agreement	**—**	112
Total	**32**	138

(5) Includes branded and unbranded gasoline.

(6) Includes volumes for buy/sell contracts (MBPD):

United States	**—**	106
International	**—**	98

Liquidity and Capital Resources

Cash and cash equivalents and marketable securities totaled $12.7 billion at March 31, 2007, up $1.3 billion from year-end 2006. Cash provided by operating activities in the first three months of 2007 was $5.7 billion, an amount sufficient for the company's capital and exploratory program and payment of dividends to stockholders.

Dividends The company paid dividends of $1.1 billion to common stockholders during the first quarter of 2007. In April 2007, the company increased its quarterly stock dividend by 11.5 percent to 58 cents per share.

Debt and Capital Lease and Minority Interest Obligations Chevron's total debt and capital lease obligations were $9.9 billion at March 31, 2007, vs. $9.8 billion at December 31, 2006. The company also had minority interest obligations of $214 million at March 31, 2007.

The company's debt and capital lease obligations due within one year, consisting primarily of commercial paper and the current portion of long-term debt, totaled $7.4 billion at March 31, 2007, up from $6.6 billion at December 31, 2006. Of these amounts, $3.5 billion and $4.5 billion were reclassified to long-term at the end of each period, respectively. At March 31, 2007, settlement of these obligations was not expected to require the use of working capital within one year, as the company had the intent and the ability, as evidenced by committed credit facilities, to refinance them on a long-term basis.

At March 31, 2007, the company had $5.0 billion in committed credit facilities with various major banks, which permit the refinancing of short-term obligations on a long-term basis. These facilities support commercial paper borrowing and also can be used for general corporate purposes. The company's practice has been to continually replace expiring commitments with new commitments on substantially the same terms, maintaining levels management believes appropriate. Any borrowings under the facilities would be unsecured indebtedness at interest rates based on London Interbank Offered Rate or an average of base lending rates published by specified banks and on terms reflecting the company's strong credit rating. No borrowings were outstanding under these facilities at March 31, 2007. In March, the company withdrew three shelf registration statements on file with the Securities and Exchange Commission (SEC) that permitted the issuance of an aggregate of $3.8 billion of debt securities. At that time, the company filed with the SEC a new automatic shelf registration statement under the "Well Known Seasoned Issuer" regulations. This registration statement relates to non-convertible debt securities issued or guaranteed by the company for an unspecified amount. The new registration statement expires in March 2010.

The company has outstanding public bonds issued by Chevron Corporation Profit Sharing/Savings Plan Trust Fund, Chevron Canada Funding Company (formerly Chevron Texaco Capital Company), Texaco Capital Inc. and Union Oil Company of California. All of these securities are guaranteed by Chevron Corporation and are rated AA by Standard and Poor's Corporation and Aa2 by Moody's Investors Service. The company's U.S. commercial paper is rated A-1+ by Standard and Poor's and P-1 by Moody's, and the company's Canadian commercial paper is rated R-1 (middle) by Dominion Bond Rating Service. All of these ratings denote high-quality, investment-grade securities.

The company's future debt level is dependent primarily on results of operations, the capital-spending program and cash that may be generated from asset dispositions. The company believes that it has substantial borrowing capacity to meet unanticipated cash requirements and that during periods of low prices for crude oil and natural gas and narrow margins for refined products and commodity chemicals, it has the flexibility to increase borrowings and/or modify capital-spending plans to continue paying the common stock dividend and maintain the company's high-quality debt ratings.

Common Stock Repurchase Program In December 2006, the company authorized the acquisition of up to $5 billion of its common shares from time to time at prevailing prices, as permitted by securities laws and other legal requirements and subject to market conditions and other factors. The program is for a period of up to three years and may be discontinued at any time. The company acquired 17.6 million shares in the open market for $1.25 billion during the first quarter of 2007. From the inception of the program in December 2006 through April 2007, the company had purchased $26.8 million shares for approximately $2.0 billion.

Current Ratio — current assets divided by current liabilities. The current ratio was 1.3 at March 31, 2007, and at December 31, 2006. The current ratio is adversely affected by the valuation of Chevron's inventories on a LIFO basis. At December 31, 2006, the book value of inventory was lower than replacement costs, based on average acquisition costs during the year, by approximately $6 billion. The company does not consider its inventory valuation methodology to affect liquidity.

Debt Ratio — total debt as a percentage of total debt plus equity. This ratio was 12.2 percent at March 31, 2007, compared with 12.5 percent at year-end 2006.

