

CODE OF CONDUCT

Unocal is committed to ethical business practices, a safe workplace, environmental responsibility, compliance with the law, and improving the communities in which we work.



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KEY CONTACTS & PHONE NUMBERS

The following phone numbers are all in the U.S. When calling from an international location, you will need to first dial the U.S. country code.

ALERT LINE:

U.S. (toll-free) 800.424.0869

Int'l callers will need to dial their country's AT&T access number first

Deputy General Counsel - Compliance:

310.726.7635

VP, Public Policy, HES:

310.726.7661

Corporate Security Director:

281.287.7627

General Auditor:

714.985.6601

VP, Government & International Relations (Washington D.C.):

202.367.2773

Employee Assistance Program:

US/Canada 800.685.7600

International 281.287.5953

VP, Corporate Human Resources:

310.726.7780

Manager, Equal Employment Opportunity Services:

310.726.7903

This Code of Conduct does not constitute an employee contract.

UNOCAL'S VISION is to be the world's leading independent natural gas and crude oil exploration and production company. The values we bring to this pursuit are honesty, integrity, excellence and trust. We respect the rule of law, and the human rights and dignity of others in all our operations and activities.

Unocal has a significant stake in the social and economic development and well-being of the communities where we work and invest. The lengthy investment cycles of the energy industry require a long-term “license” to operate, a stable business climate, capable workers and community goodwill and acceptance. Our goal is to earn — and keep — the respect and trust of our diverse stakeholders. Unocal's reputation is vitally important to us. Issues of safety, protection of the environment, accountability and ethics are central to each and every one of our business decisions and processes. Unocal's employees provide daily stewardship and performance to achieve these business imperatives. We are proud of our company's history, which dates back to our founding in 1890, and our legacy of contributing to the development and prosperity of local communities.

We strive to bring our values to bear on societal concerns such as accountability, transparency and attention to emerging global issues. Like any global company with business interests in diverse parts of the world, Unocal faces some daunting challenges. Shareholders, employees, business partners, host governments, local communities and non-governmental organizations have different needs, concerns and expectations. Our message, however, is the same to all. Unocal is committed to delivering value and to operating as a responsible corporate citizen at all times and in all places.

Unocal's goal is to meet the highest ethical standards in all our operations. This means conducting our business in a way that engenders pride in our employees and respect from the world community. Over and above the strictly legal aspects of compliance, Unocal employees are expected to consistently apply high standards of business and personal ethics in the discharge of their assigned responsibilities.

It is one thing to set high standards. We must also live by them. Unocal's most important and credible ambassadors are the people directly involved and affected by our activities — our employees, partners and the people

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who live in the many communities around the world where Unocal operates. Our Guiding Principles for Doing Business affirm our commitment to responsible business practices and relationships. Unocal provides detailed standards and practical guidance to you on how to implement these core principles in daily operations through our Code of Conduct, corporate policies, Operations Management System (OMS), standards and practices, and other specific business processes and procedures. Reporting, training, monitoring, auditing, and enforcement mechanisms exist to ensure that effective implementation of our Code of Conduct, corporate policies and the OMS is achieved. These systems, which we continue to strengthen as we gain experience, help us deliver performance aligned with our Vision and Values, Guiding Principles and with shareholder expectations.

Unocal's Code of Conduct outlines the general framework for legal and ethical behavior. Adherence to the Code is a condition of employment at Unocal. Each of us — every employee at every level — must perform his or her duties with the utmost attention to, and respect for, ethical, responsible business practices and the law. We expect managers to help employees understand and live up to the Code. Our Code of Conduct applies to all Unocal employees. We each hold responsibility for understanding and observing the Code, seeking interpretation and guidance if in doubt. Failure to comply with this Code may result in a range of disciplinary actions, including dismissal. Violations of this Code should be reported promptly to your supervisor, to a member of Unocal's Compliance Policy Team or through the Compliance Alert Line.

While we cannot exercise the same level of authority and control in implementing our Code of Conduct with business partners and contractors, we expect behavior in keeping with the core principles of our Code.

Unocal's good reputation is a precious asset. We are all equally responsible for safeguarding it. Please read this document carefully. If you have any questions, I urge you to discuss them with your supervisor or another appropriate manager.

Thank you for contributing to our success through upholding this Code of Conduct and living our values in your service with Unocal.



Charles R. Williamson

Chairman and Chief Executive Officer
Unocal Corporation, March 2003

UNOCAL'S VISION

TO BE THE WORLD'S LEADING ENERGY RESOURCE
AND PROJECT DEVELOPMENT COMPANY.

- BEST PEOPLE
- BEST PARTNER
- BEST PERFORMANCE

TO IMPROVE THE LIVES OF PEOPLE
WHEREVER WE WORK.

VALUES

HONESTY ■ INTEGRITY ■ EXCELLENCE ■ TRUST

Our employees and operations are central to achieving Unocal's Vision, living up to our Values and following our Guiding Principles for Doing Business.

Unocal's Guiding Principles for Doing Business are based on our Vision and Values, and affirm our commitment to responsible business practices in all the communities in which we work. These Guiding Principles form the backbone of our Code of Conduct. They are the basis for our relationships in the diverse countries and cultures where we live and conduct business, and reflect our responsibility to protect the interests and well-being of both present and future generations. Unocal employees should understand these principles and be guided by them at work.

