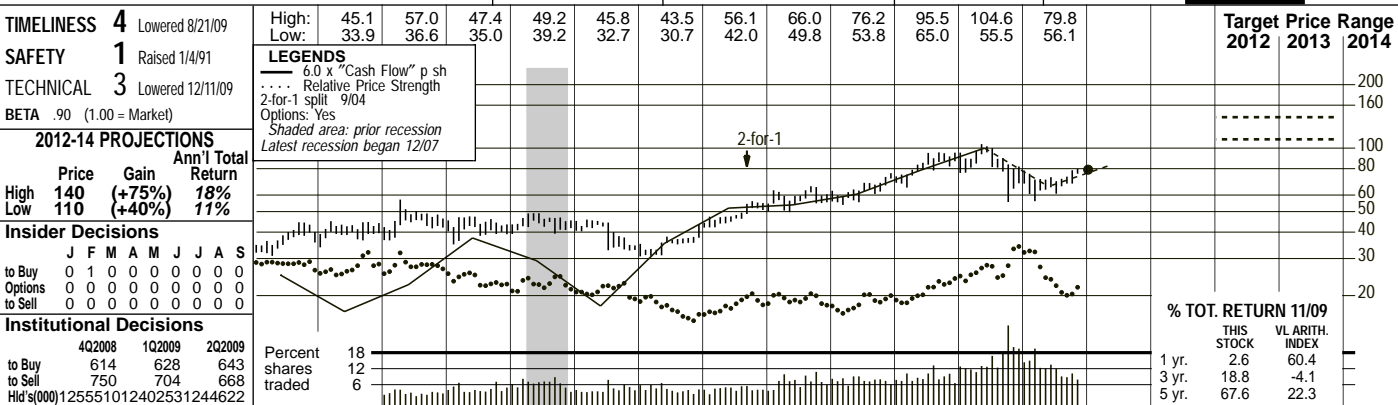


CHEVRON CORP. NYSE-CVX

RECENT PRICE **79.06** P/E RATIO **10.3** (Trailing: 12.9; Median: 10.0) RELATIVE P/E RATIO **0.62** DIV'D YLD **3.4%**

VALUE LINE



Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	12-14
Price	24.65	23.28	24.01	28.23	26.69	23.40	27.87	40.63	50.11	46.37	56.94	73.70	88.77	86.02	105.67	136.21	85.05	110.00	188.95
Gain	3.28	3.16	3.34	3.73	4.18	2.80	3.76	6.26	4.88	2.98	5.90	8.67	8.96	10.09	13.11	16.69	10.95	13.95	21.10
Return	1.40	1.30	1.51	2.03	2.43	1.02	1.57	3.99	1.55	.54	3.48	6.28	6.54	7.80	8.77	11.67	5.70	7.95	12.50
Div'd	.88	.93	.96	1.04	1.14	1.22	1.24	1.30	1.33	1.40	1.43	1.54	1.75	2.01	2.26	2.53	2.66	2.79	3.00
Cap'l Spending	2.55	2.61	2.71	2.62	2.97	2.97	3.33	2.85	4.58	3.56	2.63	2.99	3.90	5.65	7.98	9.81	11.10	11.20	12.20
Book Value	10.74	11.20	11.00	11.96	13.32	13.04	13.52	15.53	16.02	14.79	16.97	21.47	28.07	28.22	36.88	43.23	44.80	47.65	53.15
Common Shs	1303.0	1303.5	1304.7	1306.2	1311.9	1306.1	1312.7	1283.1	2120.2	2136.3	2138.3	2107.1	2232.7	2442.7	2090.4	2004.2	2000.0	2000.0	1950.0
P/E Ratio	15.3	16.8	16.0	14.7	15.4	39.9	28.6	10.6	28.8	NMF	10.2	7.6	8.8	8.1	9.4	7.3	8.0	7.0	10.0
Relative P/E	.90	1.10	1.07	.92	.89	2.08	1.63	.69	1.48	NMF	.58	.40	.47	.44	.50	.44	.50	.44	.65
Div'd Yield	4.1%	4.2%	4.0%	3.5%	3.0%	3.0%	2.8%	3.1%	3.0%	3.5%	4.0%	3.2%	3.0%	3.2%	2.7%	3.0%	3.0%	3.0%	2.4%

