



Michael K. Wirth
Chairman and Chief Executive Officer

August 29, 2018

CLASSIFIED

Dr. Wanda M. Austin
Mr. John B. Frank
Dr. Alice P. Gast
Mr. Enrique Hernandez, Jr.
Mr. Charles W. Moorman IV

Dr. Dambisa F. Moyo
Dr. Ronald D. Sugar
Mr. Inge G. Thulin
Mr. D. James Umpleby III

Key Development

- As a follow-up to my July letter, the Government of Indonesia has now formally notified us they have selected Pertamina (the state-owned company) to assume operatorship of our Rokan production sharing contract when it expires in August 2021. Having been a partner with Indonesia for over 90 years, this decision is disappointing. In 2017, Rokan's net daily production averaged 125 MBOED, approximately 5% of overall upstream production. Earnings were \$157 million and cash flow was \$535 million. We will provide a further briefing at our December meeting.

Performance

- Earnings in July were \$1.5 billion, \$0.8 billion above June. Year-to-date earnings through July were \$8.6 billion – 131% of full-year plan, and 95% of YTD plan on a price normalized basis. Unit operating expense (excluding fuel) through July was \$14.85 per barrel, about \$0.20 per barrel below full-year objective.
- Year-to-date total cash flow through July was \$5.2 billion, well ahead of the \$1.5 billion full-year objective, primarily on the strength of higher prices. Year-to-date total C&E expenditures were \$10.7 billion, trending slightly above full-year plan.
- Production of 2,983 MBOED in July represents an all-time monthly high, driven primarily by Australia LNG production, continued Permian growth, and new wells in the Gulf of Mexico. Year-to-date July production was 2,860 MBOED, on track with the external 4-7% full-year growth guidance.

Industry Conditions

- Brent has been trading in the \$70-75 range and the market remains roughly balanced. A variety of competing factors (e.g., Iran sanctions, Venezuela business conditions, tight oil growth, etc.) may cause short-term price swings above or below this range over the next several months.
- US Henry Hub prices remain below \$3/mmbtu. In Asia, LNG demand has remained strong, keeping spot prices above \$10/mmbtu through the summer.

Chevron Corporation
6001 Bollinger Canyon Road, San Ramon, CA 94583
Tel 925 842 3232 Fax 925 842 1230

Climate Policy

- As part of our ongoing effort to more constructively engage in the climate dialogue, I met with industry leaders in Geneva this month under the auspices of the Oil & Gas Climate Initiative. This is a voluntary, industry-led initiative to deliver tangible, credible, transparent, and integrated contributions to climate change solutions. Subject to final legal review, I anticipate we'll join this organization in September. I'll provide an oral update at our next meeting.

Next Board Meeting

- During our trip to Argentina next month, we'll brief you on the business climate and our operations in key Latin American countries. This will include an update on the ongoing issues in Venezuela. We'll also visit one of our global shared service support centers, and travel to our local field operations. We'll review with you how we manage enterprise risk and illustrate that with relevant Latin America examples. The enclosed high-level itinerary provides more details to help you plan for the visit.
- We'd like to maximize the use of Diligent Boards to improve the efficiency of information sharing. Starting next month, we'll exclusively use the Diligent system to transmit pre-read materials, and we'll provide pre-loaded iPads for your use during the meeting instead of the traditional binders. Thank you in advance for your willingness to leverage digital tools for efficiency.

Please don't hesitate to call me if you have any questions.

Best regards,



Enclosures

cc: Mr. R. Hewitt Pate
Ms. Mary A. Francis

List of Enclosures

1. [Argentina High-Level Program Itinerary](#)
2. [2019 Schedule of Board & Board Committee Meetings](#)
3. [2019 – 2022 Schedule of Board Meeting Dates](#)
4. [Chevron U.S. Master Pension Trust Performance Review Mid-Year 2018](#)
5. [Analyst Reports – Reactions to Chevron and Competitors' 2Q18 Conference Call](#)
6. [Global Issues & Public Policy Brief](#)
7. [July Performance Summary](#)

CONFIDENTIAL

**CHEVRON CORPORATION
BOARD OF DIRECTORS INTERNATIONAL TRIP
SEPTEMBER 22 – SEPTEMBER 28, 2018
ARGENTINA**

SATURDAY, SEPTEMBER 22

Weather: High: 64° Low: 52°

BUENOS AIRES

Late Night Corporate and Commercial aircrafts arrive

Accommodations **Palacio Duhau - Park Hyatt Hotel**
Avenida Alvear 1661
Buenos Aires, Argentina, C1014AAD

Tel: [REDACTED]

Fitness center located in the Ahin spa **Check in:** Saturday 9/22 **Check out:** Wednesday 9/26
(based on individual itinerary)

International Board Trip Attendees:

Chevron Board & Spouses

Redacted – PII

Chevron Executives & Spouses

Redacted – PII

Business Unit Executives & Spouses

Redacted – PII

Note: Directors and Executives

Personal Protective Equipment (PPE) for Tuesday's site visit will be placed in each guest room prior to arrival. Please take a moment to try on the coveralls and boots to ensure the fit is correct. Instructions will be included with the PPE should you need to exchange for a different size.

Attire: Casual

8:00 a.m. **Breakfast available** Duhau Restaurant
 (Directors, executives, spouses, invited guests)
 - Security Briefing- [REDACTED] Manager, Global Security-Chevron Corporation

8:55 a.m. **Meet in Palacio Lobby for transfer to La Aguada Polo Club** (1 ½ hour drive time)

9:00 a.m. **Transfer to La Aguada Polo Club**
 (Directors, executives, spouses, invited guests)



10:30 – 2:30 p.m. **Visit La Aguada Polo Club**
 - Welcome and morning reception
 - Polo Clinic
 - Polo Exhibition
 - Asado (barbeque) lunch and brief cultural performance

2:30 p.m. **Transfer to Palacio Duhau – Park Hyatt hotel** (1 ½ hour drive time)

4:00 p.m. **Arrive at Palacio Duhau hotel for free time**

Attire: Business

4:15 p.m. **Meet and Greet with President [REDACTED] President of Argentina** Location TBD
 (Directors and executives)

6:40 p.m. **Meet in Palacio Lobby for departure to Alvear Palace Hotel**
 (Directors, executives, spouses, invited guests)

6:45 p.m. **Transfer to Alvear Palace Hotel** (49 people)



7:00 – 9:55 p.m. **Reception and Welcome Dinner with [REDACTED] U.S. Ambassador to Argentina; [REDACTED] Deputy Chief of Mission at the U.S. Embassy in Buenos Aires, U.S. Ambassador to Argentina from January 2017- May 2018; and [REDACTED] Former Ambassador and Representative to the United Nations for Argentina, Chevron Advisor**
 (Directors, executives, spouses, invited guests)

9:55 p.m. **Transfer to Palacio Duhau – Park Hyatt hotel**

Attire: Business Casual

- 7:00 a.m. Breakfast** Salon Posadas
(Directors, executives, spouses, invited guests)
- 8:00 a.m.** - Welcome and Program Introduction – Clay Neff, President, CALAEP
- 8:10 a.m.** - Safety Moment – Kevin Maneffa, General Manager YPF Ventures
- 8:20 a.m.** - Chevron Africa and Latin America Exploration and Production Company (CALAEP) general overview – Clay Neff
- 8:40 a.m.** - Latin America Business Unit (LABU) general overview – Geoff Strong, Managing Director, Latin America Business Unit
- 8:55 a.m.** - Transition to Latin America Review Segment (poster session)

Latin America Review Segment

- | | | | |
|----------------------------|---|---|--|
| 9:00 – 11:05 a.m. | Poster 1
Argentina – Chris Stevens,
Country Manager | Poster 2
Brazil – Mariano Vela,
Country Manager | Poster 3
Colombia – Marc Payne,
Country Manager |
| (10:10 – 10:20 a.m. break) | Poster 4
Venezuela – Javier La Rosa,
Country Manager | Poster 5
Downstream Value Chain – Armando Vegas, Area
Business Manager | |

- 11:05 a.m.** Transition to "Living Room" side of Salon Posadas
- 11:10 a.m.** Argentina Economic and Political Overview – [REDACTED] Political Analyst

- 12:10 – 1:10 p.m. Lunch** Gioia Restaurant
(Directors, executives, spouses, invited guests)

- 1:10 p.m.** - Vaca Muerta Introductory Video – Chris Stevens Salon Posadas
- 1:15 p.m.** - Vaca Muerta Strategy – [REDACTED] Vaca Muerta Asset Development Manager
- 1:30 p.m.** - Loma Campana Story – [REDACTED] Production Manager
- 1:45 p.m.** - Loma Campana Benchmarking – [REDACTED] Unconventional Resource Optimization Advisor
- 2:00 p.m.** - El Trapijal Unconventional Overview – [REDACTED] Unconventional Resource Exploration & Development Team Leader
- 2:20 p.m.** - Final Thoughts and Instructions for Transfer – Chris Stevens

- 2:30 p.m. Transfer to Chevron's Buenos Aires Shared Services Center (BASSC)**
(Directors and executives)

1:30 – 6:00 p.m.
Concurrent spouse and invited guest program
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- 3:00 p.m. Tour (BASSC)**
(Information Technology and Accounting support services for affiliates in Latin America)
- Rotate through three functions:**
1. Finance
 2. Information Technology
 3. Employee Networks

- 4:30 p.m. Transfer back to Palacio Duhau - Park Hyatt Hotel**
(Directors and executives)

- 5:00 p.m. Free time**
- Artisan showcase located in the Palacio Duhau/Piano Nobile Restaurant

Attire: Business**6:55 p.m.****Meet in Palacio Lobby for transfer to dinner venue**
(Directors, executives, spouses, invited guests)**7:00 p.m.****Transfer to Four Seasons Hotel for dinner**
(Directors, executives, spouses, invited guests)**7:10 – 10:00 p.m.****Reception, Dinner and Tango show with YPF executives
(Yacimientos Petroliferos Fiscales) stakeholders** (45 people)
(Directors, executives, spouses, invited guests)**10:00 p.m.****Transfer to Palacio Duhau – Park Hyatt hotel**
(Directors, executives, spouses, invited guests)

Attire: Casual**NOTE: Directors and Executives**

Wear coveralls over pants/jeans and shirt; wear boots

6:25 a.m.

Meet in Palacio Lobby for transfer to airport
(Directors and executives)

6:30 a.m.

**Transfer to Buenos Aires Aeroparque FBO**
(Directors and executives)

7:00 – 8:00 a.m.

**Aircrafts depart from Buenos Aires Aeroparque FBO to Neuquén, Argentina**
(Directors and executives)Breakfast served on flight
[1 hr. 40 min]

FBO: American Jet

Phone: [REDACTED]

8:15 – 5:30 p.m.Concurrent spouse and
invited guest program
Page 9

8:40 – 9:40 a.m.

Aircrafts arrive Neuquén

FBO: American Jet

Phone: [REDACTED]

8:55 – 9:55 a.m.

**Transfer to Loma Campana field by helicopter for site visit**

[20 minutes]

9:20 – 10:20 a.m.

Helicopters arrive Loma Campana

9:45 – 3:00 p.m.

- Safety Briefing, Frac Site and Sand Plant Tour
- Lunch with [REDACTED] Minister of Energy, Argentina; [REDACTED] Governor Neuquén Province; YPF executives
(Directors and executives)

2:35 – 3:20 p.m.

**Helicopters depart Loma Campana to Neuquén for return flight** [20 minutes]

3:00 – 3:45 p.m.

Helicopters arrive Neuquén and transfer to corporate aircrafts

3:15 – 4:00 p.m.

**Aircrafts depart Neuquén to Buenos Aires Aeroparque** [2 hrs.]

5:15 – 6:00 p.m.