Pension Obligations At the end of 2006, the company estimated it would contribute $500 million to employee pension plans during 2007 (composed of $300 million for the U.S. plans and $200 million for the international plans). Through March 31, 2007, a total of $110 million was contributed (including $56 million to the U.S. plans). Estimated contributions for the full year continue to be $500 million, but the company may contribute an amount that differs from this estimate. Actual contribution amounts are dependent upon investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

Capital and Exploratory Expenditures Total expenditures, including the company's share of spending by affiliates, were $4.1 billion in the first three months of 2007, compared with $3.0 billion in the corresponding 2006 period. The amounts included the company's share of equity-affiliate expenditures of $474 million and $311 million in the 2007 and 2006 periods, respectively. Expenditures for upstream projects in 2007 were about $3.2 billion, representing 78 percent of the companywide total.

Capital and Exploratory Expenditures by Major Operating Area

	Three Months Ended March 31	
	2007	**2006**
United States		
Upstream	**$ 920**	$ 820
Downstream	**233**	192
Chemicals	**29**	17
All Other	**263**	46
Total United States	**1,445**	1,075
International		
Upstream	**2,247**	1,693
Downstream	**349**	272
Chemicals	**11**	6
All Other	**3**	2
Total International	**2,610**	1,973
Worldwide	**$ 4,055**	$ 3,048

Contingencies and Significant Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to approximately 75 lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners, related to the use of MTBE in certain oxygenated gasolines and the alleged seepage of MTBE into groundwater. Resolution of these actions may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future.

The company's ultimate exposure related to these lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company currently does not use MTBE in the manufacture of gasoline in the United States.

RFG Patent Fourteen purported class actions were brought by consumers of reformulated gasoline (RFG) alleging that Unocal misled the California Air Resources Board into adopting standards for composition of RFG that overlapped with Unocal's undisclosed and pending patents. Eleven lawsuits are now consolidated in U.S. District Court for the Central District of California, where a class action has been certified, and three are consolidated in a state court action that has been stayed. Unocal is alleged to have monopolized, conspired and engaged in unfair methods of competition, resulting in injury to consumers of RFG. Plaintiffs in both consolidated actions seek unspecified actual and punitive damages, attorneys' fees, and interest on behalf of an alleged class of consumers who purchased "summertime" RFG in California from January 1995 through August 2005. The company intends to vigorously defend against these lawsuits. The company's potential exposure related to these lawsuits cannot currently be estimated.

Income Taxes Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. Refer to Note 6 beginning on page 14 for a discussion of the periods for which tax returns have not been audited for the company's major tax jurisdictions and a discussion for all tax jurisdictions of the differences between the amount of tax benefits recognized in the financial statements and the amount taken or expected to be taken in a tax return. The company does not expect settlement of income tax liabilities associated with uncertain tax positions will have a material effect on its consolidated financial position or liquidity.

Guarantees The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, generally the company would be required to perform should the affiliated company or third party fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain other contractual obligations relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, drilling rigs, utilities and petroleum products, to be used or sold in the ordinary course of the company's business.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300 million. Through the end of March 2007, the company paid approximately $48 million under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims must be asserted no later than February 2009 for Equilon indemnities and no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. The company has not recorded any liabilities for possible claims under these indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

The amounts payable for the indemnities described above are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the liability expires. The acquirer shares in certain environmental remediation costs up to a maximum obligation of $200 million, which had not been reached as of March 31, 2007.

Minority Interests The company has commitments of $214 million related to minority interests in subsidiary companies.

Environmental 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 release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Financial Instruments The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivatives activities, including forward exchange contracts and interest rate swaps. However, the results of operations and the financial position of certain equity affiliates may be affected by their business activities involving the use of derivative instruments.

Global Operations Chevron and its affiliates conduct business activities in approximately 180 countries. Besides the United States, the company and its affiliates have significant operations in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Cambodia, Canada, Chad, China, Colombia, Democratic Republic of the Congo, Denmark, France, India, Indonesia, Kazakhstan, Myanmar, the Netherlands, Nigeria, Norway, the Partitioned Neutral Zone of Kuwait and Saudi Arabia, the Philippines, Republic of the Congo, Singapore, South Africa, South Korea, Thailand, Trinidad and Tobago, the United Kingdom, Venezuela and Vietnam.

The company's operations, particularly exploration and production, can be affected by changing economic, regulatory and political environments in the various countries in which it operates, including the United States. As has occurred in the past, actions could be taken by governments to increase public or governmental ownership of the company's partially or wholly owned businesses or assets or to impose additional taxes or royalties on the company's operations or both.

In certain locations, 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, acts of violence or strained relations between a 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.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude oil and natural gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200 million, and estimates a maximum possible net before-tax amount that could be owed to the company at about $150 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and submits claims to customers, trading partners, U.S. federal, state and local regulatory bodies, governments, contractors, insurers, and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

New Accounting Standards

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109 (FIN 48) In July 2006, the FASB issued FIN 48, which became effective for the company on January 1, 2007. Refer to Note 6, beginning on page 14 for additional information.

