



Russia Fact Sheet

Highlights of Operations

Chevron is a major investor in the Caspian Pipeline Consortium and is one of the largest investors in the Russian oil and gas infrastructure. Approximately \$2.2 billion of the total project expenditure for the Caspian Pipeline Consortium took place in Russia, with a large portion used to hire Russian contractors.

Our business development team is actively pursuing additional upstream opportunities in Russia.

Our subsidiary Chevron Oronite has developed strong partnerships with several Russian oil companies to which we supply fuel and lubricants additives. We also market both Texaco- and Chevron-branded lubricants through two separate distributor networks.

Through Chevron Lummus Global, several of Chevron's industry-leading technologies have been licensed to Russian oil companies.

Chevron also is a committed member of the community in Russia, supporting social programs, education and the arts.

Business Portfolio

Exploration and Production

Exploration and delineation activities in the Pyakutinsky and Aikhettinsky license areas, located in the Yamal-Nenets region of western Siberia, were completed in 2008. The results of the testing and technical evaluation did not demonstrate the presence of commercial quantities of hydrocarbons. Chevron elected not to exercise its option to acquire a 49 percent share in Northern Taiga Neftegaz LLC, holder of those licenses.

Chevron funded 30 percent of the initial construction costs of the Caspian Pipeline Consortium (CPC) pipeline – an investment of about \$800 million. In all, the CPC invested almost \$2.7 billion to construct and operate the 935-mile (1,505-km) pipeline that runs from the Tengiz oil field in western Kazakhstan to the Black Sea marine terminal Novorossiysk-2 in Russia.

During 2008, the pipeline transported an average of 675,000 barrels of crude oil per day, including 557,000 barrels per day from the Caspian region and 118,000 barrels per day from Russia. Chevron holds a 15 percent interest in the CPC.

Chevron also is a 50 percent owner of Tengizchevroil, which operates the Tengiz Field in Kazakhstan. In addition to Tengiz crude oil, the pipeline transports crude oil from the northeast shore of the Caspian Sea and other areas of Russia and Kazakhstan, including the Karachaganak Field in Kazakhstan, in which Chevron holds a 20 percent interest.

Marketing and Retail

Chevron Oronite has a growing business in Russia, supplying additives for lubricants. Our subsidiary has developed strong partnerships with several Russian oil companies, including LUKOIL, OAO Gazprom Neft, TNK-BP and other producers of lubricating oils.

Along with Chevron Lubricants, the Chevron and Texaco brands continue to significantly increase their market share in Russia. Our lubricants subsidiary, Chevron Lubricants CIS, reorganized its operations in 2007.

Chevron has established several strong partnerships licensing our technology in Russia.

Licensing Chevron's Isocracking® process, Kirishi Nefteorgsyntez (Surgutneftegaz) is building the world's largest Isocracking unit. Isocracking is a process that converts hydrocarbons into more valuable products. The facility, expected to be commissioned in 2009, is designed with an annual processing capacity of 3 million metric tons of vacuum gas oil. It will enable production of high-quality fuels for both Russian and foreign markets. In 2008, Chevron Lummus Global supplied fresh replacement catalyst and began a study examining unit expansion.

Chevron makes its Isodewaxing® technology, commercial expertise and catalysts available to LUKOIL-Volgogradneftepererabotka. This process involves using the raw wax from base-oil manufacturing to produce high-quality lubricants. The Isodewaxing unit is successfully deployed in Volgograd. In 2008, Chevron Lummus Global provided a new supply of improved Isodewaxing catalyst for the Volgograd operation.

Chevron Lummus Global has a contract with the Ryazan Refinery that licensed the plant to use our hydrodesulfurization process. The process removes sulfur from natural gas and refined products. The plant has an annual capacity of 2.5 million metric tons. In 2008, Chevron Lummus Global also performed a study to improve operations.

Tatneft has licensed our Isocracking technology for the Nizhnekamsk refinery, which is under construction. This plant will process vacuum gas oil and heavy coker gas oil into high-quality diesel and jet fuel. Startup is expected by 2011.