**Arrive Buenos Aires Aeroparque; transfer to hotel for refresh**

TUESDAY, SEPTEMBER 25- EVENING

Attire: Business

- 6:55 p.m.** **Meet in Palacio Lobby for transfer to dinner venue**
(Directors, executives, spouses, invited guests)
- 7:00 p.m.** **Transfer to Casa Minima for dinner**
(Directors, executives, spouses, invited guests)
-  **7:30 p.m.** **Reception and Dinner with Chevron Argentina Leadership Team and spouses** (64 people)
(Directors, executives, spouses, invited guests)
- 10:30 p.m.** **After dinner, transfer to Palacio Duhau - Park Hyatt Hotel**
(Directors, executives, spouses, invited guests)

Attire: Business Casual

7:30 a.m. **Breakfast** Giola Restaurant
(Directors, executives)

8:00 a.m. **Board of Directors Meeting** Salon Posadas Ballroom II
(Directors, executives)
Via Phone: Inge Thulin

8:00 – 11:00 a.m.
Concurrent spouse and invited
guest program
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9:50 a.m. **Board Meeting adjourns**

Attire: Casual

Note for after Board meeting: Time is available to change
into casual travel wear prior to lunch and departure

Piano Nobile Restaurant

11:30 a.m. **Board of Directors Lunch**
(Directors, executives, spouses, invited guests)

12:30 p.m. **Meet in Palacio Lobby for transfer to FBO**
(Directors, executives, spouses, invited guests)

12:45 p.m. **Transfer to Buenos Aires Aeroparque FBO**
(Directors, executives, spouses, invited guests)



1:00 – 2:00 p.m. **Aircrafts depart Buenos Aires to Bariloche, Argentina**



3:00 – 4:10 p.m. **Aircrafts arrive Bariloche, Argentina**

**Motor coaches staged for arrival**

- ❖ Chairlift ride to Campanario Hill for 360° panoramic
view before being transferred to hotel (luggage will
continue to hotel)

5:30 p.m. **Leisure time and refresh**

7:00 p.m. **Wine Tasting**
(Directors, executives, spouses, invited guests)

Moreno Lobby

8:00 p.m. **Welcome Dinner**
Attire: Casual (Directors, executives, spouses, invited guests)

Winter Garden
(34 people)

Accommodations **Llao Llao Resort, Golf & Spa**
 AV. Ezequiel Bustillo Km. 25
(R8401ALN) Bariloche, Rio Negro, Argentina




Tel: [REDACTED]

Fitness center **Check in: Wednesday 9/26 Check out: Friday 9/28**
located:
Level 1 in
Bustillo Building


THURSDAY, SEPTEMBER 27**BARILOCHE**

Weather: High: 50° Low: 32°

Attire: Casual

	Breakfast on own at hotel	Llao Llao Ballroom
9:55 a.m.	Meet in Moreno Lobby for transfer to marina	
10:00 a.m.	Transfer to marina for boat cruise on Nahuel Huapi Lake (Directors, executives, spouses, invited guests)	
		
10:30 a.m.	Sail out of Llao Llao peninsula on the Modesta Victoria to other side of lake; disembark for a guided hike on Victoria Island. Lunch will be served on return voyage.	
		
2:00 p.m.	Return to Llao Llao Resort for leisurely afternoon Options Include: <ul style="list-style-type: none">- Chocolate Tasting (3:30–4:30 p.m. – Moreno Lobby)- Spa Appointments (limited reservations available)- Swim, Gym time	
Attire: Casual		
6:25 p.m.	Meet in Moreno Lobby for transfer to Butterfly Restaurant (Directors, executives, spouses, invited guests)	
6:30 p.m.	Transfer to Butterfly Restaurant (Directors, executives, spouses, invited guests)	30-minute drive
		
7:00 – 9:30 p.m.	Dinner (Directors, executives, spouses, invited guests)	Butterfly Restaurant (32 people)
9:30 p.m.	Transfer to Llao Llao Resort	
10:00 p.m.	Farewell nightcap or hot chocolate flight	Moreno Lobby Bar (located on the main floor of hotel)

FRIDAY, SEPTEMBER 28**BARILOCHE**

	Breakfast on own at hotel	Llao Llao Ballroom
Departure from hotel based on individual itinerary	Transfer to airport for return to US	(1-hour drive to airport)
		

SPOUSE PROGRAM**BUENOS AIRES**➤ **See Attire Card for all events****MONDAY, SEPTEMBER 24**

7:00 a.m.	Breakfast	Salon Posadas
8:00 a.m.	Business Briefings	
12:10 p.m.	Lunch at Hotel with group (Board, executives, spouses, invited guests)	Gioia Restaurant
1:30 – 6:00 p.m.	Spouse program <ul style="list-style-type: none"> - Walking tour of Recoleta Cemetery - Artisan Showcase at Hotel 	Piano Nobile Restaurant
6:00 p.m.	Refresh for Dinner	
7:10 – 10:00 p.m.	Dinner and Tango Show with Yacimientos Petroliferos Fiscales (YPF) Stakeholders and Spouses	Four Seasons Hotel

TUESDAY, SEPTEMBER 25

8:15 – 9:30 a.m.	Spouse Breakfast Chevron Social Investment in Argentina – Dante Ramos	Duhau Private Room
9:30 a.m.	Transfer to Casa Ayma <ul style="list-style-type: none"> - Argentine House specializing in luxurious textiles and handcrafted techniques 	
10:00 a.m.	Artisan Tour: Casa Ayma “The Art of Weaving”	
11:30 a.m.	Transfer from Casa Ayma to La Pecora Nera for lunch	
12:00 p.m.	Lunch served at La Pecora Nera	
1:40 p.m.	Transfer to Teatro Colón Opera House	
2:00 p.m.	Guided tour of Teatro Colón Opera House <ul style="list-style-type: none"> - One of the world's most majestic opera houses, acclaimed for its architecture and acoustics 	
3:30 – 3:45 p.m.	Transfer to Palacio Duhau	
4:00 p.m.	Wine and Cheese tasting	Vinoteca
5:30 p.m.	Refresh	
7:30 – 10:30 p.m.	Reception and dinner with local leadership team	Casa Minima

WEDNESDAY, SEPTEMBER 26

	Concurrent spouse program during Board meeting	
8:00 – 9:00 a.m.	- Breakfast at leisure	Piano Nobile Restaurant
9:15 – 11:15 a.m.	- Fileteado Painting Class (Argentine style lettering)	La Floreria – Palacio Duhau
11:30 a.m.	- Lunch with Board and Spouses	Piano Nobile Restaurant
1:00 – 2:00 p.m.	Aircrafts depart Buenos Aires to Bariloche, Argentina	
3:00 – 4:10 p.m.	Arrive Bariloche / Chairlift ride to Campanario Hill for 360° Panoramic View	
5:30 p.m.	Arrive to Llao Llao Hotel – leisure time	
7:00 p.m.	Wine Tasting	Moreno Lobby
8:00 p.m.	Welcome Dinner	Winter Garden

CONTACT PHONE LIST

Security



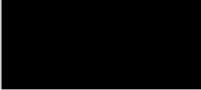
US Global Security - 24/7

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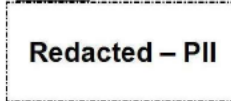


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Chevron On-site Contacts



Mobile

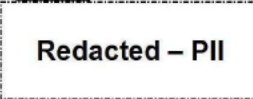


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Chevron Argentina Staff



Mobile

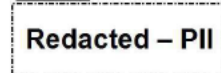


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Aviation Services:

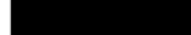


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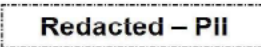


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Office



Transportation in Argentina



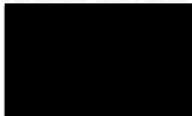
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Chevron Hangar



Flight Crew:

cc: Aviation Services



-Classified-

**CHEVRON CORPORATION
2019 SCHEDULE OF BOARD AND BOARD COMMITTEE MEETINGS**

DATE	MEETING	TIME (PACIFIC)	LOCATION
January 29	Board Nominating and Governance Committee	1:45 p.m.	A4320
	Public Policy Committee/BN&GC (joint session)	3:00 p.m.	A4330
	Audit Committee	3:45 p.m.	Board Room
	Management Compensation Committee	4:15 p.m.	A4320
	Board Dinner	6:30 p.m.	Executive Dining Rm
January 30	Board of Directors	7:00 a.m.	Board Room
February 19	Board Nominating and Governance Committee (if needed)	10:00 a.m.	Teleconference
February 21	Audit Committee--summary review of the Form 10-K (all Directors invited at their option)	8:00 a.m.	Teleconference
March 25	Reception and Dinner (for those attending the Field Trip)	6:00 p.m. CT	Houston, TX
March 26	Local Field Trip (Location TBD)	Early a.m. CT	Houston, TX
	Board Nominating and Governance Committee	2:00 p.m. CT	Houston, TX
	Public Policy Committee	3:15 p.m. CT	Houston, TX
	Management Compensation Committee	4:30 p.m. CT	Houston, TX
	Board Briefing	6:00 p.m. CT	Houston, TX
	Board Dinner	7:00 p.m. CT	Houston, TX
March 27	Board of Directors	7:00 a.m. CT	Houston, TX
April 24	Audit Committee	7:00 a.m.	Teleconference
	Board of Directors (if needed)	9:00 a.m.	Teleconference
April 30	Audit Committee	8:00 a.m.	Teleconference
May 28	Board Nominating and Governance Committee	4:45 p.m.	A4320
	Board Briefing	6:00 p.m.	Board Room
	Board Dinner	7:00 p.m.	Executive Dining Rm
May 29	Board Briefing	7:00 a.m.	Board Room
	Annual Stockholders' Meeting	8:00 a.m.	Auditorium
	Board of Directors	After Annual Mtg.	Board Room
July 29	Board Briefing (Succession and Development Planning)	6:00 p.m.	Pebble Beach, CA
	Board Dinner	7:00 p.m.	Pebble Beach, CA
July 30	BN&GC/Public Policy Committee (joint session)	8:00 a.m.	Pebble Beach, CA
	Board Nominating and Governance Committee	8:30 a.m.	Pebble Beach, CA
	Public Policy Committee	9:45 a.m.	Pebble Beach, CA
	Audit Committee	10:00 a.m.	Pebble Beach, CA
	Management Compensation Committee	11:00 a.m.	Pebble Beach, CA
	Board of Directors (Day 1)	1:45 p.m.	Pebble Beach, CA
	Board Briefing	5:30 p.m.	Pebble Beach, CA
	Board Dinner	7:00 p.m.	Pebble Beach, CA
July 31	Board of Directors (Day 2)	7:00 a.m.	Pebble Beach, CA
August 6	Audit Committee	8:00 a.m.	Teleconference
September 24	Board Briefings	3:00 p.m.	Board Room
	Board Dinner	6:00 p.m.	Executive Dining Rm
September 25	Board of Directors	7:00 a.m.	Board Room
October 30	Audit Committee	7:30 a.m.	Teleconference
	Board of Directors (if needed)	9:00 a.m.	Teleconference
November 6	Audit Committee	8:00 a.m.	Teleconference
December 3	Board Nominating and Governance Committee	2:00 p.m.	A4320
	Audit Committee	3:15 p.m.	A4325
	Public Policy Committee	3:15 p.m.	A4330
	Management Compensation Committee	4:30 p.m.	A4320
	Board Briefing (Succession and Development Planning)	6:00 p.m.	Board Room
	Board Dinner	7:00 p.m.	Executive Dining Rm
December 4	Board of Directors	7:00 a.m.	Board Room

- 7:00 a.m. in-person Board meetings will end around noon.
- 9:00 a.m. telephonic Board meetings will end around 10:00 a.m.

8/27/2018

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CHEVRON CORPORATION
2019 - 2022 SCHEDULE OF BOARD MEETINGS*

2019	2020	2021	2022
January 30	January 29	January 27	January 26
March 27	March 25	March 31	March 30
April 24 <i>Teleconference (if needed)</i>	April 29 <i>Teleconference (if needed)</i>	April 28 <i>Teleconference (if needed)</i>	April 27 <i>Teleconference (if needed)</i>
May 29 <i>Annual Meeting</i>	May 27 <i>Annual Meeting</i>	May 26 <i>Annual Meeting</i>	May 25 <i>Annual Meeting</i>
July 31	July 29	July 28	July 27
September 25	September 30	September 29	September 28
October 30 <i>Teleconference (if needed)</i>	October 28 <i>Teleconference (if needed)</i>	October 27 <i>Teleconference (if needed)</i>	October 26 <i>Teleconference (if needed)</i>
December 4	December 2	December 1	December 7

*Please note that Board meeting dates are subject to change as specified in advance by the Chairman and approved by the Board.

6/14/18

CHEVRON U.S. MASTER PENSION TRUST

PERFORMANCE REVIEW MID-YEAR 2018 (ENDING JUNE 30, 2018)

Investment Objectives

The primary investment objectives of the Chevron U.S. Master Pension Trust (Trust) are: to achieve the highest rate of total return within prudent levels of risk and liquidity; to diversify and mitigate potential downside risk associated with the investments; and to provide liquidity for benefit payments and portfolio management.