FASB Statement No. 157, Fair Value Measurements (FAS 157) In September 2006, the FASB issued FAS 157, which will become effective for the company on January 1, 2008. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 does not require any new fair value measurements but would apply to assets and liabilities that are required to be recorded at fair value under other accounting standards. The impact, if any, to the company from the adoption of FAS 157 in 2008 will depend on the company’s assets and liabilities at that time that are required to be measured at fair value.

FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115 (FAS 159) In February 2007, the FASB issued FAS 159, which becomes effective for the company on January 1, 2008. This standard permits companies to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is generally to be applied instrument by instrument. The company does not anticipate that election, if any, of this fair-value option will have a material effect on results or operations or consolidated financial position.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information about market risks for the three months ended March 31, 2007, does not differ materially from that discussed under Item 7A of Chevron’s Annual Report on Form 10-K for 2006.

Item 4. ***Controls and Procedures***

(a) Evaluation of disclosure controls and procedures

Chevron Corporation’s Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the company’s “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)), as of March 31, 2007, have concluded that as of March 31, 2007, the company’s disclosure controls and procedures were effective and designed to provide reasonable assurance that material information relating to the company and its consolidated subsidiaries required to be included in the company’s periodic filings under the Exchange Act would be made known to them by others within those entities.

(b) Changes in internal control over financial reporting

During the quarter ended March 31, 2007, there were no changes in the company’s internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, the company’s internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. ***Legal Proceedings***

Chevron's U.S. refineries are implementing a consent decree with the federal Environmental Protection Agency (EPA) and four state air agencies to resolve claims about Chevron's past application of "New Source Review" permitting programs under the Clean Air Act. The consent decree provides that Chevron will pay stipulated penalties for certain violations of the consent decree, if demand is made by the EPA or a plaintiff-intervenor. In July 2006, Chevron's refinery in Pascagoula, Mississippi, exceeded its emission limit under the consent decree for particulate matter. The exceedance was reported at the time and the possibility of a penalty was discussed. In January 2007, the Mississippi Department of Environmental Quality and the EPA issued a notice of violation and a request for payment of $210,000 in stipulated penalties for the July 2006 particulate matter exceedance, which the company paid in March 2007.

Item 1A. ***Risk Factors***

Chevron is a major fully integrated petroleum company with a diversified business portfolio, strong balance sheet, and history of generating sufficient cash to fund capital and exploratory expenditures and to pay dividends. Nevertheless, some inherent risks could materially impact the company's financial results of operations or financial condition.

Information about risk factors for the three months ended March 31, 2007, does not differ materially from that set forth in Part I, Item 1A, of Chevron's Annual Report on Form 10-K for 2006.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

CHEVRON CORPORATION

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
Jan. 1-Jan. 31, 2007	**3,428,495**	**70.83**	2,510,000	—
Feb. 1-Feb. 28, 2007	**7,142,766**	**72.02**	6,790,000	—
Mar. 1-Mar. 31, 2007	**8,464,832**	**70.49**	8,299,000	—
Total	**19,036,093**	**71.13**	17,599,000	(2)

(1) Includes 137,144 common shares repurchased during the three-month period ended March 31, 2007, from company employees for required personal income tax withholdings on the exercise of the stock options issued to management and employees under the company's long-term incentive plans. Also includes 1,299,149 shares delivered or attested to in satisfaction of the exercise price by holders of certain former Texaco Inc. employee stock options exercised during the three-month period ended March 31, 2007.

(2) In December 2006, the company authorized common stock repurchases of up to $5 billion that may be made from time to time at prevailing prices as permitted by securities laws and other requirements, and subject to market conditions and other factors. The program will occur over a period of up to three years and may be discontinued at any time. Through March 31, 2007, $1.35 billion had been expended to repurchase 18,935,000 shares since the common stock repurchase program began.

Item 5. ***Other Information***

Disclosure Regarding Nominating Committee Functions and Communications Between Security Holders and Boards of Directors

No change.

Item 6. ***Exhibits***

Exhibit Number	Description
(3.1)	Restated Certificate of Incorporation of Chevron Corporation, dated May 1, 2007
(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.
(10.1)	Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan
(12.1)	Computation of Ratio of Earnings to Fixed Charges
(31.1)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Executive Officer
(31.2)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Financial Officer
(32.1)	Section 1350 Certification by the company's Chief Executive Officer
(32.2)	Section 1350 Certification by the company's Chief Financial Officer

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)

/s/ M.A. HUMPHREY

M.A. Humphrey, Vice President and Comptroller
(Principal Accounting Officer and
Duly Authorized Officer)

Date: May 4, 2007

EXHIBIT INDEX

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* Filed herewith.

Copies of above exhibits not contained herein are available to any security holder upon written request to the Corporate Governance Department, Chevron Corporation, 6001 Bollinger Canyon Road, San Ramon, California 94583-2324.