UNOCAL'S GUIDING PRINCIPLES

ETHICS AND VALUES ■ We will conduct our business openly, with honesty, integrity and trust. ■ We will respect human rights in all our activities. ■ We will obey the law and operate in accordance with the highest ethical standards; ■ and we will expect the same from our partners, contractors and suppliers.

COMMUNITY INITIATIVES ■ We will encourage advancements in civil society wherever we conduct business. ■ We will be sensitive to the culture, context and needs of local communities and strive to make the community a better place to live and conduct business. ■ We will support humanitarian initiatives that promote health, education and economic well-being in communities where we work. ■ We will encourage employee involvement in community programs and socially responsible activities.

ENVIRONMENTAL CONSIDERATIONS ■ We will develop natural resources and provide energy in an efficient and environmentally responsible manner.

WORKPLACE ISSUES ■ We will provide a safe and secure working environment. ■ We will provide access to health care for our employees and their families, and, as appropriate, help neighboring communities meet basic public health needs. ■ We will seek a diverse base of employees and ensure equal opportunity to all qualified individuals in recruiting, compensation, professional development, promotion and other employment practices. ■ We will ensure that a significant percentage of our employees, managers, contractors and suppliers in international operations are citizens of the host country. ■ We will provide a supportive working environment in which all employees may freely contribute.

Unocal is also pleased as a company to support the objectives of the Global Sullivan Principles. Our own Guiding Principles align well with the Global Sullivan Principles, which stress the social responsibilities of corporations worldwide. The Global Sullivan Principles can be found at <http://globalsullivanprinciples.org/> as well as on Unocal's intranet.

Building on Our Values at Unocal

Unocal strives to implement its Vision and Values and Guiding Principles through its daily operations. To achieve this aspiration, we meet compliance requirements and have in place a range of corporate policies and standards, and monitoring and reporting systems. We also provide training and practical guidance to help employees meet these standards. This diagram provides an overview of our system.



BUSINESS ETHICS

We are committed to operating with a consistent set of values that represent the highest standards of quality, integrity, excellence, compliance with the law, respect for universal human rights and respect for the unique customs and cultures in the communities where we do business.

GENERAL STANDARDS AND PRACTICES

We recognize there are no globally accepted legal or ethical standards for business operations and activities. Laws vary with regard to these principles both within and across countries where we operate. Despite the variation, Unocal strives to achieve standards consistent with its Vision and Values in all of its operations, even where the operating context may pose particular challenges and dilemmas.

Unocal is committed to complying with the laws, rules and regulations applicable to the conduct of our business wherever we operate. Employees must avoid activities that could involve or lead to the involvement of Unocal or its personnel in any unlawful practice. The employment of Unocal personnel or the use of Unocal assets for any unlawful purpose is strictly forbidden.

All Unocal employees are expected to consistently apply high standards of business and personal ethics in the discharge of their assigned responsibilities. This means behaving honestly and with integrity at all times, whether you're dealing with other Unocal employees, the general public, the business community, civic organizations, stockholders, customers, suppliers, the communities in which we operate or governmental and regulatory authorities. This means ethically handling actual or apparent conflicts of interest between personal and professional relationships. It also means avoiding any questionable relationship with persons or firms with whom Unocal transacts or is likely to transact business, avoiding disclosure to others of confidential information obtained in the course of Unocal employment and avoiding situations which may place employees in a conflict of interest situation to the possible detriment of themselves and/or Unocal.

HUMAN RIGHTS, LABOR AND COMMUNITY ISSUES

Unocal supports the principles and aspirations of the Universal Declaration of Human Rights¹. We also recognize certain universally relevant workplace principles: freedom from discrimination in employment, elimination of child labor, freedom from forced labor and freedom of association and collective bargaining. The International Labor Organization calls these "fundamental rights at work²." These principles are reflected in the Global Compact³ and Global Sullivan Principles⁴. Other workplace principles that are important to Unocal include providing our employees with a safe and healthy work environment, access to health care and a supportive work environment where employees can contribute their skills.

¹The Web address for the *Universal Declaration of Human Rights* is <http://193.194.138.190/udhr/>

²The Web address for the *International Labor Organization's "fundamental rights at work"* is <http://www.ilo.org/>

³The Web address for the *Global Compact* is <http://www.unglobalcompact.org/Portal/>

⁴The Web address for the *Global Sullivan Principles* is <http://globalsullivanprinciples.org/>

Unocal believes that we have a responsibility to society, especially in relation to the impact of our operations. All employees must respect the human rights and dignity of others. Managers are responsible for ensuring that any security arrangements developed for a Unocal-operated location consider the US/UK Voluntary Principles on Security and Human Rights⁵. Employees who wish to know more about this initiative can reference the Security and Record Management element in the Operations Management System (OMS) Web site posted on the intranet.

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In the regions around the world where Unocal has operations, we strive to participate with other local stakeholders in addressing community well-being, social and economic development and environmental preservation. Respectful relationships, high standards of conduct and active participation in local communities are integral to our long-term license to operate.