Funded Status

The Chevron Retirement Plan (CRP), which constitutes approximately 99% of the Trust, is fully funded from an IRS statutory standpoint. On an accounting basis, the Projected Benefit Obligation (PBO) funded ratio of the CRP at June 30, 2018 was 89%, up 6% from December 31, 2017, primarily driven by a decline in the value of liabilities from higher interest rates.

Chevron U.S. Master Pension Trust Funded Status		
	June 30, 2018	December 31, 2017
Total Trust Assets (\$MM)	9,167	9,948
Projected Benefit Obligation (\$MM)	10,290	11,930
Funded Ratio:		
Assets to Liabilities, PBO (%)	89	83

The pension liability remains small relative to the Company's balance sheet and is projected to decline over time due to the high percentage of employees who elect lump sum distributions upon retirement. As such, the pension plan continues to be affordable.

Market Overview

In the first six months, four of the five policy benchmarks posted losses, led by long duration fixed income's price decline of almost 7%. Conversely, the real asset benchmark posted gains of about 4%. Historical market performance returns are provided in the following table.

Historical Market Performance (%)					
	YTD	Trailing Periods (Annualized)			
		1 Year	3 Year	5 Year	
Trust Policy Benchmark	(1.7)	5.6	6.4	7.7	
Global Equity	(0.2)	11.1	8.3	9.6	
Long Duration Fixed Income	(6.8)	(1.7)	5.1	5.5	
Diversified Credit	(2.0)	1.0	4.1	3.4	
Real Assets	3.9	7.1	9.0	10.4	
Alternative Investments	(2.6)	1.9	1.1	3.0	

Trust Performance

During the first half of 2018, the value of the Trust assets decreased by \$0.8 billion, to \$9.2 billion. The net change was driven by the factors noted in the table that follows:

Change in Trust Value (\$MM)	Jun-18
Return on Assets	(195)
Contributions	300
Benefit Payments	(882)
Administrative Fees	(5)
Net Change	(781)

In aggregate, the Trust underperformed its policy benchmark by 45 basis points (bps), reflecting relative manager and asset allocation performance, which contributed 38 and 7 bps, respectively. It also underperformed its benchmark for the 1-year trailing period but has outperformed over the 3- and 5-year trailing periods, summarized below.

Trust Performance vs. Benchmark				
	YTD	Trailing Periods (Annualized)		
		1 Year	3 Year	5 Year
Trust Performance (%)	(2.13)	5.27	6.52	8.21
Trust Policy Benchmark (%)	(1.68)	5.56	6.37	7.74
Excess Return (%)	(0.45)	(0.29)	0.15	0.47
▪ Relative Manager Performance (%) ¹	(0.38)	(0.44)	(0.03)	0.23
▪ Trust Asset Allocation Effect (%) ¹	(0.07)	0.16	0.17	0.21
▪ Residual (%) ¹	0.00	(0.01)	0.01	0.03

(1) Data sourced from Northern Trust attribution model

Relative Manager Performance

The Trust's long duration fixed income and real assets outperformed their benchmarks through the first half of 2018, while equity, diversified credit and alternative investments underperformed, as detailed below.

Long Duration Fixed Income

The Trust's long duration fixed income managers outperformed their benchmark by 0.21% led by favorable security selections, which fared well in an otherwise negative corporate credit market environment.

Real Assets

The Trust's real estate portfolio outperformed the benchmark by 0.76% primarily due to strong performance from its investment in infrastructure, reflecting a large realized capital gain on the sale of a European electrical transmission system.

Equity

The Trust's equity managers underperformed their relative benchmark by 0.33%, as the outperformance by US equity managers was more than offset by the underperformance of international and global equity managers, driven by the more defensive posturing of several managers.

CHEVRON U.S. MASTER PENSION TRUST PERFORMANCE REVIEW MID-YEAR 2018 (ENDING JUNE 30, 2018)

Diversified Credit

The Trust's diversified credit portfolio underperformed its benchmark by 1.40%. Emerging market debt managers led the shortfall on an overweight in local currency debt, which was adversely impacted by weakening currencies, and unfavorable security selections.

Alternative Investments

The Trust's alternative investments portfolio underperformed the benchmark by 2.64%. Alternative investments aim to reduce the Trust's portfolio risk while maintaining a similar expected return in the long run by focusing on market-neutral strategies (i.e., can be long or short) that have a low expected correlation to traditional asset classes. As such, performance is primarily evaluated on risk reduction effects over long-term market cycles.

A comparison of historical aggregate manager performance relative to benchmark, by major asset class, is shown in the table below.

Relative Manager Performance vs. Benchmark				
	YTD	Trailing Periods (Annualized)		
		1 Year	3 Year	5 Year
Total Equity (%)	(0.33)	(1.41)	(0.25)	0.21
Long Duration Fixed Income	0.21	0.37	0.31	0.32
Diversified Credit ¹	(1.40)	(0.75)	0.23	NA
Real Assets	0.76	0.61	(0.07)	(0.04)
Alternative Investments ²	(2.64)	0.81	NA	NA

(1) The diversified credit portfolio began in March 2015
(2) The alternative investments portfolio began in October 2016

Asset Allocation

Asset allocation effects represent differences in actual versus policy benchmark weights for each asset class. The 7 bp underperformance in asset allocation through June 2018 mainly reflected the Trust's underweight to cash.

Trust Asset Allocation					
	Policy Ranges (% of Total)	Policy Benchmark (% of Total)	Actual Asset Allocation		
			June 30, 2018 (\$MM)	June 30, 2018 (% of Total)	December 31, 2017 (\$MM) (% of Total)
Total Equity	30 - 60	45	4,169	45.5%	4,589 46.3%
Long Duration Fixed Income	20 - 40 ¹	25	2,297	25.1%	2,571 25.9%
Diversified Credit	20 - 40 ¹	5	451	4.9%	497 5.0%
Real Assets	0 - 15	10	1,106	12.1%	1,095 10.7%
Alternative Investments	0 - 15	10	969	10.6%	1,022 10.4%
Cash & Other	0 - 25	5	175	1.9%	173 1.7%
Total Trust Assets			9,167	100%	9,948 100.0

(1) Represents a combined range for Total Fixed Income including both Long Duration Fixed Income and Diversified Credit

Trust & Plan Updates

Chevron prefunds the Trust as required by the Employee Retirement Income Security Act (ERISA) or in certain situations where it provides economic advantages. A contribution of \$300 million was made to the Chevron Retirement Plan (the largest plan in the Trust) in June, following which: \$80 million of the contribution was invested into equity, \$50 million into government bonds

and the remaining \$170 million was left in cash to fulfill immediate benefit payment obligations. A further contribution of \$300 million was made to the Chevron Retirement Plan in July. Based on current assumptions, July's contribution, which is excluded from the 1H 2018 funded status reported, is forecasted to bring the year-end funded status to 91% - up 8% over December 31, 2017 levels. No further contributions are planned for the remainder of the year.

An Asset-Liability Modeling study (ALM) is completed annually to evaluate the Trust's strategic asset allocations for opportunities to improve performance and reduce risk. This year's ALM concluded that the portfolio's return-seeking / liability-hedging asset mix of 70/30 remains efficient and appropriate, offering a good balance between risk and reward. No changes are being recommended at this time.

As referenced in prior briefs, the Company received notifications from the US Department of Labor (DOL) in late 2016 that it would begin conducting audits of both the Trust and CRP. The DOL periodically audits company-sponsored plans as part of its normal course of business. The DOL audits continue to progress with no significant findings to date.

The previously announced transition of defined benefit plan recordkeeping and administrative services to our new service provider, Willis Towers Watson, is in progress and is currently expected to be completed mid-2019.

Reactions to Chevron's 2Q 2018 Conference Call

Adjusted EPS was \$1.78/diluted share vs. First Call consensus of \$2.09, a 15% miss (Note: excluding foreign exchange effects, EPS was \$1.92/diluted share)

JP Morgan – “Buyback Restart + Guidance Color > Messy 2Q” (Overweight / \$152 [↑ from \$150])

“2Q was messy for CVX on EPS/CFPS, with downtime, timing factors, and opex weighing on results, while pension and other factors weighed on CFO. As a result, the Brent breakeven stepped up to ~\$59/bbl in 2Q from ~\$50/bbl in 1Q. This result was mostly overshadowed by (1) the announcement of \$3B in annual buybacks, starting in 3Q; (2) the view that CFO should improve by ~50% y/y in 2018; and (3) the FY18 production guide being refined to the upper end of the 4-7% pre-asset sale range, despite ~200bps headwind from PSC effects. On the buyback, the size was ahead of our expectation...with run-rate total return of capital yield now ~5% in 2019. The only area we see to pick at beyond the 2Q result is the Tengiz cost inflation called out on the call, which seems pretty early to be seeing, considering where the project is in its lifecycle...and where the international markets are in their inflation cycle. On the improving capital allocation story, we raise our Dec 2019 price target to \$152/share (from \$150).”

Goldman Sachs – “Mega cap idea trading at an 8% 2019 FCF yield; stay Buy” (Buy / \$141 [↓ from \$142])

“While Chevron Corp (CVX, Buy) delivered a noisy quarter on Friday, investors appeared to focus on the introduction of a highly anticipated share repurchase program, which was received positively by the market. While investors have broadly agreed with our views on the company's free cash flow power given a robust portfolio of near term production drivers, many have been concerned about earnings execution risk. While we recognize the soft EPS quarter likely did not fully address these concerns, we recommend focusing on the adjusted free cash flow during the quarter (ex-one time items), which was slightly above FactSet consensus, and the buyback, which demonstrates the company's commitment to accelerating capital returns to shareholders.”

Barclays – “Balanced Growth/Cash Return Resonates” (Overweight / \$148)

“We think CVX's 2Q result will have a positive impact on its near-term performance. Our (and the market's) immediate reaction proved to be incorrect! While we initially thought Chevron's fairly sizeable earnings miss would pressure the shares despite the announcement of a \$3-billion/year buyback program and the shares opened down more than 2%, CVX ended up outperforming on Friday (+1.6% vs. XOM down 2.8%). Our thoughts on the quarter have not changed – results were lackluster, especially on the international front. However, after taking a deeper dive into the release and listening to the earnings call, we think Chevron's 2Q result will continue to be perceived positively and that the promise of a more balanced growth/cash return business model will further capture the market's attention in the days to come.”

Bank of America Merrill Lynch – “2Q18 earnings recap: the forgiving power of share buybacks” (Buy / \$150)

“Reflecting on Chevron's 2Q18 earnings, the bottom line in our view is that a headline miss is forgiven by a solid operating outlook, with the production outlook pushed to the upper end of guidance for 2018 and the restart of share buybacks. For now buybacks are set at \$3bn annually; as with a capital budget set at \$18-20bn, this is capped through 2020. In this period CVX benefits from a production tailwind from recent project starts that together paints a robust outlook for free cash through the current 2020 plan at \$60 oil.”

Jefferies – “Solid Execution” (Buy / \$157)

“CVX posted another strong quarter of cash generation, although EPS missed our and consensus estimates. Cash flow of \$7.0b ex. WC was essentially in line with our estimates after adjusting for unusual items. Production was in line with our estimate and the company indicated that it would be in the upper half of its guidance range for 2018 of growth of 4-7%... Chevron announced that it would initiate share repurchases, which are expected to be \$3bn/yr or 1.3% of market capitalization. We expect that the company will have significant incremental capacity for repurchases, but the \$3b can be delivered at Brent prices well below \$50/bbl and is thus a good base line that can be supplemented.”

Mizuho – “Noisy Quarter, but Buyback Speaks Louder” (Buy / \$145)

“The market could look past Chevron's mediocre quarter because of their clear shareholder-focused approach: the announced initiation of a \$3B share buyback program that they declared would be sustainable in “any reasonable” oil price environment; a reiteration of capital restraint \$18B to \$20B through at least 2020; a well-timed news headline that showed CVX wasn't the buyer of the BHP US shale asset portfolio. Weirdly, there was some buzz among investors last week that CVX wouldn't announce a buyback, which was counter to what we thought they had pretty clearly signaled, but in the event that oddity probably gave a little extra “relief” pop to the stock on the day.”

Reactions to Chevron's 2Q 2018 Conference Call

Credit Suisse – “2Q EPS/CFPS Miss, But Delivers on Buyback” (Neutral / \$138)

“Clean 2Q EPS miss on weaker Downstream and higher Corporate expense...Delivers on much-anticipated share buyback plan; BHP/BP deal announcement also removes overhang. CVX will reinstate its share repurchase program in 3Q18, consistent with our model and buy-side expectations, but nonetheless positive news given this was the critical focus into CVX's 2Q print. CVX is targeting to buy back stock at a pace of ~\$3bn per annum, modestly below our initial forecast (\$4bn/annum) although with line of sight to >\$15bn in surplus FCF generation in 2H18-2019 we see scope for CVX to expand this target over time. We also view yesterday's BHP/BP deal announcement as removing investor concerns that a successful bid for BHP's assets would delay the resumption of the buyback.”