RESTATED

CERTIFICATE OF INCORPORATION
OF
CHEVRON CORPORATION

Chevron Corporation, a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), hereby certifies as follows:

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

2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation of the Corporation restates and integrates and further amends the provisions of the Corporation’s Restated Certificate of Incorporation.

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 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, 19808. The name of the corporation’s registered agent at such address is The Prentice-Hall Corporation System, Inc.

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 of shares of all classes of stock which the Corporation shall have authority to issue is four billion one hundred million (4,100,000,000), 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 four billion (4,000,000,000) shares shall be Common Stock of the par value of seventy-five cents ($0.75) 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.

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 five 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.

(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 (except as provided in paragraph (f) below), the holders of shares of Series A Participating Preferred Stock, in preference to the holders of shares of Common Stock, par value $0.75 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, in an amount per share (rounded to the nearest cent) equal to the greater of (x) $25.00 or (y) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (except as provided in paragraph (f) below) 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 first issuance of any share or fraction of a share of Series A Participating Preferred Stock (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.

(iii) Other than as set forth in this Section 2(b), no dividend or other distribution shall be paid 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 1,000 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 first issuance of any share or fraction of a share of Series A Participating Preferred Stock (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) 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) Liquidation, Dissolution or Winding Up.

(i) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Participating Preferred Stock shall have received per share, the greater of $1,000 or 1,000 times the payment made per share of Common Stock, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the “Series A Liquidation Preference”). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the “Common Adjustment”) equal to the quotient obtained by dividing (A) the Series A Liquidation Preference by (B) 1,000 (as appropriately adjusted as set forth in subparagraph (iii) below to reflect such events as stock splits, stock dividends and recapitalization with respect to the Common Stock) (such number in clause (B), the “Adjustment Number”). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Participating Preferred Stock and Common Stock, respectively, holders of Series A Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(ii) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Participating Preferred Stock then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(iii) In the event the Corporation shall at any time after the first issuance of any share or fraction of a share of Series A Participating Preferred Stock (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 Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment 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 that were outstanding immediately prior to such event.

(g) 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 1,000 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 first issuance of any share or fraction of a share of Series A Participating Preferred Stock (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.

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

(i) 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.

(j) 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.

(k) 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 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. 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 VII may be waived by the Board of Directors of the Corporation.

ARTICLE VIII

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 VIII, 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 VIII 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 VIII or otherwise.

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

6. As used in this Article VIII:

(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, the Corporation has caused this certificate to be executed by its duly authorized officer on this 1st day of May, 2007.

/S/ LYDIA I. BEEBE

Lydia I. Beebe
Corporate Secretary

Exhibit 10.1

CHEVRON CORPORATION
NON-EMPLOYEE DIRECTORS' EQUITY COMPENSATION AND DEFERRAL PLAN

As Adopted by the Board of Directors Effective March 26, 2003 and
Approved by the Stockholders on May 22, 2003, and as
Amended and Restated on December 6, 2006 to be Effective January 1, 2005
Amended and Restated on February 28, 2007
Amended and Restated on April 25, 2007

1. PURPOSE.

The Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan is a merger and an amendment and restatement of the Chevron Restricted Stock Plan for Non-Employee Directors and the Chevron Corporation Deferred Compensation Plan for Directors. The purposes of the Plan are to attract and retain qualified individuals not employed by Chevron Corporation or its subsidiaries or affiliates to serve on the Board of Directors of the Corporation and to align the interests of such Directors with those of the stockholders of the Corporation.

2. DEFINITIONS.

For purposes of the Plan, the following terms shall have the meanings set forth below:

(a) "Account" means the bookkeeping account maintained on behalf of a Director to which shall be credited any amount described in Section 9.

(b) "Annual Meeting" means the annual meeting of the stockholders of the Corporation.

(c) "Annual Cash Retainer" means any yearly fees, including the Committee chair retainer, payable in cash to a Director for service as a non-employee Director during a 12-month period, or fees that are prorated to the Board's discretion, including the Committee chair retainer, payable in cash to a Director who is elected between Annual Meetings for service as a non-employee Director during a period which is less than 12 months.

(d) "Award" or "Awards" means a grant of an Option, Restricted Stock or Stock Units under the Plan.

(e) "Board" means the Board of Directors of the Corporation.

(f) "Change in Control" shall have the meaning set forth in Article VI of the By-Laws of the Corporation, as such By-Laws may be amended from time to time.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means the Board Nominating and Governance Committee.

(i) "Common Stock" means the $0.75 par value common stock of the Corporation or any security of the Corporation identified by the Committee as having been issued in substitution, exchange or lieu thereof.

(j) "Corporation" means Chevron Corporation, a Delaware corporation, or any successor corporation.

(k) "Director" means a member of the Board who is not employed by the Corporation or its subsidiaries or affiliates.