INTERNATIONAL POLITICAL NEUTRALITY

All Unocal employees and contractor personnel must maintain a stance of strict neutrality in the internal political affairs of a host country. Participation in any international energy development project should be based on resource potential, business economics and technical expertise — not political motivations. Accordingly, neither Unocal nor any employee may make a political contribution on behalf of Unocal in a country other than the United States. It is also important to recognize that employee activities in this area put the individual and the company at great risk of U.S. federal prosecution, fines and/or jail (see section on the Foreign Corrupt Practices Act on page 21).

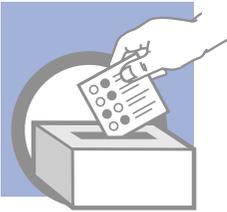
Unocal strictly prohibits an expression of company support for any particular candidate, political party or governmental entity. The company nevertheless maintains its right to speak out about issues through lawful public or private channels in circumstances where our business interests or the commercial environment dictate. Only authorized company personnel may engage in this discourse with the explicit approval of management.

⁵The Web address for the *US/UK Voluntary Principle on Security and Human Rights* is <http://www.state.gov/g/drl/rls/2931.htm>

POLITICAL CONTRIBUTIONS AND CONTACTS WITH GOVERNMENT OFFICIALS

Unocal encourages all employees to exercise their individual rights of citizenship by voting, by making personal political contributions if they wish to do so with their own funds and by being otherwise politically active, in support of candidates or parties of the employee's own personal selection. It should be clearly understood that such political activity by employees must be performed strictly in their individual and private capacities as responsible citizens and not on behalf of Unocal. No Unocal employee may receive any direct or indirect reimbursement or offsetting refund of any nature whatsoever with respect to political contributions made by them in any form.

No political contributions for any candidate for U.S. federal office may be made for, or on behalf of, Unocal by any Unocal employee. Employees may make recommendations, however, to the trustees of the Union Oil (Unocal) Political Awareness Fund, a political action committee (PAC) registered with the U.S. Federal Election Commission. Under U.S. federal law, it is strictly prohibited to contribute corporate funds to any U.S. federal candidate.



Within the U.S., in those state and local jurisdictions where corporate contributions are legal, the company has established clear procedures for review and approval of all such contributions by Corporate Government Relations personnel and the Vice President for Public Policy, Health, Environment and Safety. No employee is authorized to make or commit any political contribution (including the purchase of tickets to raise political funds and the furnishing of any goods or services) for, or on behalf of, Unocal, without having undergone this review and approval process. Approved monetary contributions may be made only by company check (either corporate or PAC, depending on the state) payable to the candidate or political committee in question.

In addition to the restrictions on political contributions, it is important to recognize that all Unocal personnel must abide by the laws pertaining to contact with governmental officials (including lobbying and issue registration) in the United States or any other countries in which the company has business interests. Although the company will make appropriate contact

through lawful channels when warranted to address business issues, this will be done by designated personnel and with management approval. Coordination with Unocal government relations personnel is required in order to ensure compliance and issue management.

BUSINESS RECORDS & INTERNAL CONTROLS

Accuracy and reliability of Unocal's business records are not only mandated by law, but are of critical importance to the company's decision-making process and to the proper discharge of Unocal's financial and legal reporting obligations. All business records, accounts and reports to government agencies and others must be prepared with care and honesty. False or misleading entries in the company's records are unlawful and are not permitted. No officer or employee, regardless of position, is authorized to depart from this requirement or to condone a departure by anyone else. All company funds, assets and liabilities must be recorded in accordance with appropriate company accounting procedures.

All employees must ensure that accounting and internal control procedures are strictly adhered to at all times. Employees should advise the responsible person in their department or other appropriate management of any deviations they observe in such procedures.

The company's records of its transactions are important corporate assets. Each operating unit must make its own initial determination of how long its records need to be retained for effective operations in accordance with Unocal's Record Retention Guidelines which are posted on the company's intranet site and available from the Law Department. That period may then be adjusted to comply with legally required retention periods. All records must be retained for the period established by the Record Retention Guidelines.

DISCLOSURE OBLIGATIONS FOR SENIOR FINANCIAL OFFICERS

The Chief Executive Officer, Chief Financial Officer and Comptroller shall provide, as legally required, full, fair, accurate, timely and understandable disclosure in reports and documents filed with or submitted to the Securities and Exchange Commission and in other public communications made by Unocal.

BUSINESS COMMUNICATIONS

When you write about company business, remember that our business records may be subject to compulsory disclosure to the government or private parties in litigation. More importantly, our records may be used by the news media to mold public opinion about the company's image. Irrespective of where you write it, what you write may have significant consequences. Once written, messages can be easily edited and distributed.



Business records are defined very broadly. They may include electronic mail and even individual notes and diaries. Use of e-mail is intended primarily for business purposes and must comply with Unocal's Electronic Mail Guidelines, posted on the intranet site and available from your supervisor. All e-mail communications are the property of Unocal. Employees may not use e-mail for personal profit, advertising, soliciting funds, chain letters or any communications which may damage Unocal's reputation. E-mail should be used with discretion when sending confidential or proprietary information. If any information is too sensitive for a memo, then it is likely too sensitive for an electronic mail communication.

