



Mary A. Francis
Corporate Secretary and Chief Governance Officer

July 20, 2016

CLASSIFIED

Dr. Ronald D. Sugar, Chairperson
Ms. Linnet F. Deily
Gov. Jon M. Huntsman, Jr.
Mr. John G. Stumpf
Mr. Inge G. Thulin

I am including in this distribution the [agenda](#) and supporting materials for the Board Nominating and Governance Committee meeting to be held at 5:30 p.m. on Tuesday, July 26 in Room A4325.

If you have any questions on any of the agenda items, I would be happy to discuss them with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary".

Enclosures

cc: Mr. John S. Watson
Mr. R. Hewitt Pate

Corporate Governance
Chevron Corporation
6001 Bollinger Canyon Road, San Ramon, CA 94583

**CHEVRON CORPORATION
BOARD NOMINATING AND GOVERNANCE COMMITTEE**

**JULY 26, 2016, 5:30 P.M. – 6:30 P.M.
ROOM A4325, CHEVRON PARK**

AGENDA

Time	Tab	Topic
5:30 p.m.	1.	<u>Minutes</u> Review and approve the minutes of the May 24, 2016 Committee meeting.
5:35 p.m.	2.	<u>2016 Proxy Season and Annual Meeting Review</u> Review 2016 proxy season highlights and Chevron's proxy season and annual meeting results.
5:45 p.m.	3.	<u>Annual Assessment of Chevron's Corporate Governance Practices</u> <div style="border: 1px dashed black; padding: 20px; text-align: center;"> Privileged – ACP/WP </div>
6:00 p.m.	4.	<u>2016 Directors and Officers Insurance Renewal Update</u> (Randy Richards, Treasurer, and Bill Clutter, Assistant Treasurer) Review and discuss the Directors and Officers liability insurance policy renewal.
6:10 p.m.	5.	<u>Director Succession Planning</u> Discuss Director succession planning and potential Director nominees.
6:30 p.m.		Adjourn
		<u>Informational Items:</u> 6. <u>Communications to the Board, January 20, 2016 through June 30, 2016</u> 7. <u>Section 16 Insider Trading Transactions, January 20, 2016 through July 20, 2016</u>

DRAFT

**CHEVRON CORPORATION
BOARD NOMINATING AND GOVERNANCE COMMITTEE
MAY 24, 2016**

MINUTES

Members Present:	Ronald D. Sugar, Chairman Linnet F. Deily Jon M. Huntsman, Jr. Inge G. Thulin
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Members Absent:	John G. Stumpf
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Also Present:	Alice P. Gast
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Dr. Sugar chaired the meeting. Mary Francis and Chris Butner were also present.

The Committee reviewed and approved the minutes of the March 29, 2016 Committee meeting.

The Committee then considered the form of option agreement and the fair value of stock options to be issued to Directors electing to receive options in lieu of all or a portion of the cash retainer under the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan. On motion duly seconded, the Committee adopted the following resolutions:

WHEREAS the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan ("Directors' Plan") and Rules ("Directors' Plan Rules") provide for the grant of retainer options to Directors who made prior elections to receive retainer options in lieu of all or any portion of their annual cash retainer, with such grants to occur on the date of the Annual Meeting of Stockholders; and

WHEREAS Messrs. Robert E. Denham, Enrique Hernandez, Jr. and Inge G. Thulin have elected under the Directors' Plan to receive retainer options in lieu of all of the annual cash retainer for the term beginning with the 2016 Annual Meeting of Stockholders; and

WHEREAS the Directors' Plan Rules provide that the retainer options will be for that number of shares determined by dividing the amount of the annual cash retainer subject to the election by the Fair Value of an option; and

WHEREAS the Directors' Plan Rules provide that the Fair Value of an option shall be as determined at the Committee's discretion using Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation (ASC 718) (formerly FAS 123R) with the same model and assumptions that Chevron uses in preparing its financial statements; and

WHEREAS the Directors' Plan Rules further provide that the Committee is responsible for determining the terms of the retainer options,