Category	2007	2008	9/30/09	2010	2011	2012	2013	2014	12-14
CAPITAL STRUCTURE as of 9/30/09									
Total Debt	\$11633 mill.	Due in 5 Yrs	\$872 mill.						
LT Debt	\$10761 mill.	LT Interest	\$423.5 mill.						
Includes	\$328 million	capitalized leases.							
(11% of Cap'l)									
Leases, Uncapitalized	Annual rentals	\$435.2 mill.							
Pension Assets-12/08	\$6.90 bill.	Oblig.	\$14.37 bill.						
Prd Stock	None								
Common Stock	2,012,829,604 shs.								
as of 11/02/09									
MARKET CAP:	\$159 billion	(Large Cap)							
CURRENT POSITION	2007	2008	9/30/09						
(SMILL)									
Cash Assets	7592	9560	7689						
Receivables	18293	24102	16209						
Inventory (LIFO)	5120	5312	6511						
Other	3104	3213	4185						
Current Assets	34109	42187	34594						
Accts Payable	17212	16701	15613						
Debt Due	1892	827	872						
Other	9563	10321	8871						
Current Liab.	28667	37849	25356						

BUSINESS: Chevron Corp. is the world's fourth largest oil company based on proven reserves. Daily 2007 gross production: crude oil & NGLs, 2.239 mill. barrels; natural gas, 4.414 bill. cubic feet. Net proved reserves, 12/07: oil, 8.589 bill. bbls.; natural gas, 22.480 trill. cu. ft. Avg. 5-yr. finding costs: \$5.43 a barrel (vs. ind. avg. \$5.22). 5-yr. reserve replacement rate: 97% (vs. ind. avg. 112%).

Chevron reported much higher-than-expected third-quarter earnings. Share net came in at \$1.92, compared to our estimate of a dollar, and Wall Street consensus of \$1.48. Year-over-year production went up 10.6% (to 2,702 million barrels of oil per day) compared to our estimate of 2,550 mboe/d. Export sales were better than we expected as the dollar weakened further. And oil prices rose more than anticipated as economies pulled out of the recession.

We have raised our final-period profit estimate by 65%, to \$1.99. And even this may be on the conservative side. Hurricane Ida caused some production delays in the Gulf of Mexico, but production will probably still be up over last year. Currency translation effects are liable to continue being less negative. And the average price of oil appears to be well entrenched in the \$70-\$80 per barrel range.

The company's upstream (E&P) business looks to be in good health, auguring well for future results. Chevron has a number of promising projects on tap that should more than adequately replenish reserves. Standouts include the start-up of deepwater production in the Tahiti field (Gulf of Mexico), Frade off the coast of Brazil, Tombua-Landana and the Mafumeira start-up in Angola, and Agbami in Nigeria. The key question, however, is energy demand. How much energy will be needed by recovering economies worldwide as we head into 2010? Given our estimate of 3% GDP growth stimulating CVX production growth of 8%-10%, and our estimate of \$70 a barrel for average oil prices, we think Chevron should generate very healthy share earnings of around \$8.00 in 2010.

Although untimely, this stock has solid total return potential to 2012-2014. Our projections assume 5% average annual earnings and dividend growth. The more conservative investor ought to feel at home here, particularly given the well-covered and generous dividend, backed by top-notch finances. One overhang is a \$27 billion Ecuadorian lawsuit (related to Texaco), which is a worry, although it will probably remain tied up in litigation for years, since Chevron is expected to vigorously contest a negative outcome.

Jeremy J. Butler December 11, 2009

(A) Sales exclude (consumer) petroleum & chemicals excise taxes. 2005 sales figures restated to account for UNOCAL merger. (B) Based on diluted shares. Excl. nonrecur. gains (losses): '93 (\$0.43); '95, (\$0.79); '96, \$0.03; '97, \$0.06; '98, (\$0.48). Incl. nonrecur. loss of \$1.41: '01. Next earnings report due late January. (C) Dividends historically paid on or about 10th of March, June, September, and December. (D) In millions, adj. for stock split.

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	90
Earnings Predictability	35

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