(l) "Disability" means a condition which causes a Director to be unable, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months, to engage in any essential activity required of a Director. Whether a Director has a Disability shall be determined by the Committee on the basis of competent medical evidence.

(m) "Discretionary Transaction" shall mean a transaction pursuant to any benefit plan that: (i) is at the volition of a plan participant; (ii) is not made in connection with the participant's death, disability, retirement or termination of employment; (iii) is not required to be made available to a plan participant pursuant to a provision of the Internal Revenue Code; and (iv) results in either an intra-plan transfer involving an equity securities fund of the Corporation, or a cash distribution funded by a volitional disposition of an equity security of the Corporation, or otherwise as such term is defined under Rule 16b-3(b)(1) of the Exchange Act or successor provision thereto.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute.

(o) "Fair Market Value" of a Share as of a specified date means the price per share at which Shares were traded at the close of business on such date as reported on the New York Stock Exchange (or other established exchange or exchanges) or, if no trading of Common Stock is reported for that day, the preceding day on which trading was reported.

(p) "Option" means a nonstatutory stock option awarded pursuant to the Plan. "Option Agreement" means the agreement between the Corporation and the Director that contains the terms and conditions pertaining to an Option.

(q) "Plan" means the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, as amended from time to time.

(r) "Restricted Stock" means Shares awarded pursuant to Section 7.

(s) "Restriction Period" means the period of time commencing with the date of grant of a Restricted Stock Award and ending on the date on which all Shares of Restricted Stock in such Award either vest or are forfeited.

(t) "Rules" means regulations and rules adopted from time to time by the Committee to interpret or administer the Plan.

(u) "Share" means one share of Common Stock, adjusted in accordance with Section 10 (if applicable).

(v) "Stock Unit" means a right to receive, in accordance with the provisions set forth herein and in the Rules, a Share.

3. ADMINISTRATION.

(a) Composition and Powers of the Committee.

Unless otherwise designated by the Board, the Plan shall be administered by the Board Nominating and Governance Committee. The Committee shall have the power to construe and interpret the Plan and the Rules and to make all other determinations necessary for the administration of the Plan. Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding on all persons. The Committee shall consist of two or more Directors who satisfy the requirements of Rule 16b-3 (or its successor) under the Exchange Act to the extent necessary for grants of Awards to the Directors under Section 16 of the Exchange Act.

(b) Liability of Board and Committee Members.

No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Award under it.

(c) Administration of the Plan Following a Change in Control.

Within 30 days after the occurrence of a Change in Control, the Committee shall appoint an independent organization which shall thereafter administer the Plan and have all of the powers and duties formerly held and exercised by the Committee with respect to the Plan as provided in Section 3(a). Upon such appointment, the Committee shall cease to have any responsibility with respect to the administration of the Plan.

4. DURATION OF THE PLAN AND SHARES SUBJECT TO THE PLAN.

(a) Duration of the Plan.

The Plan shall remain in effect until terminated by the Board.

(b) Shares Subject to the Plan.

The maximum number of Shares for which Awards may be granted under the Plan is 800,000 Shares (adjusted for the two-for-one stock split dated September 10, 2004), including the number of Shares previously authorized for use but unissued pursuant to the Chevron Restricted Stock Plan for Non-Employee Directors. The limitation set forth in this Section 4(b) shall be subject to adjustment as provided in Section 10.

(c) Accounting for Numbers of Shares.

For the purpose of computing the total number of Shares available for Awards under the Plan there shall be counted against the limitation under the Plan the number of Shares issued or subject to issuance upon exercise or settlement of Options and Restricted Stock Awards granted and the number of Shares that equals the number of Stock Units granted, determined as of the dates on which Stock Unit Awards are granted. Dividends paid, dividend equivalents granted and interest or other amounts credited with respect to any Award outstanding under the Plan shall not apply against the Plan limitation.

If Stock Units, Restricted Stock or Shares issued upon the exercise of Options are forfeited or otherwise terminated before exercise or settlement, then the corresponding Shares shall again become available for Awards under the Plan. If Stock Units are settled, then only the number of Shares (if any) actually issued in settlements of such Stock Units shall reduce the number available for Awards.

(d) Source of Stock Issued Under the Plan.

Common Stock issued under the Plan may be either authorized and unissued Shares or issued Shares that have been reacquired by the Corporation, as determined in the sole discretion of the Committee. No fractional Shares shall be issued under the Plan.

5. PERSONS ELIGIBLE FOR AWARDS.

Members of the Board who are not employees of the Corporation or its subsidiaries or affiliates are eligible for Awards. A Director may receive more than one Award, including Awards of the same type, subject to the restrictions of the Plan.

6. OPTIONS.

Each Director may be awarded an Option to purchase that number of Shares determined pursuant to the Rules. All such Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the express provisions of the Plan, as the Committee in its sole discretion shall deem desirable.

(a) Option Awards.