UBS – “2Q18: International results a headwind but buyback signals progress made” (Neutral / \$135 [↑ from \$130])

“Clean net income of \$3,679bn...in the quarter corresponds to an EPS of \$1.92, below consensus of \$2.11...The overall miss was driven by the International segments – the Upstream impacted by project write-off charges and higher exploration plus lower price realisations. The main drag was the International Downstream which is now a consistent feature of the reporting this quarter – marketing margins and timing effects amid rising oil prices and a stronger US\$...We calculate Chevron could buy back more shares than the \$3bn/year indication but expect the Board will balance up the considerations of remaining conservative, pursuing a sustained repurchase programme (benefiting from \$-cost averaging), rebuilding balance sheet strength and also perhaps starting to invest for a new, longer-term, horizon (outside of the core Permian and Tengiz activity).”

Wells Fargo – “CVX and XOM: “A Tale of Two Cities” Comparison Continues” (Outperform / \$160)

“We believe 2Q18 results again confirmed Chevron as the better positioned Super Major. We remain comfortable reiterating our Outperform for CVX and Market Perform for XOM. Yes, both missed on earnings (downstream for both), but the similarities end there, in our view. CVX beat our production estimate, generated free cash flow from operations (post dividend) and announced the resumption of buybacks (\$3.0 billion per annum). XOM by contrast came up well short of our production estimate, incurred margin headwinds in its Chemical segment and failed to generate enough funds to cover its commitments. We get where XOM is trying to go, but believe that patience is still called for from an equity investor's perspective.”

Exane BNP Paribas – “CFFO headwinds fade” (Neutral / \$145)

“A bridge on the Q2 18 cashflow miss, a bullish outlook on volumes and the indications H1 headwinds would partly reverse in H2 were reassuring features of the Q2 18 analyst call. More broadly, the announcement of a USD3bn pa buyback programme is welcome and now provides a higher cash return yield to CVX at 4%...We acknowledge CVX remains well positioned for an upcycle. It offers near-term growth but also balance sheet resilience and capex flexibility. We prefer the name to XOM in the US.”

Societe Generale – “\$3bn buyback offsets 2Q EPS miss related to op cost/receivables writedown” (Buy / \$150)

“Despite Australian LNG and other turnarounds, entitlement effects, a \$300MM receivable writedown, lower international R&M results and a \$300MM pension contribution, CVX delivered static QOQ cash flow before working capital changes. Their operations plan, in our opinion, remains on track. CVX reinitiated their common stock buyback program at a \$3 billion annual run rate, which they should be able to fund with free cash flow and asset sales. They also increased the common stock dividend by 4% in 1Q18. So, CVX remains shareholder returns focused. Their asset sale program remains on track, with their UK North Sea assets recently added to South African downstream on the block. With all Australian LNG trains running, no Permian basin constraints and free cash flow, CVX shares will likely remain the go to US IOC in our view.”

RBC – “Buybacks signal confidence in medium term delivery” (Sector Perform / \$145)

“The announced buyback indicates confidence that Chevron is entering a sustained period of excess cash generation, and we see the \$3bn run rate as conservative given our price deck. Operationally, the company appears to be well-placed in both the Permian, where it has secured sufficient takeaway capacity for its growth ambitions, and Australia, where trains appear to be performing with more consistency.”

Reactions to Chevron's 2Q 2018 Conference Call

Cowen – “Buyback Program Overshadows Earnings” (Outperform / \$160)

“Earnings missed on weaker international results than forecast. The announcement was overshadowed by the company announcing a \$3B annual repurchase program that should last at least through 2020. We estimate the company could support this level of repurchases down to \$50 Brent in 2019.”

Raymond James – “Unlike the U.K.’s Elusive Brexit Endgame, the Wait for CVX’s Buyback Is Over” (Outperform / \$140)

“Chevron offers a higher degree of leverage than its mega-cap peers to our forecast for oil prices reaching cyclical highs over the next 6 to 12 months. While production growth is slowing amid a hiatus of megaproject startups until Tengiz expansion in 2022, the Permian overweight gets more needle-moving, on the cusp of 10% of production. In the meantime, Chevron has delivered what we predicted in our upgrade to Outperform on June 18: resumption of share buyback after a four-year hiatus. Admittedly, Chevron remains a “consensus buy,” but with the stock flattish year-to-date...it has not run away yet.”

Reactions to Competitors' 2Q 2018 Conference Calls

ExxonMobil – July 27, 2018 (Adj. EPS of \$0.92/diluted share vs. First Call consensus of \$1.27, 28% miss)

"We think Exxon Mobil's 2Q18 results will have negative impact on the shares' near-term performance. While the market had reacted negatively to the wide EPS miss, the near-to-medium term outlook remains challenging, in our opinion. We believe investors will begin to question how much leeway and patience XOM deserves, given the continually poor financial and operating performance from their once gold standard. The burden of proof is now on management. While XOM's investors are generally long-term holders, the shares will have difficulty in truly rebounding until financials and operating performance turn the corner. We don't foresee their upstream results demonstrating any meaningful and sustainable improvement until 2022+." – Barclays (*Underweight*)

"There is no way to dress up a disappointing quarter for ExxonMobil. The 'miss' lies squarely with management's failure to provide insight to planned maintenance - XOM has some ways to go on improving transparency. By our estimate, the impact dented earnings by about \$0.30/sh which would have left underlying EPS at \$1.22 within sight of consensus and in line with our estimate. But with a third consecutive EPS miss, the market is unlikely in a forgiving mood until execution, transparency and delivery align to confirm earnings capacity of the underlying business that should lead the sector in capital efficiency and free cash flow." – Bank of America Merrill Lynch (*Buy*)

"ExxonMobil (XOM, Neutral) reported a third consecutive quarterly miss versus GS/consensus in 2Q2018, with earnings softness seen across all business lines, but in particular in the International E&P and Refining segments. We appreciate the efforts the company is making to increase management access, including have senior representatives on the earnings calls. That said, we continue to see opportunities for increased transparency, especially around better providing near-term volume and refining outage guidance." – Goldman Sachs (*Neutral*)

"While XOM has historically offered materially superior ROCE and FCF yields vs. Integrated peers, we forecast its returns to erode towards below its peer average over 2018-2020, and it will offer less attractive relative free cash flow than peers as it begins a multi-year period of material counter-cyclical investment. Meanwhile, XOM features an upstream production growth profile well below global integrated peers and comparable ROCE, and its current dividend yield of 4.0% is below European majors' ~5% albeit modestly more attractive than CVX's. We believe investors are paying a premium for XOM despite sub-par growth, comparable ROCE, and a lower dividend yield." – Credit Suisse (*Neutral*)

BP – July 31, 2018 (Adjusted EPS of \$0.85/diluted share vs. First Call consensus of \$0.84, 1% beat)

"At first glance this looks like a mixed update from BP. The earnings beat compares favorably with other Supermajor peers, but CFFO was soft compared with our estimate. The company continues its share repurchase program to offset the dilutive effects of the scrip dividend. However, net debt/capitalization is still 28% and we expect it to remain near these levels through 2019. The company has been delivering its major capital projects that in aggregate should add 900 kbd of capacity in 2021, and we expect Upstream will deliver its target of \$13-14b in before-tax free cash flow in 2021." – Jefferies (*Hold*)

"BP's solid set of 2Q18 results this morning was driven by E&P and Rosneft performance, partly offset by weaker than expected R&M performance (owing to oil trading). While earnings were 3% above company-compiled consensus, free cash flow generation (pre-Macondo/pre-operating working capital movements) was down qoq to \$2.3 bn, on weaker than expected operating cash flow. Looking ahead, we remain confident that BP's strong pipeline of oil & gas projects will boost production and cash flow generation, with 2019 as the key year of transformation. We believe BP is among the best positioned ahead of the IMO 2020 regulations, with c.4% exposure to fuel oil after having invested >\$6 bn in upgrading its US refining system." – Goldman Sachs (*Buy*)

"Results that were largely in line at the net income level illustrate that six quarters into a twenty-quarter plan BP is very much on track. As with peers, if there was a trading disappointment it was in the downstream which, combined with news that its key Whiting refinery will be down for seven weeks maintenance in H2 does see us revise down estimates. Overall cash generation was nevertheless robust supporting last week's announcement of a modest dividend increase." – Deutsche Bank (*Buy*)

Reactions to Competitors' 2Q 2018 Conference Calls

Shell – July 26, 2018 (Adjusted EPS of \$1.12/diluted share vs. First Call consensus of \$1.45, 23% miss)

"Shell generated \$11.6b in CFFO ex working capital and initiated its \$25b share repurchase program, but these positive developments could not overcome a large earnings miss driven amongst other things by disappointing production...In 1Q, earnings were in line but cash flow missed our estimate by \$2b. The market reaction was the same; RDS took a drubbing after both sets of results. We are encouraged that cash generation met our expectations as in our view delivering cash targets is the key for RDS performance. However, we had also included a \$0.8b headwind (in line with the actual result) in our 2Q CFFO estimate for yet another margin call related to Shell's dubious LNG hedging strategy and those that did not may have been disappointed in the result. 2Q production of 3,442 missed our estimate by 6% with the largest variances in Europe and Africa. Further, Shell guided for 3Q production to decline sequentially by 40-70 kbde in Integrated Gas and by 210-240 kbde in Upstream due to maintenance, divestitures and field decline." – *Jefferies (Buy)*

"[RDS] has now entered what we view as phase 2 of the [post BG] delivery – working towards the 2020 targeted \$25-30bn of organic free cash flow (pre-dividend) under a \$65/bbl real Brent oil price. So why did the stock crash on the day? It is better to travel than to arrive: the \$25bn buyback had been expected for the past two years. Had the buyback not been started, we believe the crash would have been even bigger – so its announcement was effectively as expected. Hence, we think the market shrugged it off and focused instead on the deep earnings miss, but also on what we view as rather weak near-term production guidance (for a decline towards 3.4 mboed in 3Q), which, coupled with the 2Q miss, led us to downgrade EPS forecasts by 6.8% in 2018, 4.7% in 2019 and 1.7% in 2020." – *Societe Generale (Hold)*

"Three successive messy quarters left Shell underperforming the market significantly yesterday, despite commencing the long-awaited buyback programme. Making numerous "adjustments" to get to an under lying CFFO number every quarter is frustrating, but is also the result of Shell's disclosure, communication style and business structure, in our view. Adverse currency movements, tax settlements and margin calls all impacted Shell's 2Q results yesterday, leading to a 20% miss relative to consensus at the bottom line. The commencement of the buyback programme reinforces management's confidence in medium term delivery, in our view; however, messy quarters are far from ideal when analyzing Shell." – *RBC (Outperform)*

Total – July 26, 2018 (Adjusted EPS of \$1.31/diluted share vs. First Call consensus of \$1.29, 2% beat)

"Total raised production guidance to growth of >7% in 2018 and increased its target for cost savings to \$4.2b. The company has repurchased \$600m of shares in excess of dilution offset YTD, and the dividend is poised to grow 10% by 2020. Consistency is paying off. Total delivered a good set of results and demonstrated again its priority on growing shareholder returns. The company intends to grow the dividend by 10% to 2020 and has YTD already utilized \$600m to repurchase shares in excess of the offset to scrip dilution (about 10m shares). Continued strong cash generation gives Total the ability to accelerate its \$5bn share repurchase program, although the priority remains balance sheet strength and maintaining gearing below 20%." – *Jefferies (Buy)*

"This was another solid quarter for Total, results proving very much in-line with market expectations. Moreover, looking forward we would expect cash and profits to show continued healthy momentum as the next wave of mega-projects (Ichthys, Kaombo, Egina) come onstream and cash delivery gains further from the contribution of recent oil-price geared acquisitions (Maersk, Engie, Libya). Combine this with an impending Strategy Day in September and potential news on \$bn disposals and we find it hard not to feel supportive the name although much is, in our opinion, already in price." – *Deutsche Bank (Hold)*

"TOTAL delivered another strong quarter of results, beating consensus (company-compiled) expectations across all divisions. Free cash flow generation improved further this quarter (c.\$3.6 bn), 3x higher than its ten-year historical average and hitting record levels last seen in 2011 with oil prices >\$100/bl. With a record pipeline of margin-accretive oil & gas projects expected to be delivered in 2H18, the company has upgraded its guidance to >7% production growth yoy in 2018 (vs. >6% previously). Quarter after quarter, TOTAL continues to demonstrate its ability to improve profitability across business segments, with rising free cash flow generation and low earnings volatility. We expect the pace of buybacks to accelerate in 2H, driven by increasing free cash flow." – *Goldman Sachs (Buy)*



Global Issues & Public Policy
Key Country Summaries

Board of Directors
Public Policy Committee

July 24, 2018

KEY COUNTRY SUMMARIES

Financial and Operating Statistics

	Net PP&E & Equity Investment (12/31/2017) ¹		3-Year C&E (2018-2020)		Upstream Production OEG (MBD, 2017)		Net Income (2017) ²	
	<u>\$B</u>	<u>%</u>	<u>\$B</u>	<u>%</u>	<u>Net OEG</u>	<u>%</u>	<u>\$B</u>	<u>%</u>
1. United States	59.0	28.1	25.3	46.4	681	25.0	1.9	20.8
2. Australia	Redacted – Business Confidential (competitive financial information) (non-U.S.)							
3. Nigeria								
4. Kazakhstan								
5. Canada								
6. Angola								
7. Thailand								
8. South Korea								
9. Indonesia								
10. United Kingdom								
<i>All Other</i>								
Total								

1. Investment reflects Book Value (not Fair Value)
2. Net Income includes interest and foreign exchange impacts, as well as operational earnings
3. The data contained in the chart and following one-pagers has not changed materially since the July 2015 update.

