

It is hereby RESOLVED that pursuant to Section 109 of the Delaware General Corporation Law, 8 Del. C. § 109, and Article VII of the Company's By-Laws, Article I of the Company's By-Laws, entitled "The Board of Directors," is hereby amended to add a new "Section 6, *Stockholder Rights Plan Policy*," as follows:

SECTION 6. *Stockholder Rights Plan Policy.*

- (A) Any decision by the Board: (i) to take any action inconsistent with the terms of the "Policy on Stockholder Rights Plans" that the Corporation had in effect on November 20, 2006 ("the Policy"); or (ii) to amend, repeal, or modify the Policy, shall require the affirmative vote of all the members of the Board of Directors.
- (B) Subsection (A) shall not apply to any decisions by the Board ratified by a vote of the stockholders.
- (C) Nothing in this Section shall be construed to permit or validate any decision or action that otherwise would be prohibited or invalid.
- (D) This By-law Amendment shall be effective immediately and automatically as of the date it is approved by the vote of stockholders in accordance with Article VII of the Corporation's By-Laws.

SUPPORTING STATEMENT

Statement of professor Lucian Bebchuk: The Board of Directors has adopted a "Policy on Stockholder Rights Plans" which the Company had in effect on November 20, 2006 and displayed on the Company's website at:

http://www.chevron.com/investor/corporate_governance/gov_guidelines.asp#stockholder

My understanding is that the Policy generally provides that the Board will obtain prior stockholder approval of any stockholder rights plan, except under specifically prescribed limited circumstances, in which case the Board will submit the stockholder rights plan to stockholders for approval at the next stockholder meeting; and that the Policy also provides for the termination of a stockholder rights plan that is not approved by stockholders.

I believe that it would be undesirable, absent stockholder ratification, for the Board of Directors to decide (i) to amend, repeal or modify the Policy, or (ii) act inconsistently with the terms of the Policy. However, in my view, the default arrangements of existing state law do not provide sufficient constraints on such decisions. The proposed By-Law could in my view alleviate this concern by preventing such decisions when they are not supported by all the members of the Board of Directors.

I urge you to vote "yes" to support the adoption of this proposal.