The terms of each Option shall be set forth in an Option Agreement, which shall contain such provisions not inconsistent with the terms of the Plan, including, without limitation, restrictions upon the exercise of the Option, as the Committee shall deem advisable in its sole discretion. Any Option may be sold, assigned, transferred, pledged or otherwise encumbered only as specifically permitted in the Rules.

(b) Number of Shares Covered by Option.

Each Option shall state the number of Shares to which it pertains and shall provide for the adjustment thereof in accordance with the provisions of Section 10. No fractional Shares shall be issued pursuant to the exercise of an Option.

(c) Exercise Price.

The exercise price of each Share covered by an Option shall be one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is awarded.

(d) Rights as a Stockholder.

A Director who has been awarded an Option or any transferee of an Option (to the extent transfers of an Option are permitted under the Rules) shall have no rights with respect to any Shares covered by his or her Option until the date such interest is recorded as a book entry on the records of the Corporation. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date the Director's interest is recorded as a book entry on the records of the Corporation, except as provided elsewhere in this Plan or in the Rules.

(e) Nonstatutory Stock Options.

All Options shall be designated as nonstatutory stock options which do not qualify as incentive stock options under Section 422 of the Code.

7. RESTRICTED STOCK.

Awards of Restricted Stock shall be subject to the following terms and conditions and to such additional terms and conditions, not inconsistent with the express provisions of the Plan, as the Committee in its sole discretion shall deem desirable.

(a) Awards.

As of the date of each Annual Meeting at which a Director is elected to serve on the Board, each such Director may receive an Award of a specified number of shares of Restricted Stock, the number to be determined by the Board in its sole discretion by resolution adopted on or before the date of the applicable Annual Meeting. The Board, in its sole discretion, may grant to a Director who is elected to the Board between Annual Meetings an Award of a proportionate number of shares of Restricted Stock, the number to be determined by the Board in its sole discretion by resolution adopted on or before the grant date of the Restricted Stock Award. The grant date of the Restricted Stock Award shall be on or after the date the Director begins providing services as a Director. This annual Restricted Stock Award shall be subject to adjustment as provided in Section 10.

(b) Terms and Conditions of Awards.

The terms of each Restricted Stock Award shall be set forth in Rules, which Rules shall contain such provisions (including, without limitation, rules regarding vesting and forfeiture) as the Committee determines to be necessary or appropriate to carry out the intent of the Plan with respect to such Award. Except as otherwise provided in the Rules, any Restricted Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date all applicable restrictions lapse. The Corporation shall maintain in its records a book entry account to which the Shares represented by each Restricted Stock Award shall be credited. The shares in the book entry account represented by such Restricted Stock

Award shall be subject to the terms, conditions, and restrictions applicable to such Award. The Committee shall require that no change shall be made in the book entry account representing a Restricted Stock Award until the restrictions thereon shall have lapsed. At that time, a book entry shall be made in the records of the Corporation in the name of the Director in the amount of Shares as to which the restrictions have lapsed.

(c) Stockholders' Rights.

Except as provided in the Rules, the holders of Restricted Stock Awards shall have the same voting, dividend and other rights as the Corporation's other stockholders.

8. STOCK UNITS.

(a) Awards.

Each Stock Unit Award shall be subject to the terms and conditions set forth in the Rules.

(b) Number of Shares Covered by Stock Units.

As of the date of each Annual Meeting at which a Director is elected to serve on the Board until the following Annual Meeting, each such Director shall receive an Award of a specified number of Stock Units, the number and time of award to be determined by resolution adopted by the Board on or before the date of the applicable Annual Meeting. The Board, in its sole discretion, may grant to a Director who is elected to the Board between Annual Meetings an Award of a proportionate number of shares of Stock Units, the number to be determined by the Board in its sole discretion by resolution adopted on or before the grant date of the Stock Unit Award. The grant date of the Stock Unit Award shall be on or after the date the Director begins providing services as a Director. Stock Unit Awards shall be subject to adjustment as provided in Section 10.

(c) Terms and Conditions.

In addition to the terms and conditions specified in the Rules, Stock Unit Awards made pursuant to this Section 8 shall be subject to the following:

(i) Except as otherwise provided in the Rules, any Stock Unit Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued or the Award becomes payable.

(ii) The Rules shall contain provisions dealing with the disposition of Stock Unit Awards in the event of a termination of an individual's status as a Director.

(d) Stockholders' Rights.

Unless and until such time as a Director receives a distribution of all or a portion of a Stock Unit Award in the form of Shares and prior to the date the Director's interest in such Shares is recorded as a book entry on the records of the Corporation, the Director shall have no dividend rights, voting rights or other rights as a stockholder with respect to such Shares covered by his or her Stock Unit Award. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, if the Rules so provide, any Stock Unit awarded under the Plan may carry with it dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Share while such Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units, as provided in the Rules.