Employees should also exercise good judgment when using the Internet at work. All of your Internet usage should comply with Unocal's Internet Best Practices which are posted on the intranet site and available from your supervisor. The Internet should be used primarily for business purposes. The Internet is public, so please be careful not to disclose confidential information, or acquire unauthorized information over the Internet. Your use of the Internet, and the information you access, may be monitored by Unocal management and others. Accessing or distributing pornographic or offensive materials by Internet or e-mail is strictly prohibited.

CONFLICT OF INTEREST AND CORPORATE OPPORTUNITIES

"Conflict of Interest" generally describes situations where an employee's own interest may influence the way he or she handles company business. It usually involves a situation where an employee or an employee's family members can benefit personally from transactions involving the company.

While a possible conflict between personal interests and company interests does not always result in damage to the company, its very existence creates an inappropriate condition. Even the appearance of a conflict of interest should be avoided. It is not possible to describe all instances where a conflict of interest could occur. However, the guidelines on the following page help define a potential conflict of interest.

A conflict of interest can exist when an employee or family member has a direct or indirect financial interest in, or receives any compensation or other benefit from, any individual or firm that:

- sells material, equipment or property to the company;
- renders any service to the company;
- has contractual relations or business dealings with the company, including leases and purchases; or
- competes with or engages in a similar business as that of the company.

A conflict of interest may also exist when an employee uses company equipment, personnel or facilities for personal gain. Financial interests in businesses do not include ownership of stock in corporations listed on a stock exchange, provided that the financial interest does not exceed one percent of the corporation's outstanding shares.

Company business must be conducted solely on the basis of merit and open competition. Employees must refrain from actions that might impair their independent judgment or provide an unfair advantage to a contractor. The following illustrates some of the kinds of activities employees should avoid:

Loans. Employees should not borrow from the company's customers or from individuals or firms with which the company does business.

Gifts and gratuities. Employees should not solicit gifts, services, benefits or hospitality from customers or suppliers. In addition, employees should not accept gifts, services, benefits or hospitality from customers and suppliers that might influence or appear to influence the employee's conduct in representing the company. Gifts and entertainment may be exchanged at a level that does not exceed customary courtesies extended in accordance with ethical business practices. Please refer to Unocal's Gift and Entertainment Guidelines posted on the intranet site for general guidance and check with your supervisor for further explanation of what constitutes inappropriate gifts and entertainment in your specific area of operations.

Information. Employees should not disclose or use for their own benefit, or the benefit of anyone other than the company, information that is not known to the general public. Such information includes reports, internal memoranda, technical data, financial data, operating data and other information regarding the company's business and operational activities and future plans.

Payments. Employees should not make illegal, questionable or unauthorized payments of money or other property to anyone.

Employment. Employees should not perform work or render services for an organization that competes with the company or with which the company does business without appropriate approval from management.

If you or a family member is engaged in activities that create or even appear to create a conflict of interest, you must immediately provide all pertinent information to your supervisor. The supervisor will then send the information to a member of the Compliance Policy Team for concurrence or additional guidance on how to address the conflict appropriately.

You are also prohibited from usurping corporate opportunities by (a) taking for yourself personally opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the company. You owe a duty to the company to advance its legitimate interests when the opportunity to do so arises.

CONFIDENTIAL INFORMATION

Confidential information may include various kinds of information, but certainly includes internal, confidential, proprietary or secret information related to Unocal's business. Most of Unocal's technology and much of our other know-how and experience are protected as trade secrets. Such trade secrets are valuable assets. Other examples of confidential information include processes, computer passwords and software, product formulations, business forecasts, plans and strategies, and information concerning our operations, customers and vendors.

Confidential information may also be received from other companies or individuals in the course of Unocal's business. Unocal employees must not disclose confidential information to anyone outside of Unocal without specific authorization. Unauthorized disclosures (sometimes called "theft" or "misappropriation") may result in a loss of the value of the trade secrets and may constitute a crime or amount to a breach of contract.

Selected human resource and personnel information must be kept strictly confidential and used only for the purpose for which it is intended. For more specific guidance, please refer to the Human Resources Confidentiality Guidelines available from the HR Department.

Accordingly, no Unocal employee is to disclose any confidential information about Unocal or others without authorization. This applies both during employment and afterwards.

HUMAN RESOURCES

Discrimination against any employee or applicant for employment is a serious violation of equal employment opportunity law and of Unocal's corporate policies. It is the responsibility of every supervisory employee to ensure that discrimination does not occur.

EQUAL EMPLOYMENT OPPORTUNITY

Unocal employees represent many nationalities and have diverse backgrounds and experience. We are committed to building a work environment where all employees are treated with dignity and respect.

As stated in our Workplace Guidelines, Unocal is committed to providing equal opportunity to all qualified individuals in recruitment, compensation, development, promotion and other employment practices. All personnel actions and company-sponsored programs shall be administered on a non-discriminatory basis while ensuring compliance with labor law and nationalization requirements in each country where we operate.

Unocal is committed to compliance with equal employment opportunity laws. Ensuring equal employment opportunity in a global setting can be challenging. The laws regulating equal employment opportunity vary from country to country. Immigration and work permit regulations and the nationalization policies of many countries may require that persons of a particular nationality are given priority in recruitment or promotion.

