



Rating: Buy
 S&P 500: 1384
 Intraday

Chevron Corporation Oil Concentration Rewarded

<i>Symbol</i>	CVX	<i>Ebitda Next Twelve Months ending 12/31/08 (US\$m)</i>	43,100
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (\$/sh)</i>	82.90	<i>Natural Gas and Oil Production/Ebitda (%)</i>	74
<i>Pricing Date</i>	2/1/08	<i>Adjusted Reserves/Production NTM</i>	10.1
<i>Shares (mm)</i>	2206	<i>EV/Ebitda</i>	4.8
<i>Market Capitalization (\$mm)</i>	183,000	<i>PV/Ebitda</i>	6.5
<i>Debt (\$mm)</i>	22,000	<i>Undeveloped Reserves (%)</i>	39
<i>Enterprise Value (EV) (\$mm)</i>	205,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	33.30
<i>Present Value (PV) (\$mm)</i>	280,000	<i>Present Value Proven Reserves(\$/boe)</i>	17.10
<i>Net Present Value (\$/share)</i>	117	<i>Present Value Proven Reserves(\$/mcfe)</i>	2.90
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/sh)</i>	10.40
<i>McDep Ratio - EV/PV</i>	0.73	<i>Price/Earnings Next Twelve Months</i>	8
<i>Dividend Yield (%/year)</i>	2.8	<i>Indicated Annual Dividend (US\$/sh)</i>	2.32
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of CVX since 2002 see www.mcdep.com/1cvx.htm			

Summary and Recommendation

Buy-recommended **Chevron Corporation (CVX)** offers unlevered appreciation potential of 37% to estimated net present value (NPV) of \$117 a share. In fourth quarter results reported today, concentration on oil production at a time of increased oil price generated a high level of unlevered cash flow (Ebitda) while the more volatile downstream (Other) was lower than normal (see table Next Twelve Months Operating and Financial Estimates). On December 18 we increased NPV from \$105 a share prompted by an increase in long-term oil price for calculating present value to \$80 from \$66 a barrel. NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). Oil price is in an uptrend with the current quote for the average of futures for the next six-years of \$88 a barrel is above the 40-week average of \$76 (see chart Six-Year Commodity Price Meter).

Kurt H. Wulff, CFA

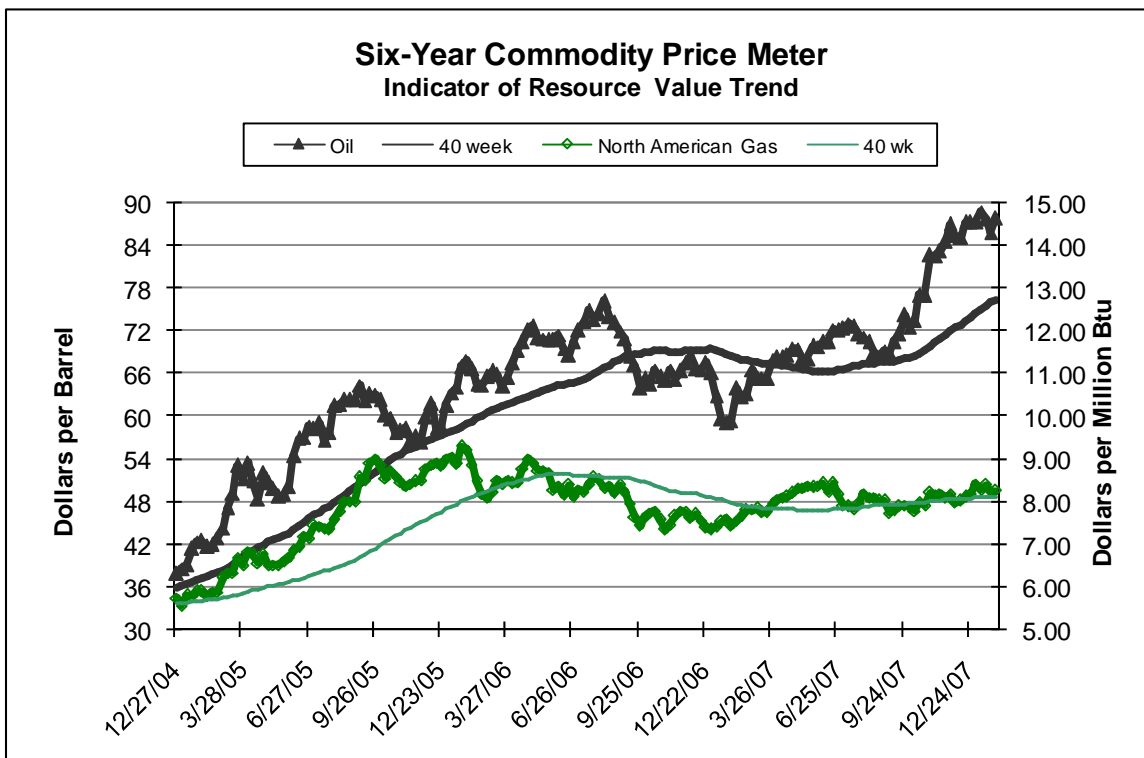
McDep LLC
Independent Stock Idea
February 1, 2008



