



April 29, 1994

Richard J. Stegemeier
Chairman and
Chief Executive Officer

Dear Fellow Employee:

Today, as I prepare to retire from Unocal, I'm filled with warm memories of the past...memories of dear friends and their families who've served with me over the years. I've been extraordinarily lucky to spend my entire 42-1/2 year career with this great company.

For reasons still not clear to me, I was selected by my peers to be your leader for the past six years. It has been an honor beyond my wildest dreams. There have been unbelievably good times and, on rare occasions, some bad ones. But I've never awakened to a sunrise without the thrill and anticipation of that day's challenge.

My goal each day has always been to give Unocal the very best I had to offer. But the rewards I received each day always seemed much greater than anything I had to give. The opportunity to live and work on three continents and in many countries was reward enough in itself. For my family, our lives were enriched by the friendships and respect of people all over the world—people of many races, cultures, religions, and political systems.

The duties of a CEO are many, but first among them is to be the conscience of the corporation. In the final analysis, our corporation is only a document placed in some file cabinet in Delaware. A corporation can do neither good nor evil—only its people can. We are, after all, no better or worse than other people believe us to be.

The second duty of a CEO is to provide the corporate vision—to focus not so much on the bottom line but rather on the horizon ahead. During my six years as CEO, we've accomplished a great deal working together as a team.

From 1989 to 1993, we generated a 67 percent return to our shareholders. The health and safety of our employees have shown dramatic improvement. And, despite the embarrassment of the diluent leaks at

the Guadalupe oil field, we're respected as the company that created SCRAP, a program for environmental improvement that is recognized around the world.

For me, this rebuilding effort has caused a lot of anguish and pain. Downsizing the company was like nonelective surgery. We had to improve cash flow and profitability in order to survive as a strong, competitive company.

Now, however, I believe the ordeal is over. We're no longer focused on survival but poised for growth. I haven't seen so many opportunities for success throughout the world in my 42 years with the company. We'll be a major player in our industry if we work as a team, if we are creative, and if we continue to cherish the high standards of honesty and integrity that have been our hallmark for almost 104 years.

Each of you can enhance your success by applying the acronym "ACE" to your personal and professional lives. ACE stands for attitude... commitment...enthusiasm. It's a simple but effective formula for success.

I leave you in the capable hands of a wonderful Board of Directors and a magnificent leader, Roger Beach. I know you'll give him the same wholehearted support, cooperation and understanding that you've given so generously to me.

As I write the last page of this chapter of my life, I'm eager to begin the chapters that follow. Unocal and its people, its customers, and its shareholders are, and always will be, deeply imbedded in my heart. I'll be proud to carry "the spirit of 76" wherever destiny takes me in the years ahead.

One thing is certain—I'll spend a lot more time with my wonderful wife, Marge, who has been my inspiration for 42 years. We also plan to enjoy more of our four children and seven grandchildren. And I'll continue to give something back to this great country that has been so good to my family and me.

Thank you for honoring me all of these years as your subordinate, your co-worker, your leader, and your friend.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. Stegmeier". The signature is written in dark ink and is positioned below the typed name "Very truly yours,".