Where U.S. laws specifically apply, Unocal complies with federal and state regulations prohibiting discrimination against any employee or applicant for employment because of race, color, religion, ethnic or national origin, gender, sexual orientation, age, disability or veteran status. This applies to recruitment, compensation, training, promotion and other employment practices. Discrimination against any employee or applicant for employment is a serious violation of Unocal's corporate policy and of equal employment opportunity laws in many countries. It is the responsibility of every supervisory employee to ensure that all employees are treated fairly.



Employees who have questions or complaints arising under this standard can discuss the matter with their supervisors, their human resources managers or with other appropriate management officials. If an employee feels unable to talk to a supervisor, human resources manager or management official, complaints should be made to the company's Chief Equal Employment Opportunity (EEO) Officer, the Vice President, Corporate Human Resources. An employee may also make a Compliance Alert report as outlined in the back of this document.

HARASSMENT

Unocal is committed to providing its employees with a work environment free of any type of harassment. Various U.S. and country-specific legislation prohibit any deliberate discrimination or harassment, in word or action, against a fellow employee or applicant for employment on the basis of race, gender, sexual preference, national origin, religion, age, physical or mental disability, or veteran's status. If a country has no harassment laws in place, Unocal's Code of Conduct and compliance program provide guidance for addressing harassment situations.

Forms of harassment include: (a) verbal harassment, such as derogatory comments, jokes or slurs; (b) physical harassment, such as unnecessary or offensive touching, or impeding or blocking movement; and (c) visual harassment, such as derogatory or offensive posters, cards, calendars, cartoons, graffiti, drawings, messages, notes or gestures.

Sexual harassment consists of unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when: (a) submission to such conduct is made a term or condition of an individual's employment; (b) submission to or rejection of such conduct is used as the basis for employment decisions; or (c) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Any employee who violates these laws or the standards and practices described above will be subject to disciplinary action. If you believe that harassment by a co-worker, supervisor or person doing business with or for the company has occurred, you should notify your immediate supervisor and/or personnel office. Complaints will be handled in a confidential manner, and no individual will suffer any reprisals for reporting any incidents of harassment or for making any complaints. If the complaint involves an immediate supervisor, it should be directed to the next higher level of supervision. The complaint can also be directed to the human resources manager or the Vice President of Corporate Human Resources. Employees may also call the Compliance Alert Line.

Harassment complaints will be investigated and appropriate action will be taken in accordance with the results of that investigation. Any employee who is found to be responsible for sexual harassment, or any other illegal form of harassment, will be subject to appropriate discipline, up to and including termination of employment. The severity of the disciplinary action will be based upon the circumstances of the infraction.

HEALTH, ENVIRONMENT AND SAFETY

Unocal is committed to full compliance with all applicable health, environmental and safety laws and regulations. We expect our employees to share this commitment. Your failure to act responsibly could subject both you and Unocal to criminal prosecutions that include imprisonment and/or substantial fines.

GENERAL STANDARDS AND PRACTICES

Unocal's management is committed to ensuring the well-being of our workers and the environment, as well as people living and working in communities near our facilities. Human, physical and financial resources will be provided to meet this commitment. These resources are used to enable employees and contractors to work safely and comply with the law, to prevent pollution and to protect the environment.

Business unit managers will assess the health, environment and safety (HES) risks of their operations and use the Unocal Operations Management System (OMS) as one tool to address those risks. Line managers and staff are responsible and accountable for developing and implementing standards, guidelines and procedures to carry out this commitment in accordance with our Code of Conduct, our corporate policies and our OMS. Managers will include measurable goals in their business plans to continually improve HES performance.



Unocal's activities are subject to many HES laws and regulations addressing releases to air, discharges to water, disposal of hazardous and non-hazardous wastes, transportation of hazardous materials, management of chemical substances and emergency planning. Worldwide, employees are expected to comply fully with company policies and to adhere, at a minimum, to the applicable HES legal requirements of their host country. Regulations, such as those issued by the U.S. Environmental Protection Agency (EPA), U.S. Occupational Safety and Health Administration (OSHA), and similar agencies in other locations, contain exacting requirements and standards that set the minimum legal standards for Unocal facilities and employees in the country where the referenced regulations apply. Industry recommended practices provide additional guidance to help local management set standards for the unique conditions at each facility.

Employee awareness of Unocal operating practices must include knowledge of the appropriate procedures to handle and dispose of petroleum hydrocarbons, chemicals and waste, as well as the safety standards for transporting hazardous materials. Employees must immediately control and report all spills and releases as required by local regulations, facility rules

Line managers and staff are responsible and accountable for developing and implementing standards, guidelines and procedures... in accordance with our Code of Conduct.

and company standards. Safety and remediation measures must be promptly initiated to minimize any adverse environmental impacts from such incidents.

All necessary permits and agency approvals must be obtained prior to facility construction, and followed during fabrication, installation and startup. HES requirements must be assessed in all phases of a project from design through operation. HES requirements must also be considered in facility modifications, business or property acquisitions and divestitures and facility closures.

