

Shareholders' Response to Chevron's Opposition Statement

<i>Chevron Statement</i>	<i>Shareholders' Response</i>
<p>“The requested report...is contrary to the interests of our stockholders.”</p>	<p>The items requested in the shareholder proposal are necessary in order for shareholders to assess whether our company's resources are being used responsibly and wisely in connection with the Ecuadorian lawsuit.</p> <p>Chevron has disclosed that Texaco spent \$40 million to remediate polluted sites in Ecuador in the mid-1990s. The current litigation stems back to lawsuits filed more than a decade ago. It is entirely possible that Chevron has spent more than \$40 million fighting the lawsuit, and perhaps multiples of that amount when public relations, expert's fees and lobbying are taken into account. (General Electric recently disclosed that it had spent \$800 million on total costs related to the cleanup of PCBs in the U.S. Close to 30% of that total went to items <i>not</i> related to site investigation, remediation or scientific research, but to legal fees, internal staff and external relations.)</p> <p>Counsel representing Chevron recently told the Ecuadorian court, “The suit in Ecuador will be going on for an indeterminate amount of time. We don't know how long as of right now.”</p>
<p>“Chevron has already provided extensive information regarding the completed remediation work in Ecuador and no additional reporting is warranted.”</p>	<p>Chevron's web site does indeed provide extensive information, but omits the most critical piece for investors: how much (or what range) is at stake should the Ecuadorian court find our company liable for further cleanup? The information fails to appear in any of Chevron's SEC filings, which the shareholders believe may be in violation of SEC Regulation S-K, Item 103.</p>
<p>“The proponents are inappropriately using the stockholder resolution process to bolster the plaintiffs' claims and undermine the Company's litigation strategy by obtaining confidential information.”</p>	<p>When Chevron took this argument to the Securities and Exchange Commission in an effort to exclude this proposal from the proxy ballot, the Commission disagreed, finding the proposal appropriate for the consideration of shareholders.</p> <p>As for the confidentiality of the information, it is worth noting that prior to General Electric's recent disclosure of PCB-related expenditures (see above), GE also argued that the information was confidential.</p>
<p>“TexPet operated the consortium in a safe and environmentally sound manner in accordance with Ecuador law and international practices prevailing at the time.”</p> <p>“The overwhelming body of scientific evidence...has shown that the areas remediated by TexPet pose no human health or environmental risks due to TexPet's operations.”</p> <p>“As such, 100% of drinking water samples...meet all drinking water standards for petroleum hydrocarbons and metals...”</p>	<p>Shareholders should be aware that the truthfulness of these assertions is what the plaintiffs are challenging in court.</p>
<p>“The plaintiffs' lawyers, activists and resolution sponsors ignore the environmental record of Petroecuador, which...did not fulfill its remediation obligations.”</p>	<p>The shareholder resolution sponsors cannot answer for the plaintiffs' lawyers' and activists sole focus on Chevron's responsibility to the exclusion of Petroecuador. It is simply wrong to conflate our perspectives or motives.</p> <p>Should further cleanup be found necessary, it is for the Ecuadorian court to decide how much liability belongs to Chevron and Petroecuador.</p> <p>It should be obvious at face value that the Chevron proxy ballot is not the appropriate venue for shareholders to raise questions about the responsibilities of any party that is not Chevron or a subsidiary of the company.</p>