Chevron Lummus Global has a sales contract with Rosneft for a hydrocracker and diesel hydrotreater license. The contract also covers a future supply of catalysts for the Tuapse refinery. This plant will process vacuum gas oil and atmospheric gas oil into jet and diesel fuels of superior quality. Startup is planned for 2012.

Rosneft also has a license and catalyst supply contract for its Komsomolsk refinery. This plant will convert vacuum gas oil into low-sulfur diesel fuel.

In 2008, Chevron Lummus Global signed agreements with Rosneft for the licensing, design and catalyst for a new hydrocracker at the Achinsk refinery.

In the Community

Since 1994, Chevron has spent more than \$3.5 million on community and social programs in Russia. We support more than 100 programs, including hospitals, orphanages, schools, museums, and sports and cultural projects. This includes contributions to victims of the Beslan school siege and the flooding in Novorossiysk as well as support of U.S.-Russian efforts to fight the spread of HIV/AIDS.

In 1994, Chevron became one of the founding trustees of the Russian National Orchestra and remains a sponsor of this world-renowned organization.

Since 1996, we have provided scholarships to undergraduate and graduate students, sponsored scientific conferences, and funded the purchase of laboratory equipment for Moscow State University. Chevron also has sponsored the State Tretyakov Gallery, the State Literary Museum, the State Pushkin Museum and the Moscow Zoo.

Record of Achievement

Construction of the Caspian Pipeline Consortium (CPC) pipeline began in 1999, and the first tanker was loaded with Tengiz oil at the CPC's terminal at Novorossiysk in 2001.

Chevron products have been sold in Russia since the late 1990s and have increased their market share significantly since then. In 2004, Chevron created a subsidiary to import and distribute Texaco-branded products in Russia.

Our partnerships in Russia have been marked by several licensing milestones:

- In 1994, Chevron sold its Isocracking process license to Kirishi Nefteorgsyntez (Surgutneftegaz).
- In 2000, Chevron made its Isodewaxing technology, commercial expertise and catalysts available to LUKOIL-Volgogradneftepererabotka.
- Chevron Lummus Global signed licensing contracts with the Ryazan Refinery in 2000 and with Tatneft and Rosneft in 2006 and signed two more contracts with Rosneft in 2007 and 2008.

Economy

During the initial construction phase of the CPC pipeline, Chevron and its partners created more than 6,000 construction jobs, a majority of which were held by local workers and specialists. In addition, the CPC has created approximately 1,500 full-time jobs to support pipeline operations.

The implementation of the Tengizchevroil (TCO) project has helped strengthen the economy of Russia. TCO's direct expenditures in Russia totaled \$558 million in 2008. Since 1993, the direct expenditures of TCO in Russia have totaled more than \$3.6 billion. Studies conducted by the Russian Academy of Sciences show that during the life of the project, TCO activity is expected to increase Russia's GNP by \$28 billion, through both direct and indirect expenditures. TCO operations are expected to bring an additional \$10 billion in revenue into the federal, regional and local budgets, both directly and indirectly.

In 2007, TCO resumed crude transportation by railroad. Practically all of the crude oil is delivered through Russian territory. As a result, Russia received more than \$66 million in railway tariffs in 2008.

All export volumes of liquefied gas from TCO are transported along Russian railroads. In 2008, Russia received more than \$73 million in railway tariffs and rail car leases for the shipment of TCO liquefied gas. In 2003, TCO began operating a sulfur granulating facility. This product is exported to the Mediterranean market through Russian territory. About \$30 million has been paid for sulfur shipments in 2008.

Chevron has established partnerships with Russian institutions, including the National Scientific Research Institute of Hydrocarbon Raw Materials – VNIIUS (Kazan), Moscow State University, Gubkin State Oil and Gas University, VNIGNI, VNIIGAZ, and others.

In 2006, Chevron and the Russian Academy of Sciences signed a scientific and technological cooperation agreement. In 2007, Chevron supported research work at the academy in areas ranging from catalyst characterization to ceramic membranes.

On behalf of Chevron's Energy Technology Company, our Moscow office established semiannual symposiums and joint research projects with the Russian Academy of Science. Several of these projects are ongoing, and we continue to seek more opportunities.

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