THREATS OF VIOLENCE

Violence and threats of violence (TOV) are unacceptable and should be reported immediately to your supervisor or Human Resources representative. In the event of an imminent threat, employees should first contact local authorities and/or your facility's security. A report should also be made to one of the following: the Director of Security at **281.287.7627**, the Chair of the TOV Committee at **310.726.7958**, the Manager of the Employee Assistance Program at **281.287.5953**, or the Compliance Alert Line (shown on inside back cover). Procedures have been instituted to provide confidentiality. Every report of violence or a threat of violence will be investigated and appropriate action will be taken. Employees who engage in violence or threaten violence are subject to disciplinary action, up to and including termination of employment, as well as criminal prosecution.

DRUGS AND ALCOHOL

Because drug and alcohol abuse can have serious safety and job performance consequences and can involve criminal conduct, Unocal requires a drug and alcohol impairment-free working environment. This standard, in effect since 1981, applies to all Unocal employees while they are on Unocal property or while they are at work off Unocal property.

Employees who report for duty with illegal drugs in their system or report with levels of alcohol or other chemical substances that could impair performance are subject to disciplinary action. Employees who experience significant work performance problems or who become involved in significant incidents or



accidents are subject to discharge if medical tests show that such employees have controlled substances in their system. Also subject to discharge are employees who, while on duty or on company property, distribute, sell, buy, manufacture, dispense, possess or use illegal drugs.

The Human Resources Department and the Public Policy, Health, Environment and Safety Department have provided management with guidelines for the administration of Unocal's drug and alcohol abuse standards and practices. The Unocal Drug and Alcohol Program Guidebook, posted on the intranet site and available from the Human Resources Department, provides procedures for the inspection, when appropriate, of personal effects on company property and for the administration, when appropriate, of tests approved by the Medicine Department. These guidelines provide for the same general procedures to be followed for contractors or other persons who enter Unocal property.

Any Unocal employee who believes he or she may be experiencing problems with drug or alcohol abuse is urged to inquire about the company's Employee Assistance Program. Details regarding this rehabilitation program can be obtained from human resources personnel, from Unocal medical offices, or by directly contacting the Employee Assistance Program. Such contact is kept confidential.

The Corporate Human Resources Department has also provided guidelines for serving alcohol at company related functions. Those guidelines are posted on Unocal's intranet site and are otherwise available from the Human Resources Department.

Any Unocal employee who believes he or she may be experiencing problems with drug or alcohol abuse is urged to inquire about the company's Employee Assistance Program.

LEGAL COMPLIANCE

Compliance is an ongoing activity. Day in and day out, we must always adhere to the highest standards of honesty and integrity in the conduct of our business.

THE FOREIGN CORRUPT PRACTICES ACT

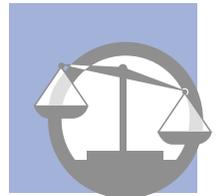
Unocal strives to deal with all of its customers, suppliers and government agencies in a straightforward and aboveboard manner and in strict compliance with the requirements of the U.S. Foreign Corrupt Practices Act, international anti-bribery conventions and local anti-corruption and bribery laws.

Employees are prohibited from paying any bribe, kick-back or other similar unlawful payment to any public official, or government, or other individual, regardless of nationality, to secure any concession, contract or improper advantage for Unocal or the employee.

Certain nominal payments to public or government officials may be allowable if they are in compliance with local laws, and are in the nature of a facilitating or expediting payment that is made to secure the performance of a "routine governmental action." Routine governmental action is usually of a ministerial nature and commonly performed by a public official. This does not include any decision by a public official to award new business or continue business with a particular party. The factual circumstances of each case, and the applicable laws that may vary from country to country, will determine the legality or illegality of such payments. Therefore, you must not make any such payment until you receive the express prior approval of your supervisor and the Law Department to ensure legal compliance.

No undisclosed or unrecorded fund or asset of Unocal may be established. Payments on behalf of Unocal can be made only on the basis of adequate supporting documentation, may be made only for the purpose described by the documents supporting the payment, and must be made in accordance with appropriate corporate accounting procedures.

Agreements with Unocal's representatives and partners who engage in activities on behalf of, or together with, Unocal, that may involve governments or government officials, must be in writing. It is advisable to do background checks on foreign agents and representatives. Agreements with such representatives must be reviewed in advance by the Law Department for compliance.



Any questions or doubts about the propriety of a proposed course of action should be discussed with the Law Department before taking the action in question. Any suspected violations of this Code of Conduct, the Foreign Corrupt Practices Act or local law must be reported promptly to the Law Department. Further explanation of the Foreign Corrupt Practices Act is posted on the Unocal intranet site and is available from the Law Department.

We hope that decisions of government officials, customers and suppliers of Unocal will always be based on the merits of a particular project. Unocal and its employees should always advocate their understanding of what those merits might be, but such advocacy must always be able to withstand full public scrutiny.

SECURITY LAWS AND INSIDE INFORMATION

Because Unocal's stock and other securities are owned and traded by the public, Unocal is obligated by various laws to make timely, full and fair public disclosure of material information.

For these reasons, any information that could affect the market for Unocal's stock must be kept strictly confidential until public disclosure is made. Company employees who possess material non-public information and who take advantage of their position to profit (or minimize losses) may be held civilly or criminally liable. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in arriving at a decision to buy, sell or hold stock or other securities. Disclosure of material non-public information to others can result in civil and criminal penalties.