(e) Stock Unit Accounts.

The "stock unit account" of each Director who received an award of "stock units" under the Chevron Corporation Restricted Stock Plan for Non-Employee Directors with respect to service as a Director prior to the 1997 Annual Meeting shall continue to be maintained pursuant to the terms of such plan as in effect prior to April 30, 1997.

9. DEFERRED COMPENSATION.

(a) Optional Deferral. A Director may elect to defer receipt of all or a portion of the Annual Cash Retainer.

(b) Rules Regarding Deferrals. The Committee shall promulgate Rules, in accordance with Section 409A of the Code, governing (i) elections by Directors to defer all or any part of the Director's Annual Cash Retainer, (ii) the establishment of Accounts to which shall be credited amounts deferred, (iii) the designation of investments to be used to measure the value of such Accounts, (iv) the crediting of interest or earnings to such Accounts, and (v) the time, form and value of distributions from such Accounts.

10. RECAPITALIZATION.

Subject to any required action by the stockholders, the number of Shares covered by the Plan as provided in Section 4, the number of Shares covered by or referred to in each outstanding Award and the exercise price, if applicable, of each outstanding Award shall be proportionately adjusted for: (a) any increase or decrease in the number of issued and outstanding Shares resulting from a subdivision or combination or consolidation of issued and outstanding Shares by reclassification or otherwise, (b) the payment of a stock dividend (but only of Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Corporation, (c) the declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of issued Shares, or (d) a recapitalization, spinoff or similar occurrence.

In the event of a dissolution or liquidation of the Corporation or a merger, consolidation or other reorganization, the Shares subject to each non-vested Award shall be handled in accordance with the terms of the agreement of merger, consolidation or reorganization which may provide for the full vesting, cash-out or assumption of such Awards.

The Committee shall prescribe Rules governing the adjustment of the number of Shares covered by the Plan as provided in Section 4, the number of Shares covered by or referred to in each outstanding Award and the exercise price, if applicable, of each outstanding Award in the event that preferred stock purchase rights issued pursuant to any stockholder rights plan detach from the Common Stock and become exercisable.

Except as provided in this Section 10, a Director shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class. Except as provided in this Section 10, any issue by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of Shares subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, or reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. SECURITIES LAW REQUIREMENTS.

No Shares shall be issued and no Options shall become exercisable pursuant to the Plan unless and until the Corporation has determined that: (i) it and the Director have taken all actions required to register the Shares under the Securities Act of 1933, as amended, or perfect an exemption from the registration requirements thereof; (ii) any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and (iii) any other applicable provision of state or federal law has been satisfied.

12. AMENDMENTS OF THE PLAN AND AWARDS.

(a) Plan Amendments.

The Board may, insofar as permitted by law, from time to time and in its discretion, with respect to any Shares at the time not subject to Awards, suspend the Plan or revise or amend it in any respect whatsoever without stockholder approval. However, unless the Board specifically otherwise provides, any revision or amendment that would cause the Plan to fail to comply with any requirement of applicable law or regulation if such amendment were not approved by the stockholders of the Corporation shall not be effective unless and until the approval of the stockholders of the Corporation is obtained.

(b) Amendments of Awards.

Subject to the terms and conditions and within the limitations of the Plan, the Board may amend, cancel, modify, extend or renew outstanding Awards granted under the Plan, or accept the exchange of outstanding non-vested Awards (to the extent not theretofore exercised) for the granting of new Awards in substitution therefore.

(c) Rights of Directors.

No amendment, suspension or termination of the Plan nor any amendment, cancellation or modification of any Award outstanding under it that would adversely affect the right of any Director in an Award previously granted under the Plan shall be effective without the written consent of the affected Director.

13. TERMINATION OF THE PLAN

(a) Termination.

The Committee may terminate the Plan at any time. In the event of termination of the Plan, any deferred amounts may be distributed within the period beginning twelve months after the date the Plan was terminated and ending twenty-four months after the date the Plan was terminated, or pursuant to Sections IV-VI of the Rules, if earlier. If the Plan is terminated and deferred amounts are distributed, the Corporation shall terminate all account balance non-qualified deferred compensation plans with respect to all participants and shall not adopt a new account balance non-qualified deferred compensation plan for at least five years after the date the Plan was terminated.

(b) Dissolution or Bankruptcy

The Plan shall automatically terminate upon a dissolution of the Corporation that is taxed under Code section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. section 503(b)(1)(A), provided that the deferred amounts are distributed and included in the gross income of the Directors by the latest of (i) the calendar year in which the Plan terminates or (ii) the first calendar year in which payment of the deferred amounts is administratively practicable.

14. GENERAL PROVISIONS.

(a) Application of Funds.

The proceeds received by the Corporation from the sale of Common Stock pursuant to the exercise of an Option shall be used for general corporate purposes.