NOW, THEREFORE, BE IT

RESOLVED: That Messrs. Robert E. Denham and Inge G. Thulin shall receive, pursuant to the terms of the Directors' Plan, that number of retainer options as determined by dividing \$150,000 by the Fair Value of an option; and Mr. Hernandez shall receive, pursuant to the terms of the Directors' Plan, that number of options as determined by dividing \$165,000 by the Fair Value of an option; and be it further

RESOLVED: That the Fair Value of an option shall be calculated by Willis Towers Watson using the Black-Scholes valuation model with the following valuation inputs: the closing price of Chevron common stock on May 25, 2016, the expected life of an option of 6.3 years, the historical volatility rate of Chevron common stock as calculated as of May 25, 2016, the dividend yield as calculated as of May 25, 2016, and the risk-free interest rate (constant maturity treasuries) as of May 25, 2016; and be it further

RESOLVED: That the terms and conditions of the retainer options shall be as set forth in the form of the 2016 Retainer Option Agreement presented to the Committee.

The Committee then discussed the preliminary voting results for the 2016 annual meeting of stockholders.

Mr. Watson and Mr. Laymon joined the meeting. The Committee discussed several potential Director candidates as part of the Committee's Director succession planning. The Committee asked Mr. Watson to meet with Dr. Wanda Austin and Dr. Dambisa Moyo and report back to the Committee at the July Committee meeting.

Ms. Francis and Mr. Butner departed the meeting, and the Committee met in executive session.

There being no further business, the meeting was adjourned.

Secretary

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SECTION 16 INSIDER TRADING TRANSACTIONS
JANUARY 19, 2016 - JULY 20, 2016

Reporting Person	Transaction Date	Transaction Type	Derivative Securities or Common Stock	Shares
Breber, Pierre R.	1/27/2016	Annual grant of stock options	Derivative Security	239,900
Geagea, Joseph C.	1/27/2016	Annual grant of stock options	Derivative Security	239,900
Johnson, James (Jay) W.	1/27/2016	Annual grant of stock options	Derivative Security	311,700
Ourada, Jeanette L.	1/27/2016	Annual grant of stock options and grant of restricted stock units	Derivative Security	75,010
Pate, R. Hewitt	1/27/2016	Annual grant of stock options	Derivative Security	182,600
Watson, John S.	1/27/2016	Annual grant of stock options	Derivative Security	964,800
Wirth, Michael K.	1/27/2016	Annual grant of stock options and grant of restricted stock units	Derivative Security	258,200
Yarrington, Patricia E.	1/27/2016	Annual grant of stock options	Derivative Security	239,900
Breber, Pierre R.	2/8/2016	Stock option exercise during the insider trading window	Common Stock	5,000
Breber, Pierre R.	2/29/2016	Deferral of Performance Shares and quarterly acquisition from deferral of salary during the insider trading window	Derivative Security	2,853
Denham, Robert E.	2/29/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	449
Moorman IV, Charles W.	2/29/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	494
Deily, Linnet F.	5/2/2016	Retainer stock option exercise during the insider trading window	Common Stock	1,456
Deily, Linnet F.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Denham, Robert E.	5/25/2016	Grant of retainer options in lieu of the annual cash retainer and annual grant of restricted stock units on the day of the Annual Meeting	Common Stock and Derivative Security	15,277

SECTION 16 INSIDER TRADING TRANSACTIONS
JANUARY 19, 2016 - JULY 20, 2016

Reporting Person	Transaction Date	Transaction Type	Derivative Securities or Common Stock	Shares
Gast, Alice P.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Hernandez, Jr., Enrique	5/25/2016	Grant of retainer options in lieu of the annual cash retainer and annual grant of restricted stock units on the day of the Annual Meeting	Common Stock and Derivative Security	16,580
Huntsman, Jr., Jon M.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Moorman IV, Charles W.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Stumpf, John G.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Sugar, Ronald D.	5/25/2016	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,245
Thulin, Inge G.	5/25/2016	Grant of retainer options in lieu of the annual cash retainer and annual grant of restricted stock units on the day of the Annual Meeting	Common Stock and Derivative Security	15,277
Breber, Pierre R.	5/27/2016	Deferral of the Chevron Incentive Plan and quarterly acquisition from deferral of salary during the insider trading window	Derivative Security	3,076
Denham, Robert E.	5/27/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	367
Moorman IV, Charles W.	5/27/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	404