United States

Political landscape

- *Domestic Politics:* Since entering office in 2017, the Trump Administration and Congress has focused on the U.S. economy, security, and trade. It has passed tax reform and continued efforts to roll back Obama-era energy and environmental regulations. The President's immigration policies have met resistance in the courts and his trade policies are facing opposition from domestic regions and sectors targeted by trading partners, such as the agriculture and energy. The Administration's foreign policy agenda has upheld a transactional approach, including trade, sanctions, withdrawals from agreements, and key countries (China, Iran, and North Korea).
- The November mid-terms remain difficult to predict given Congressional Republican retirements and solid performances by Democratic candidates in recent primary and special elections. The possibility of a transition in the House exits with a lower probability in the Senate. However, President Trump's approval ratings, U.S. economic developments, and/or geopolitical events will play a key role in the mid-term elections.
- *Geopolitics:* The Administration's nontraditional, transactional, and direct approach towards foreign policy is likely to continue. Uncertainty on trade will remain for trading partners, allies, and companies. For the energy sector, sanctions and trade will remain watchpoints. New areas for foreign policy and energy cooperation, which could including increased U.S. energy exports, may develop with China, India, Japan, and Southeast Asia.

Policy Risks and Trends

- *Focus on regulatory reform:* Regulatory reform continues to be a key priority for the Administration and Congressional Republicans. The Administration continues to delay implementation, repeal, or consider key regulations, including the Clean Power Plan and methane regulations among others. Congressional negotiations continue around the Renewable Fuel Standard.
 - While the Administration has embraced an "energy dominance" agenda, the regulatory reform process is lengthy, is subject to litigation, and open to changes by future Administrations. Final rulemakings under the current Administration are not expected for an additional 1-2 years.
 - Its use of executive-level authority leaves open the possibility for a future Administration to reshape the regulatory environment again, underscoring the need for durable regulatory reform efforts.
- *Growing state-level activity:* In the absence of federal-level climate policy action, state lawmakers are proposing and adopting policies to reduce emissions. As of July, 20 states and the District of Columbia have adopted climate change policies, including cap-and-trade programs in California, and low carbon fuel standards in nine northeastern states. Washington and Massachusetts policymakers are likely to propose carbon pricing legislation in 2019.
- *Activists work is multi-faceted:* Off-oil activism is present at both the state and local political levels. Activist efforts are primarily directed toward ballot initiatives in purple and blue states, litigation, and the invest community. Leading environmental NGOs are focused on implementing a strategy that emphasizes grassroots action to convince the public and other sectors that fossil fuels are not necessary to power society. Several initiatives underway at the state- and local-level to accelerate the transition to a lower-carbon economy, including a bipartisan coalition to support climate actions in line with the goals of the Paris Agreement.
- *Tariff actions may impact Chevron:* In March 2018, President Trump ordered new tariffs on imported steel and aluminum goods. Japan, Mexico, and the EU countries are key suppliers of steel products for Chevron under current procurement practices. These regions may be a target for long term reductions in steel imports. In addition, on June 15, the Administration announced tariffs on \$34 billion of Chinese goods, and is likely to impose additional tariffs on \$16 billion of Chinese goods in August.
- *Sanctions:* The Trump Administration and Congress continue to rely on sanctions as a foreign policy tool, which creates risks for Chevron's international operations, including Kazakhstan and Venezuela. In-country developments in Myanmar and the evolving bilateral relationship with North Korea and Iran create uncertainty and raise the risk of secondary sanctions.

Australia

Redacted – Business Confidential (non-U.S. operation risk analysis)

Nigeria

Redacted – Business Confidential (non-U.S. operation risk analysis)

Kazakhstan

Redacted – Business Confidential (non-U.S. operation risk analysis)

Canada

Redacted – Business Confidential (non-U.S. operation risk analysis)

Angola

Redacted – Business Confidential (non-U.S. operation risk analysis)

¹ The Great Lakes Region comprises the countries of Burundi, DRC, Kenya, Rwanda, Tanzania and Uganda.

Thailand

Redacted – Business Confidential (non-U.S. operation risk analysis)

Republic of Korea

Redacted – Business Confidential (non-U.S. operation risk analysis)

Indonesia

Redacted – Business Confidential (non-U.S. operation risk analysis)

United Kingdom

Redacted – Business Confidential (non-U.S. operation risk analysis)

Venezuela

Redacted – Business Confidential (non-U.S. operation risk analysis)



Performance Summary

July 2018

CONFIDENTIAL

**Performance Summary Purpose and
Notice Related to Selective Disclosure and Insider Trading**

This Performance Summary report is prepared to assist the company's "chief operating decision maker" (i.e., the company's Executive Committee) in monitoring the financial performance of the company's upstream and downstream "reportable segments" [terms as defined in FASB ASC 280 "Segment Reporting (ASC 280)"]. This report is also provided to the Board of Directors to assist in its oversight role in monitoring the financial results of the company's reportable segments.

This booklet contains highly confidential information concerning interim company earnings and other performance measurements and developments. This information will not be released publicly or further disseminated within the Chevron group. You are reminded that company policy requires you to use care to safeguard this information from unauthorized use or disclosure, and that you may not trade company stock on the basis of this information to the extent it is material to Chevron investors. Please refer to Chevron's Manual of Compliance Procedures and Guidelines and the Chevron Policy Manual for further information. Any employee who violates these provisions shall be subject to disciplinary action, up to and including discharge, and may also be subject to legal action. In addition, any individual who violates these provisions shall be subject to criminal or civil penalties under the provisions of Federal Securities laws.

CHEVRON CORPORATION PERFORMANCE SUMMARY

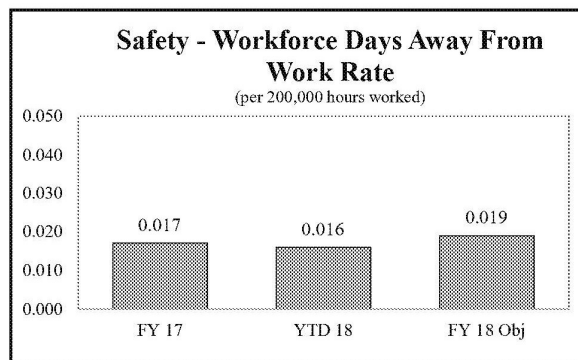
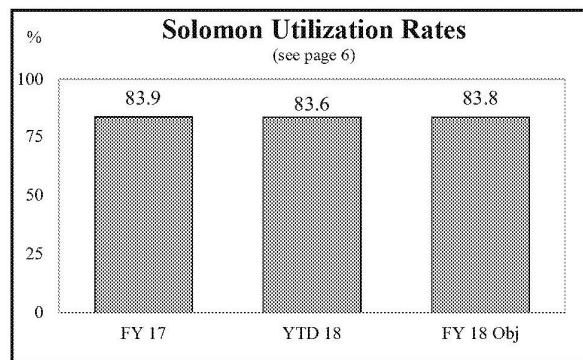
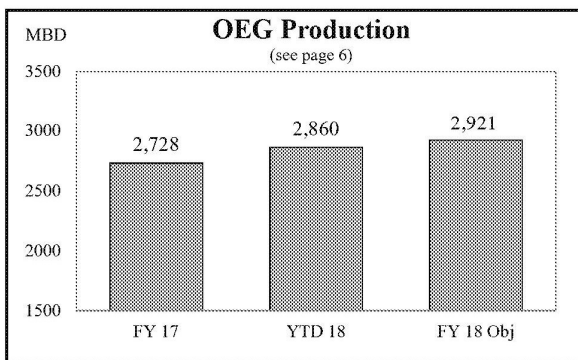
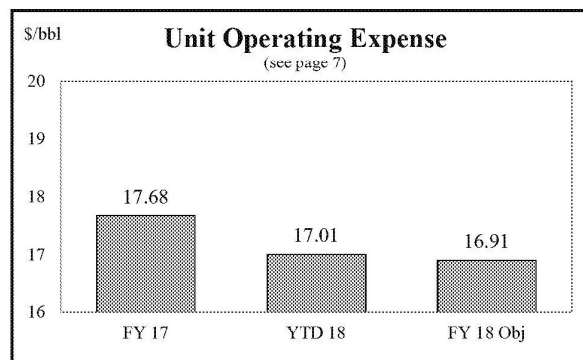
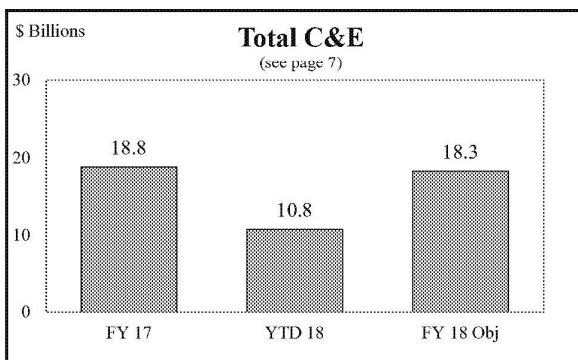
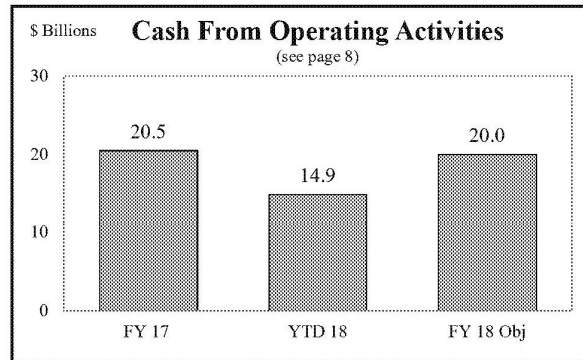
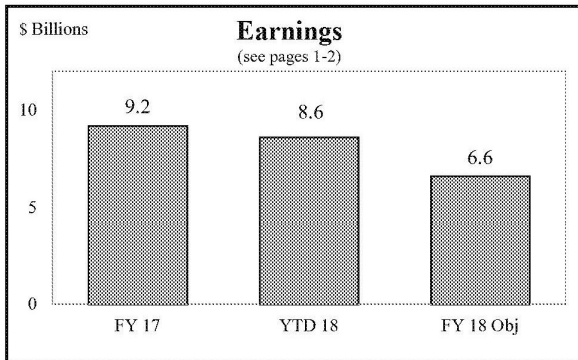
July 2018

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Financial & Operational Summary – July 2018



Earnings

July 2018		Earnings						
\$ Millions - After Tax		May	Jun	Jul	Monthly	YTD	2018	% of
		2018	2018	2018	Change	2018	Obj	Objective
Upstream	- U.S.	294	307	437	130	1,923	612	314
	- International	1,023	551	875	324	6,035	4,169	145
TOTAL UPSTREAM		1,317	858	1,312	454	7,958	4,781	166
Downstream	- U.S.	294	187	300	113	1,399	1,917	73
	- International	61	105	133	28	600	1,994	30
TOTAL DOWNSTREAM		355	292	433	141	1,999	3,911	51
ALL OTHER		(199)	(381)	(213)	168	(1,378)	(2,139)	64
TOTAL EARNINGS		1,473	769	1,532	763	8,579	6,553	131
Basic Earnings Per Share		\$0.78	\$0.40	\$0.81	\$0.41	\$4.52	\$3.46	131
Diluted Earnings Per Share		\$0.77	\$0.40	\$0.80	\$0.40	\$4.48	\$3.45	130
ROCE (%)¹		10.1	5.2	10.0		8.2	3.9	
Memo:								
Impact of Asset Sales		(9)	21	(5)		86	745	

¹ Capital Employed equals the sum of stockholders' equity, total debt, and noncontrolling interests.