Any person having such material inside information is prohibited by law from buying or selling Unocal stock or other securities when that information has not been made public. Trading under such circumstances is illegal whether employees trade for their own benefit or for the benefit of others. It is also illegal to communicate material inside information to another person, except on a "need to know" basis.



These prohibitions apply to any Unocal employee who has material inside information, not just officers or managers. Although usually considered in the securities law context, the prohibition against using inside information also includes transactions in real estate and any other transaction where that inside information provides an unfair advantage.

Unocal has a comprehensive securities compliance program which provides that no employee may trade in Unocal securities while in possession of inside information. No employee who comes into possession of inside information about Unocal or any other company should trade in such company's securities. For further information regarding securities laws and insider trading, please see the insider trading statement from Unocal's Chief Legal Officer on the Law Department page at Unocal's intranet site.

PATENTS AND INTELLECTUAL PROPERTY

Corporate assets include not only tangible and real property but also intellectual property, or IP. IP is proprietary business or technical information of value protected by patent, trademark, copyright or trade secret laws. It is in Unocal's interest to protect and maintain its IP, do nothing to jeopardize its value, and thus be positioned for maximum return for its use or purchase. Each business unit's management has the ultimate responsibility for IP issues arising from matters under its control. However, due to the uniqueness of IP issues, Unocal maintains a staff of attorneys in the Intellectual Property Department to handle all significant corporate IP issues and to select outside IP counsel if required.

Before any Unocal operating division or subsidiary undertakes a course of action involving the intellectual property of Unocal or another company, Unocal's Intellectual Property Department should review the proposed course of action. This procedure is mandatory for matters pertaining to inventions, patents, trademarks, copyrights, trade secrets and to contracts involving:

- a license, sale, purchase or disclosure of proprietary information;
- software development of any kind, or a software purchase or license costing more than \$10,000 per copy or \$50,000 in the aggregate;
- confidentiality of technical or business information;
- consulting or service arrangements where the development of new technical information or the divulging of proprietary information can be foreseen;
- joint venture relationships where the development of new or improved technology is expected; or
- research work, development or programs.



Just as the company regards its patents, trade secrets, trademarks and copyrights as valuable corporate assets, we must respect the valid IP rights of other companies and persons. When Unocal desires to receive, use, or purchase the IP of another party, the legitimate bounds of such property should be identified and appropriate legal counsel obtained for any proposed course of action. The company will not knowingly infringe on others' patents, trademarks or copyrights, or misappropriate others' trade secrets, or the like. Procedures for the proper licensing or other permitted use of these assets as set forth herein must be followed by all employees. Of particular importance to day-to-day operations, and something that must be avoided by each employee, is the unauthorized copying of magazine and journal articles, books, computer software or any other copyrighted material. For further information regarding IP issues, please refer to the Intellectual Property Guidelines posted on Unocal's intranet site and available from the Human Resources Department.

BOYCOTTS AND EXPORT CONTROLS

The global nature of Unocal's business may give rise to the company's products or services being sought by persons or companies who do business in areas of the world that are subject to boycotts by other nations or that may be subject to sanctions or export controls by the United States.

Sales to nationals of a country that is subject to a boycott may result in sanctions against Unocal by a government entity or in the loss of other business or serious adverse economic consequences.

Any time that goods or technology are exported from the United States, U.S. export controls and customs laws must be considered. Formal governmental approval may be required before export is permitted. The Law Department should be consulted prior to undertaking any transactions involving the export of goods to a foreign country. Compliance with all U.S. laws and regulations governing our activities in these areas of business is mandatory.

ANTITRUST COMPLIANCE

Unocal is legally required to make its own decisions on the basis of the best interests of the company, completely independent and free from any understanding or agreements (including tipping or signaling) with any competitor. This standard requires the absolute avoidance of any conduct that violates, or that might even appear to violate, the antitrust laws that forbid any kind of understanding or agreement between competitors regarding prices, terms of sale, division of markets, allocation of customers or any other activity that restrains competition, whether by sellers or purchasers.

In general, joint activity can easily raise antitrust questions and should only be undertaken after confirming with the Law Department that the action being considered is lawful. However, actions taken jointly with competitors in furtherance of common legitimate business goals is lawful. Examples of such legitimate business goals include joint ventures and lobbying through trade associations.

Criminal and civil penalties may be imposed both on corporations and on individual employees for violation of antitrust laws. The penalties include substantial prison terms, civil penalties and possible triple damages paid to injured parties. For more detailed explanations of antitrust concerns, please refer to Unocal's Antitrust Compliance Manual which contains a summary of certain basic legal requirements of the antitrust laws. The manual is posted on Unocal's intranet site and is available directly from the Law Department.

ACCOUNTABILITY

The responsibility for observing the Code of Conduct, including the duty to seek interpretation when in doubt, rests with each employee. No officer or employee in any position is authorized to depart from Unocal's standards and practices or to condone a departure by anyone else. Strict compliance with company standards and practices described in this document is required.