(b) Creditors' Rights.

Directors shall have no rights other than those of a general creditor of the Corporation with respect to Stock Unit Awards and any Account established pursuant to Section 9. These interests shall represent unfunded and unsecured obligations of the Corporation, subject to the terms and conditions of the applicable Rules.

(c) No Obligation to Exercise Option.

The award of an Option shall impose no obligation upon the Director to exercise such Option.

(d) Costs of the Plan.

The costs and expenses of administering the Plan shall be borne by the Corporation.

(e) Director’s Beneficiary.

The Rules may provide that a Director may designate a beneficiary with respect to any Award in the event of death of such Director. If such beneficiary is the executor or administrator of the estate of the Director, any rights with respect to such Award may be transferred to the person or persons or entity (including a trust, if permitted under the Rules) entitled thereto by bequest of or inheritance from the holder of such Award.

(f) Prohibition of Opposite Way Transactions.

To the extent any transactions executed by a Director in securities of the Corporation would be considered a non-exempt purchase or sale of an equity security of the Corporation for purposes of the short-swing profit recovery provisions of Section 16(b) of the Exchange Act, such Director shall be prohibited from executing, or electing to enter into, any transaction relating to or resulting from Awards under this Plan that would be considered an opposite way transaction within six months from such prior non-exempt transaction.

In addition, a Director shall be prohibited from engaging in, or electing to engage in, a Discretionary Transaction under the Plan if the election to engage in such transaction is less than six months after an election to engage in an opposite way Discretionary Transaction under any benefit plan of the Corporation, including this Plan.

(g) Severability.

The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(h) Binding Effect of Plan.

The Plan shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns and the Corporation shall require any successor or assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such succession or assignment had taken place. The term “the Corporation” as used herein shall include such successors and assigns. The term “successors and assigns” as used herein shall mean a corporation or other entity directly or indirectly acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise.

(i) No Waiver of Breach.

No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

(j) Authority to Establish Grantor Trust.

The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of Awards under the Plan; provided, however, that no Director shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its subsidiaries or affiliates as a result of the creation of such trust or the transfer of funds or other property to such trust.

15. APPROVAL OF STOCKHOLDERS.

Adoption of the Plan shall be subject to approval by affirmative vote of the stockholders of the Corporation in accordance with applicable law.

Exhibit 12.1

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

	Three Months Ended March 31, 2007	Year Ended December 31 2006	2005	2004	2003	2002
			(Dollars in Millions)			
Income from Continuing Operations	$ 4,715	$ 17,138	$ 14,099	$ 13,034	$ 7,382	$ 1,102
Income Tax Expense	2,845	14,838	11,098	7,517	5,294	2,998
Distributions (Less) Greater Than Equity in Earnings of Affiliates	(284)	(979)	(1,304)	(1,422)	(383)	510
Minority Interest	28	70	96	85	80	57
Previously Capitalized Interest Charged to Earnings During Period	18	111	93	83	76	70
Interest and Debt Expense	74	451	482	406	474	565
Interest Portion of Rentals(1)	194	766	688	687	507	407
Earnings Before Provision for Taxes and Fixed Charges	**$ 7,590**	**$ 32,395**	**$ 25,252**	**$ 20,390**	**$ 13,430**	**$ 5,709**
Interest and Debt Expense(2)	$ 74	$ 451	$ 482	$ 406	$ 474	$ 565
Interest Portion of Rentals(1)	194	766	688	687	507	407
Preferred Stock Dividends of Subsidiaries	—	1	1	1	4	5
Capitalized Interest	62	157	60	44	75	67
Total Fixed Charges	$ 330	$ 1,375	$ 1,231	$ 1,138	$ 1,060	$ 1,044
Ratio Of Earnings To Fixed Charges	**23.00**	**23.56**	**20.51**	**17.92**	**12.67**	**5.47**

(1) Calculated as one-third of rentals. Considered a reasonable approximation of interest factor.

(2) Does not include interest related to liabilities for uncertain tax positions. On the Consolidated Statement of Income, the Company reports interest and penalties related to liabilities for uncertain tax positions as “Income tax expense.”

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David J. O'Reilly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID J. O'REILLY

David J. O'Reilly
Chairman of the Board and
Chief Executive Officer

Dated: May 4, 2007

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen J. Crowe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEPHEN J. CROWE

Stephen J. Crowe
Vice President and
Chief Financial Officer

Dated: May 4, 2007

Exhibit 32.1

**CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Chevron Corporation (the "Company") on Form 10-Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. O'Reilly, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID J. O'REILLY

David J. O'Reilly
Chairman of the Board and
Chief Executive Officer

Dated: May 4, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Chevron Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen J. Crowe, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN J. CROWE

Stephen J. Crowe
Vice President and
Chief Financial Officer

Dated: May 4, 2007