JULY 2018 vs. JUNE 2018

Earnings rose \$763 MM in July on lower operating expense, absence of unfavorable tax items and asset impairments and project write-offs, and higher volumes. Foreign exchange losses, partly offset.

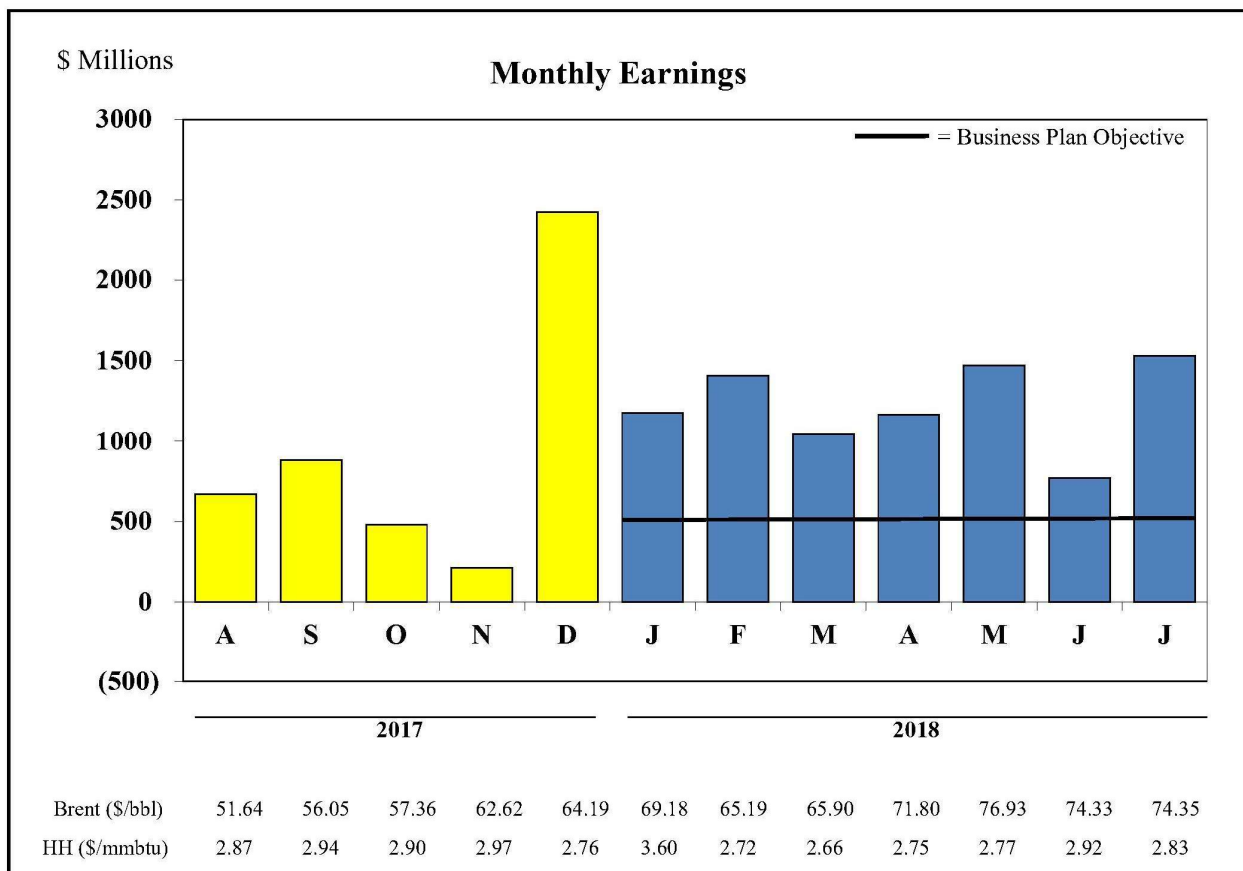
- **U.S. Upstream** earnings increased \$130 MM primarily on higher liquid realizations and volumes.
- **International Upstream** earnings increased \$324 MM, reflecting lower operating expense, absence of unfavorable tax items and project write-offs, and higher volumes. Unfavorable foreign exchange impacts, partly offset.
- **U.S. Downstream** results increased \$113 MM on higher margins, lower carbon compliance costs, and lower operating expense.
- **International Downstream** earnings increased \$28 MM on higher margins and lower operating expenses. Foreign exchange impacts, partly offset.
- **All Other** net charges fell \$168 MM between periods on lower operating expense, and absence of an asset impairment and quarterly environmental reserve additions.

YTD 2018 vs. OBJECTIVE 2018

Year-to-date earnings were \$8,579 MM, or 131% of objective on higher realizations and below-plan depreciation. Below-plan margins and volumes, partly offset.

- **U.S. Upstream** earnings of \$1,923MM were 314% of the full-year objective, primarily reflecting above-plan realizations.
- **International Upstream** earnings of \$6,035MM were 145% of full-year objective, primarily reflecting higher realizations, lower depreciation expense, and foreign exchange gains. Lower volumes, partly offset.
- **U.S. Downstream** earnings of \$1,399 MM were 73% of objective on lower carbon compliance costs, lower tax rate, favorable CPChem results, and gain on formation of joint venture. Higher operating expense and below-plan margins, partly offset.
- **International Downstream** earnings of \$600 MM were 30% of objective, reflecting below-plan margins and timing of planned asset sales. Foreign exchange gains and lower operating expense, partly offset.
- **All Other** net results of \$(1,378) MM were 64% of objective on unfavorable tax impacts and asset impairments. Lower operating expense and timing of environmental reserve additions, partly offset.

Summary of Monthly Earnings



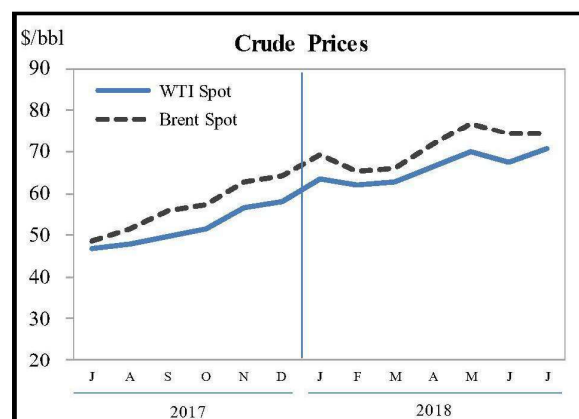
Monthly Earnings													
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	YTD
\$ Millions	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018
U.S. Upstream	(113)	111	39	112	3,536	285	248	115	237	294	307	437	1,923
Int'l Upstream	547	(186)	558	580	466	837	967	900	882	1,023	551	875	6,035
TOTAL UPSTREAM	434	(75)	597	692	4,002	1,122	1,215	1,015	1,119	1,317	858	1,312	7,958
U.S. Downstream	232	192	-	112	1,083	153	143	147	176	294	187	300	1,399
Int'l Downstream	187	852	34	28	23	87	167	31	15	61	105	133	600
TOTAL DOWNSTREAM	419	1,044	34	140	1,106	240	310	178	191	355	292	433	1,999
ALL OTHER	(183)	(90)	(151)	(622)	(2,688)	(183)	(115)	(145)	(142)	(199)	(381)	(213)	(1,378)
TOTAL EARNINGS	670	879	480	210	2,420	1,179	1,410	1,048	1,168	1,473	769	1,532	8,579

Prices

	May	Jun	Jul	Mo/Mo Chg	Year-to-Date		2018	% of
					2017	2018	Obj	Obj
Brent Spot (\$/bbl)	76.93	74.33	74.35	0.02	51.26	71.14	50.00	142
WTI Spot (\$/bbl)	70.00	67.66	70.87	3.21	49.46	66.29	48.60	136
Henry Hub Spot (\$/MMBtu)	2.77	2.92	2.83	(0.09)	3.02	2.91	3.00	97
U.S. Upstream Gas Sales Price (\$/MCF)	1.56	1.82	1.81	(0.01)	2.27	1.81	2.39	76
Asia LNG (\$/MMBtu)	8.53	10.34	9.87	(0.47)	6.25	9.47	6.00	158

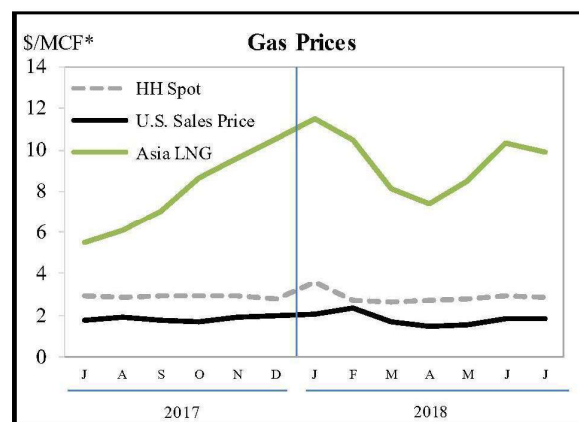
CRUDE PRICES

- Monthly average Brent prices increased by \$0.02/bbl to \$74.35/bbl in July.
- Brent price movement reflects the stabilization of supply and demand.
- Monthly average WTI prices increased by \$3.21/bbl to \$70.87/bbl in July. The Brent-WTI spread decreased \$3.19 to \$3.48 due to a full month of reduced Canadian supply, following the Alberta Syncrude facility outage in late June.
- Estimated U.S. crude oil production averaged 11 MMbbl/d in July, up 0.1 MMbbl/d from the June average. The number of U.S. oil rigs increased by 1 to 859 active rigs at the end of July.
- Through August 10th, MTD average Brent and WTI prices were \$71.98/bbl and \$68.10/bbl, respectively.



NATURAL GAS PRICES

- Monthly average Henry Hub prices decreased by \$0.09/MMBtu to \$2.83/MMBtu in July.
- Production averaged 80.9 Bcf/d in July, up 0.8 Bcf/d from the June average. U.S. gas rig count decreased by 4 to close the month with 183 active rigs.
- Through August 10th, MTD average Henry Hub spot prices were \$2.88/MMBtu.



* HH Spot and Asia LNG Unit Basis = \$/MMBtu

LNG PRICES

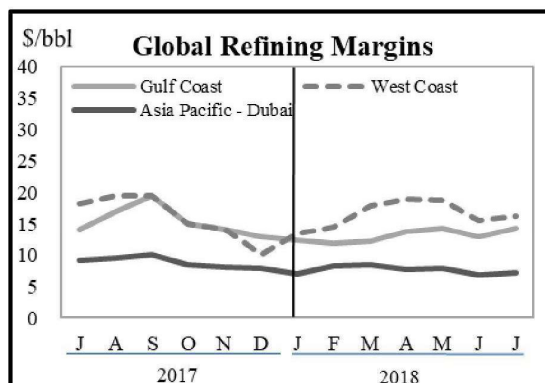
- The average spot price for Asia LNG decreased by \$0.47/MMBtu to \$9.87/MMBtu in July.
- Through August 10th, MTD average Asia LNG spot prices were \$10.01/MMBtu.

Downstream Margins

GLOBAL REFINING MARGINS ¹

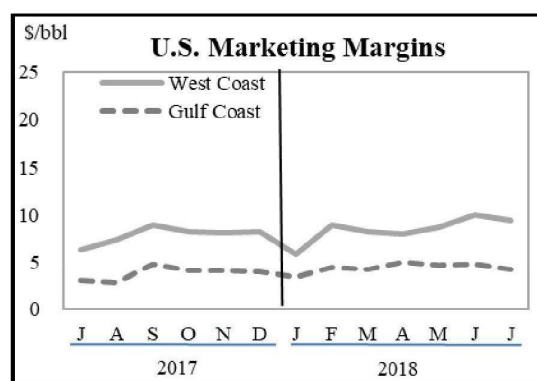
- The **Gulf Coast refining margin** rose \$1.46/bbl to \$14.35/bbl in July, primarily on lower mogas production due to refinery downtime.
- The **West Coast refining margin** increased \$0.75/bbl to \$16.26/bbl in July, primarily on lower inventories and higher seasonal demand for jet fuel.
- The **Asia Pacific refining margin** rose \$0.31/bbl to \$7.14/bbl in July, led by lower inventories for fuel oil. Lower demand for gas oil, partly offset.