Unocal expects every employee to use his or her best efforts to meet Unocal's high ethical and compliance standards. Choosing a "quick fix" or taking a "short cut" around the law or our standards may subject Unocal, and you personally, to substantial penalties.

ALL DIRECTORS, OFFICERS AND EMPLOYEES of Unocal and its wholly owned subsidiaries are expected to follow this Code of Conduct in their day-to-day activities. This includes taking the required training courses, being sensitive to situations that could lead to illegal or unethical actions and avoiding or preventing such behavior.

SUPERVISORS are responsible for maintaining a work environment that encourages compliance and open communication regarding legal and ethical problems and concerns. Unocal's Operations Management System (OMS) provides supervisors and line managers with standards and practices to ensure compliance with Unocal's corporate policies and Guiding Principles.

LINE MANAGERS are required to establish management systems to identify legal requirements, train employees to meet their responsibilities under those requirements and monitor their own business unit for compliance.

THE COMPLIANCE POLICY TEAM (CPT) regularly reviews compliance policies and guidelines, receives and responds to compliance alerts and assesses goals and performance. The CPT works with Unocal's Senior Leadership Team to ensure that appropriate compliance standards are included in the OMS and that those standards are properly implemented.

HUMAN RESOURCES REPRESENTATIVES are responsible for providing a copy of this Code of Conduct to new employees, and for ensuring that new employees receive the required compliance training.

THE CORPORATE COMPTROLLER'S GROUP is responsible for protecting company assets, keeping accurate and detailed records and making full and proper financial disclosures.

THE LAW DEPARTMENT is responsible for advising the company and employees about Unocal's Code of Conduct and corporate policies, and directing investigations of any suspected violations.

CORPORATE AUDIT SERVICES appraises compliance through the examination and evaluation of company activities. This includes monitoring health, environment and safety (HES) compliance, as well as compliance with other operational guidelines. Auditors from the financial, information

technology and HES groups will provide audit services. The General Auditor is also responsible for providing a direct, confidential channel of communication regarding financial concerns that is independent of normal organizational channels. In this role, the General Auditor reports directly to the Unocal Board of Director's Audit Committee.

PARTNERS, CONTRACTORS AND SUPPLIERS are expected to comply with all applicable laws and Unocal's high ethical standards. Unocal will seek partners whose policies are consistent with our own.



Compliance with Unocal's Code of Conduct is a condition of employment. Failure to comply may result in a range of disciplinary actions, including dismissal. Failure by any Unocal employee to disclose violations of these standards and practices by other Unocal employees or contract workers is also grounds for disciplinary action.

COMPLIANCE PROGRAM

Unocal has established an effective corporate compliance program that combines oversight and leadership with robust implementation systems.

Unocal's OMS incorporates compliance elements and standards that are implemented at all levels of the company. The CPT, consisting of senior representatives of Human Resources, HES, the Law Department and Internal Audit, meet regularly to review compliance policies and procedures and to assess compliance goals and performance. The CPT works with Unocal's Senior Leadership Team to ensure that appropriate compliance standards are included in the OMS and are properly implemented. The Corporate Responsibility Committee of the Board of Directors reviews compliance issues at its regularly scheduled meetings.

Unocal uses its Code of Conduct, Web-based compliance training, the Unocal Alert Line, audits, investigations, reviews and performance appraisals to ensure that Unocal's compliance program is effectively implemented.

Unocal's Compliance Program will continue to be the subject of management attention, periodic audits and further reviews within the company. This Code of Conduct will also continue to be reviewed regularly, with any updates made available to employees, as well as shared with our external stakeholders.

COMPLIANCE RESOURCES

Employees have several resources available to assist with compliance questions and concerns. Your first step should be to talk to your immediate supervisor. If you prefer, you can consult with the Law Department, Human Resources, Internal Audit, Corporate HES or a member of the Threat of Violence (TOV) or CPT committees to receive expert advice.

USING THE COMPLIANCE ALERT LINE

If you feel uncomfortable consulting your supervisor or any of the corporate support groups, you can call Unocal's Compliance Alert Line at **800.424.0869** (or the international access number) to report any violation of the law or Unocal's policies.

The Alert Line is available 24 hours a day, every day, and is staffed by a reputable third-party organization. Employees who call the Alert Line do not have to identify themselves. Your anonymity is strictly protected. International callers can also call this number but will need to enter their country's AT&T access number first. Translators are available.

Unocal appreciates receiving Alert Line calls and prohibits retaliation of any kind against "whistleblowers." All Alert Line calls are taken seriously. An investigation, disciplinary action and remedial measures are taken as may be appropriate. If you have any concerns regarding any compliance matter, Unocal urges you to consult your supervisor, any of the corporate support groups or call the Alert Line. The company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good-faith reporting of complaints.

COMMUNICATIONS & FEEDBACK

Unocal's Code of Conduct is intended to be a living document, periodically reviewed and updated. This version, issued in March 2003, was completed after a series of consultations with both employees and external stakeholders. We are grateful for the valuable input and suggestions. Our Code will continue to be reviewed and revised as needed. We welcome your comments and suggestions.

This Code of Conduct and our corporate policies are posted on both Unocal's external (<http://www.unocal.com>) and internal (<http://home.unocal.com>) Web sites.