Chevron									
Next Twelve Months Operating and Financial Estimates									
									Next
	Q4	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Twelve
	12/31/06	9/30/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	Months
									12/31/08
Volume									
Natural Gas (mmcf)									
U.S.	1,782	1,695	1,675	1,699	1,675	1,675	1,675	1,675	1,680
Rest of World	3,067	3,288	3,408	3,321	3,408	3,408	3,408	3,408	3,417
Total	4,849	4,983	5,083	5,019	5,083	5,083	5,083	5,083	5,097
Oil (mbd)	1,847	1,760	1,766	1,783	1,766	1,766	1,766	1,766	1,766
Total gas & oil (mbd)	2,655	2,591	2,613	2,619	2,613	2,613	2,613	2,613	2,615
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.57	6.16	6.97	6.87	7.76	8.07	8.28	8.63	8.18
U.S.	5.90	5.43	6.08	6.12	6.76	7.04	7.22	7.42	7.11
Rest of World	3.67	3.78	4.32	3.90	3.85	3.64	3.78	3.78	3.76
Total	4.49	4.34	4.90	4.65	4.81	4.76	4.91	4.98	4.87
Oil (\$/bbl)									
WTI Cushing	59.99	75.48	90.67	72.28	91.62	90.56	89.92	89.34	90.36
Worldwide	51.59	66.96	80.08	64.32	81.71	80.76	80.19	80.08	80.68
Total gas & oil (\$/bbl)	44.09	53.84	63.65	52.69	64.58	63.84	63.75	63.80	63.99
NY Harbor 3-2-1 (\$/bbl)	7.54	12.64	8.19	14.37	9.18	14.37	13.89	9.82	11.81
Revenue (\$mm)									
Natural Gas									
U.S.	967	847	937	3,793	1,031	1,073	1,112	1,144	4,359
Rest of World	1,036	1,143	1,354	4,729	1,194	1,129	1,185	1,185	4,693
Total	2,003	1,990	2,291	8,522	2,225	2,202	2,297	2,329	9,052
Oil	8,767	10,842	13,010	41,851	13,131	12,979	13,029	13,010	52,150
Other	36,977	42,341	46,109	170,531	46,109	46,109	46,109	46,909	185,235
Total	47,746	55,173	61,410	220,904	61,465	61,289	61,435	62,248	246,437
Expense									
Production	5,277	6,416	7,192	24,266	7,371	7,287	7,357	7,363	29,377
Other	34,036	40,226	44,159	159,253	42,837	42,167	43,994	44,959	173,957
Ebitda (\$mm)									
Exploration and Production	5,492	6,416	8,110	26,107	7,985	7,894	7,970	7,976	31,825
Other	2,941	2,114	1,950	11,278	3,272	3,941	2,114	1,950	11,278
Total Ebitda	8,433	8,530	10,060	37,385	11,257	11,836	10,084	9,926	43,103
Exploration	547	295	449	1,323	260	260	260	260	1,040
Deprec., Deplet., & Amort.	1,988	2,495	2,094	8,708	2,094	2,094	2,094	2,094	8,376
Other non cash	-								
Ebit	5,898	5,740	7,517	27,874	8,903	9,482	7,730	7,572	33,687
Interest	92	22	7	166	7	7	7	7	28
Ebt	5,806	5,718	7,510	27,708	8,896	9,475	7,723	7,565	33,659
Income Tax	2,032	2,001	2,628	9,698	3,114	3,316	2,703	2,648	11,781
Net Income (\$mm)									
Exploration and Production	2,909	3,431	4,839						
Other	1,078	480	273						
Unallocated	(213)	(194)	(231)						
Total	3,774	3,717	4,881	18,010	5,783	6,158	5,020	4,917	21,879
Shares (millions)	2,169	2,124	2,104	2,131	2,104	2,104	2,104	2,104	2,104
Per share (\$)	1.74	1.75	2.32	8.45	2.75	2.93	2.39	2.34	10.40
Ebitda Margin (E&P)	51%	50%	53%	52%	52%	52%	52%	52%	52%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Chevron Corporation					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	1,790	6.2	6.7	12,000	4%
Rest of World Natural Gas	1,930	11.5	7.8	15,000	5%
Oil	28,100	10.3	6.9	193,000	69%
Downstream	11,280		5.3	60,000	21%
	43,100	10.1	6.5	280,000	100%
Debt (US\$mm)					22,000
Net Present Value (US\$mm)					258,000
Shares (mm)					2,206
Net Present Value - Standard Estimate (US\$/sh)					117
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					118



McDep LLC
Independent Stock Idea
February 1, 2008



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.