¹ U.S. regional refining indicator margins are used for internal purposes to estimate margin potential using market prices and planned refinery input and output volumes.



U.S. MARKETING MARGINS

- The **West Coast marketing margin** decreased \$0.59/bbl to \$9.38/bbl in July, reflecting product prices falling more than product costs.
- The **Gulf Coast marketing margin** fell \$0.67/bbl to \$4.21/bbl in July, as product costs increased faster than product prices.



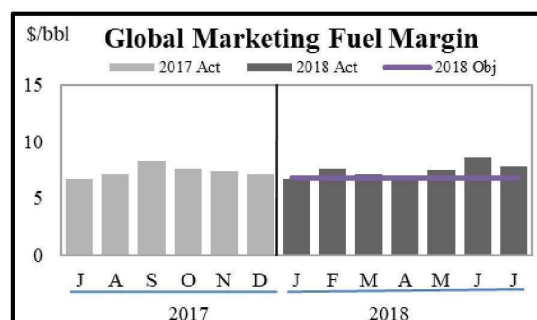
INTERNATIONAL MARKETING MARGINS

- The **Asia Pacific marketing margin** increased \$0.05/bbl to \$8.29/bbl in July, as product costs fell faster than product prices.



GLOBAL MARKETING FUEL MARGIN

- The realized Global Marketing Fuel Margin decreased to \$7.79/bbl in July, \$1.00/bbl above objective of \$6.79/bbl.
- The Global Marketing Fuel Margin is the gross margin realized on petroleum product sales. It excludes non-fuel sources and represents a worldwide average based on the weighted average of sales in each region.



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Volumes & Capacity Utilization

NET OEG PRODUCTION

U.S. OEG production increased 52 MBD between months on new production, ramp-up and return from third party events in MidContinent and Gulf of Mexico.

Year-to-date OEG production was 30 MBD above Objective on new production and ramp-up in MidContinent and Gulf of Mexico.

International OEG production was up 62 MBD between months primarily on ramp-up in Australia, return from downtime in Kazakhstan and the United Kingdom, and higher demand in Thailand and Bangladesh. Planned turnaround activities in Angola, partly offset.

Year-to-date OEG production was 92 MBD below Objective primarily on net PSC effects, unplanned downtime in various countries, third party events in Venezuela and Nigeria, and timing of major capital project startups. Higher reliability in Kazakhstan and Australia and strong base performance, partly offset.

Net OEG Production

	% of			
(MBD)	Jun	Jul	YTD	Obj
U.S.	743	795	744	104
International				
Angola	164	111	158	103
Argentina	22	22	22	101
Australia	424	493	386	93
Azerbaijan	21	20	20	86
Bangladesh	106	115	112	102
Brazil	10	11	10	91
Canada	127	127	117	103
China	28	25	30	102
Colombia	14	14	14	104
Republic of Congo	50	54	52	120
Denmark	19	20	20	98
Indonesia	128	140	134	76
Kazakhstan	401	396	408	99
Nigeria	246	239	244	93
Philippines	25	27	27	107
Thailand	240	251	239	103
U.K.	41	64	63	92
Venezuela	44	44	43	73
Other	17	15	17	95
Total International	2,126	2,188	2,116	96
Total OEG Production	2,870	2,983	2,860	98

TOTAL REFINED PRODUCT SALES

U.S. refined product sales declined 34 MBD between months on lower gas oil sales and absence of West Coast summer storage sales.

International refined product sales decreased 55 MBD between months primarily on lower affiliate and gas oil sales on lower demand.

Trading refined product sales was relatively flat between months.

Total Refined Product Sales

MBD	Jun	Jul	YTD	% of Obj
U.S.				
Mogas	652	641	625	100
Jet fuel	267	264	254	110
Gas oil	193	164	186	109
Fuel oil	-	-	-	-
Other	94	103	98	103
U.S. Total¹	1,206	1,172	1,163	104
International				
Mogas	169	165	170	97
Jet fuel	137	145	139	116
Gas oil	178	165	180	97
Fuel oil	22	19	21	117
Other	64	56	60	98
Affiliates	382	347	366	89
International Total¹	952	897	936	96
Trading	561	562	565	98

¹ Excludes Trading.

SOLOMON UTILIZATION RATES

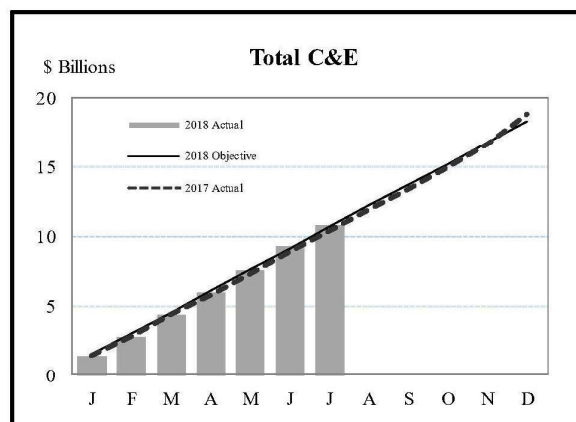
Utilization decreased between months primarily on shutdowns at El Segundo and Pascagoula.

Solomon Utilization Rates	Jun	Jul	YTD	% of Obj
%				
Richmond	88	88	85	103
El Segundo	94	86	80	98
Pascagoula	89	88	83	104
Cape Town	63	67	61	83
Star Petroleum	94	91	94	99
Singapore Refining	86	89	87	102
GSC - Caltex	94	93	84	96
Global Refining	91	89	84	100

Capital & Exploratory Expenditures and Operating Expense

C&E EXPENDITURES

- Worldwide July year-to-date capital and exploratory expenditures (including affiliates) of \$10,753 MM were 59% of the full-year objective. Cash capital and exploratory expenditures of \$7,625 MM were 60% of the full-year plan.



- The pace of cash & affiliate expenditures was above plan in Upstream and below plan in the Downstream and Other segments.

\$ Millions	Jun	Jul	YTD 2018	2018 Obj	% of Obj
Upstream	1,459	1,363	9,511	15,805	60
Downstream	166	152	1,139	2,208	52
Other	12	17	103	277	37
Total C&E	1,637	1,532	10,753	18,290	59
Affiliates	500	424	3,128	5,512	57
Cash C&E	1,137	1,108	7,625	12,778	60

OPERATING EXPENSE

- July year-to-date unit operating expense was \$17.01/bbl, \$0.10/bbl above objective.
- Absolute dollars were 59% of the full-year objective.
- Volumes were 58% of the full-year objective on lower volumes in Upstream.

	YTD 2018		FY 2018 Obj		% of SMM
	\$MM	\$/bbl	\$MM	\$/bbl	Obj
Upstream	7,517	14.72	12,568	14.01	60
North America	2,484	13.60	4,087	13.54	61
Asia Pacific	2,539	12.68	3,842	10.50	66
Europe, Eurasia, Middle East	720	22.73	1,347	22.21	53
Africa, Latin America	1,401	14.58	2,551	15.15	55
Other	373	-	741	-	50
Downstream & Chemicals	6,006	16.34	9,804	15.99	61
Americas Products	3,884	-	6,363	-	61
International Products	1,020	-	1,731	-	59
Other	1,102	-	1,710	-	64
Midstream¹	1,198	-	2,150	-	56
Other	217	-	1,007	-	22
Total OPEX	14,938	17.01	25,529	16.91	59

¹ Excludes Trading

Cash Flow & Debt

CASH FLOW

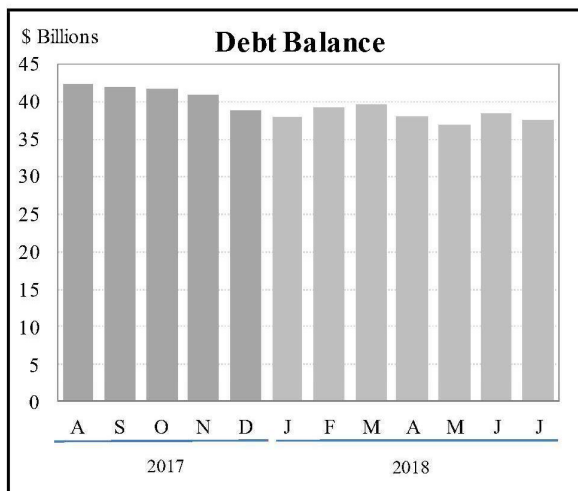
- July year-to-date **Cash from Operating Activities** was \$14.9 billion.
- Working Capital/Other** consumed \$4.2 billion, primarily reflecting timing of affiliate distributions, an increase in receivables and inventory and a reduction in employee benefit reserve. An increase in accounts payable, partly offset.
- Cash used for Investing Activities** through July totaled \$6.4 billion with capital expenditures of \$7.3 billion.
- Cash flow** through July generated \$5.2 billion. Debt balances decreased by \$1.3 billion, while the cash balance increased by \$3.8 billion.

Cash Flow*	Year	YTD	2018
\$ Billions	2017	2018 ⁽¹⁾	Obj
Earnings	9.3	8.6	6.6
DD&A	19.5	10.5	19.2
Working Capital/Other	(8.3)	(4.2)	(5.8)
Cash from Operating Activities	20.5	14.9	20.0
Capital Expenditures	(13.4)	(7.3)	(11.9)
Asset Sales Proceeds	5.2	0.9	1.9
Affiliate Financing	0.0	0.0	(0.8)
Cash used for Investing Activities	(8.2)	(6.4)	(10.8)
Dividends	(8.1)	(4.3)	(8.3)
Net sales of treasury shares	1.1	1.0	0.6
Change in Debt	(7.5)	(1.4)	(1.5)
Other	(0.1)	(0.1)	-
Cash from Financing Activities	(14.6)	(4.6)	(9.2)
FX on Cash	0.1	-	-
Net Change in Cash	(2.2)	3.8	(0.0)
Less Change in Debt and Mkt Secur.	7.5	1.4	1.5
Total Cash Flow	5.3	5.2	1.5
Cash Balance ⁽²⁾	6.0	9.8	5.0
Debt Balance	38.8	37.5	38.6

*Presented per 10-Q/10-K format
 (1) Immaterial summation difference due to presentation in billion of USD
 (2) Adjusted to conform with Accounting Standard Update 2016-18 which requires the inclusion of restricted cash, impacting both prospective and retrospective periods

DEBT

- Debt balances** of \$37.5 billion at the end of July were down \$1.3 billion from December 2017.
- Commercial Paper debt** increased \$3.5 billion to \$8.9 billion.
- The **debt ratio** decreased 0.9% from December 2017 to 19.8%.



Debt Components			
\$ Billions	12/31/17	7/31/18	Change
Commercial Paper	5.4	8.9	3.5
Current Portion L/T	6.7	5.5	(1.2)
Tax Exempt Bonds	3.1	3.1	-
L/T Debt	23.6	20.0	(3.6)
Total Debt	38.8	37.5	(1.3)
Debt Ratio %	20.7	19.8	(0.9)

⁽¹⁾ Immaterial summation difference due to presentation in billions

Balance Sheet Comparison

Chevron Corporation Consolidated Balance Sheet (\$ Millions)

Assets	December 31, 2017 (unaudited)	July 31, 2018 (unaudited)	Change
Cash and Cash Equivalents	4,813	8,589	3,776
Time Deposits	-	-	-
Marketable Securities	9	59	50
Accounts and Notes Receivable	15,353	16,197	844
Inventories	5,585	6,637	1,052
Prepaid Expense & Other Current Assets	2,800	3,235	435
Total Current Assets	28,560	34,717	6,157
Long-Term Receivables	2,849	2,537	(312)
Investments and Advances	32,497	34,703	2,206
Properties, Plant and Equipment, At Cost	344,485	344,516	31
Accumulated DD&A	(166,773)	(170,760)	(3,987)
Net Properties, Plant and Equipment	177,712	173,756	(3,956)
Goodwill	4,531	4,518	(13)
Deferred Charges and Other Assets	7,017	7,040	23
Assets Held for Sale	640	1,232	592
Total Assets	253,806	258,503	4,697
Liabilities and Equity			
Short-term Debt	5,192	7,550	2,358
Accounts Payable	14,565	15,678	1,113
Accrued Liabilities	5,267	7,058	1,791
Federal and Other Taxes on Income	1,600	1,545	(55)
Other Taxes Payable	1,113	1,039	(74)
Total Current Liabilities	27,737	32,870	5,133
Long-term Debt	33,477	29,852	(3,625)
Capital Lease Obligations	94	140	46
Deferred Credits & Other L-T Obligations	21,106	20,501	(605)
Deferred Income Taxes	14,652	15,595	943
Reserves For Employee Benefit Plans	7,421	6,696	(725)
Total Liabilities	104,487	105,654	1,167
Common Stock	1,832	1,832	-
Capital in Excess of Par Value	16,848	17,053	205
Retained Earnings	174,106	176,300	2,194
Accumulated Other Comprehensive Loss	(3,589)	(3,334)	255
Deferred Compensation and Benefit Plan Trust	(240)	(240)	-
Treasury Stock	(40,833)	(39,942)	891
Total Chevron Corporation Stockholders' Equity	148,124	151,669	3,545
Noncontrolling Interests	1,195	1,180	(15)
Total Equity	149,319	152,849	3,530
Total Liabilities and Equity	253,806	258,503	4,697

Balance Sheet Commentary

JULY 31, 2018 vs. DECEMBER 31, 2017

ASSETS

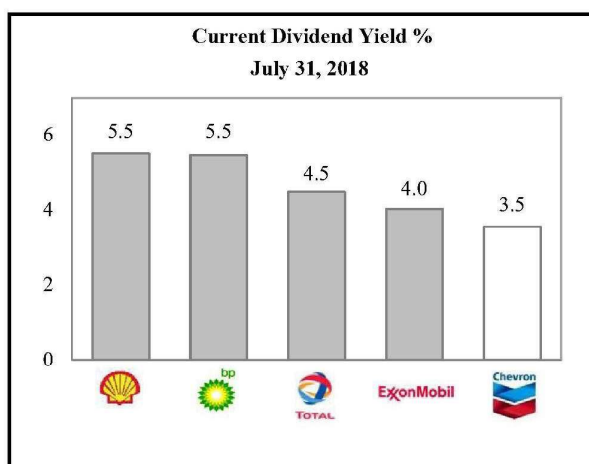
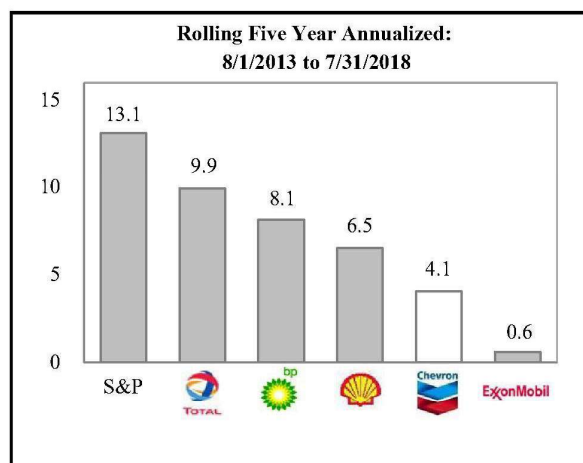
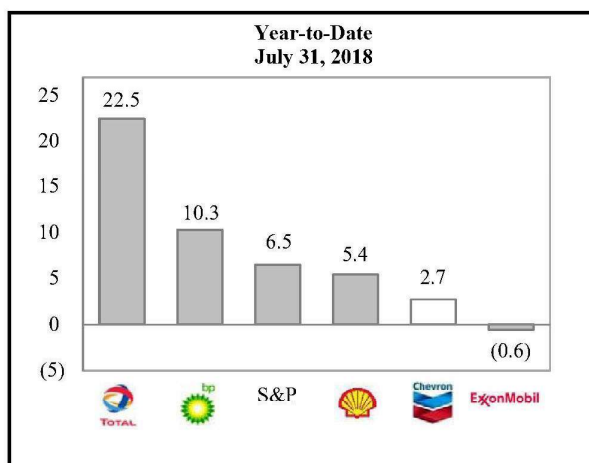
- **Current Assets** increased \$6,157 MM from December 2017, primarily on higher cash and cash equivalents, trade receivables, crude inventory, and prepaid joint venture expenditures.
- **Non-Current Assets** fell \$1,460 MM from December 2017, reflecting net changes to property, plant, and equipment. An increase in investments in equity companies, partly offset.

LIABILITIES & EQUITY

- **Current Liabilities** were \$5,133 MM higher than December 2017 primarily on increased short-term debt, accrued liabilities, and third-party accounts payable.
- **Non-Current Liabilities** decreased \$3,966 MM compared to December 2017, primarily on lower long-term debt.
- **Total Equity** rose \$3,530 MM from December 2017, primarily reflecting net income of \$8.6 billion, and a reduction of treasury stock. Dividends of \$6.4 billion, partly offset.

Shareholder Returns & Stock Prices

TOTAL SHAREHOLDER RETURN %



**Dividends and Cash Flow from Operations
(\$ Millions)**

	Dividends ¹ 2Q18 Actuals	Cash Flow from Operations 2Q18 Actuals	Div. as a % of Cash Flow from Operations
Chevron	1,993	6,306	32
BP ²	2,129	6,855	31
RD Shell ²	3,502	7,780	45
ExxonMobil	3,886	9,500	41
Total ^{2,3}	3,942	6,246	63

¹ Dividend reflects the cash and scrip share components combined.
² Includes 2Q18 cash equivalent proxy of scrip dividends paid in lieu of cash dividends for TOT (\$1.3B), BP (\$0.3B), and RDS (stopped scrip 4Q17).
³ TOT made two dividend payments in 2Q18, accelerating its usual July payment into June.

Stock Prices and Dividends

52-week Intraday Stock Prices as of 7/31/2018

Company					Dividends				
	High	Low	Close	Fwd P/E ⁴	Current Dividend	Yield % ⁵ at 7/31	Last Change Period	% Action ⁶	5-yr Div CAGR
Chevron	133.88	105.30	126.27	15.8	1.12	3.5	1Q18	3.7	2.3
BP	47.83	33.90	45.09	13.9	0.62	5.5	3Q18	2.5	2.6
ExxonMobil	89.30	72.16	81.51	18.1	0.82	4.0	2Q18	6.5	5.4
RD Shell	73.86	54.27	68.37	12.7	0.94	5.5	2Q14	4.4	0.9
Total	65.69	49.75	65.25	12.0	0.73	4.5	2Q17	1.6	(0.9)
S&P 500	2,872.87	2,417.35	2,816.29	17.9	-	1.9	-	-	8.8

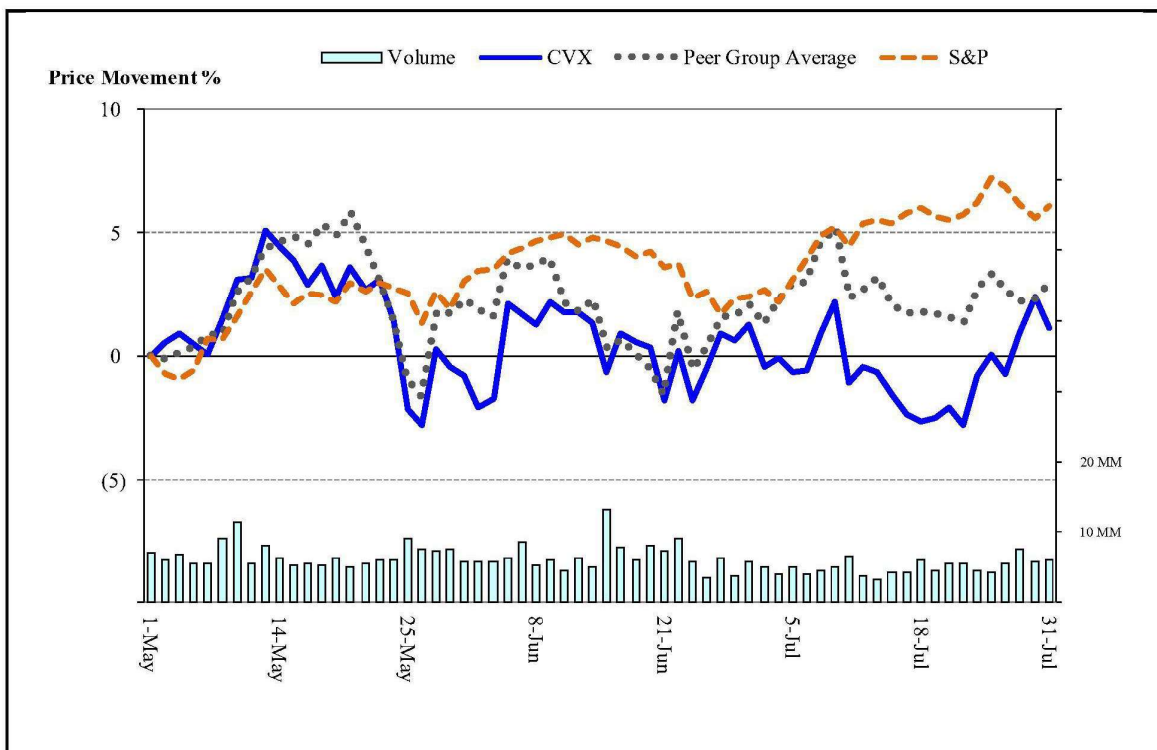
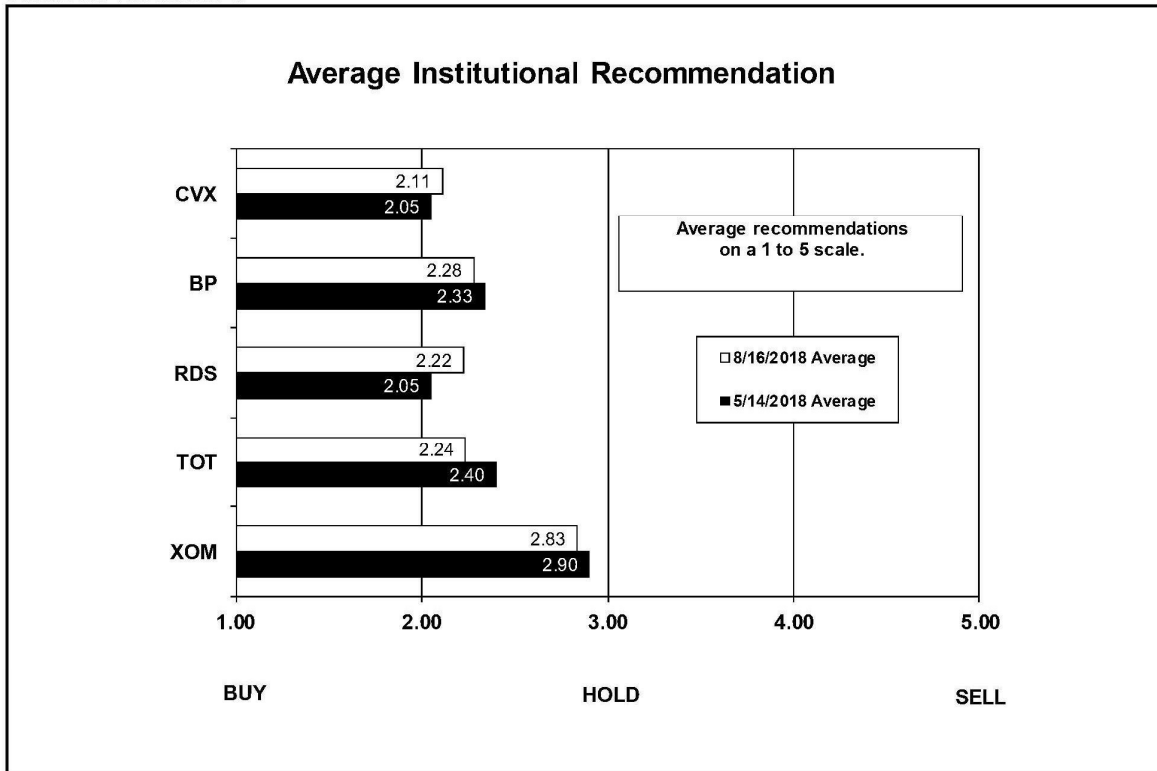
⁴ Trailing 20-day average closing price divided by Thomson-Reuter consensus EPS estimate for FY2018.

⁵ Current quarter per-share dividend rate (annualized) as a % of month-end price.

⁶ TOT's Dividend "% Action" based on announcement in euros, all others in USD. TOT's % Action on USD basis was 6.9% due to FX.

Stock Performance

ANALYST ESTIMATES



Prepared by:
Corporation Comptroller's
Financial Reporting & Analysis

If you have any questions, please contact:

