

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 of 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
October 25, 1994

CHEVRON CORPORATION

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------------|--------------------------------|
| Delaware | 1-368-2 | 94-0890210 |
| ----- (State or other jurisdiction of incorporation) | ----- (Commission File Number) | ----- (I.R.S. Employer No.) |
| 225 Bush Street, San Francisco, CA | | 94104 |
| ----- (Address of principal executive offices) | | ----- (Zip Code) |

Registrant's telephone number, including area code:
(415) 894-7700

Item 5. Other Events.

On October 25, 1994, the Registrant issued a Press Release announcing the earnings results for the third quarter and nine months ended September 30, 1994, a copy of which is attached hereto as Exhibit 99 and made a part hereof.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

99 Press Release of Chevron Corporation dated October 25, 1994, entitled "Chevron Reports Third Quarter Earnings of \$425 Million."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 25, 1994

CHEVRON CORPORATION

By M.J. McAuley

M.J. McAuley
Secretary

Chevron Corporation
Public Affairs
PO Box 7753
San Francisco, CA 94120-7753
Phone 415 894 4246

[LOGO]

NEWS

FOR RELEASE AT 7:00 AM PDT
October 25, 1994

CHEVRON REPORTS THIRD QUARTER EARNINGS OF \$425 MILLION

San Francisco, Oct. 25 -- Chevron Corporation today announced third quarter net income of \$425 million (\$.65 per share), little changed from the \$420 million (\$.64 per share) reported for the third quarter of 1993. Excluding special items in both periods, results were \$407 million (\$.63 per share), down 28 percent from the very strong 1993 third quarter operating results of \$565 million (\$.87 per share).

Chairman and CEO Ken Derr said, "Our operating results improved significantly from this year's second quarter - up 55 percent - primarily due to higher U.S. refined products sales margins and the absence of refinery operating problems and incidents that plagued us last quarter. Nevertheless, margins were not as strong as in last year's third quarter, contributing to the earnings decline between years."

Third quarter 1994 earnings included a benefit from a previously announced settlement with the Internal Revenue Service for open tax years 1979 through 1987. Tax and related interest reserves established in prior years exceeded the net amount of the settlement, resulting in a \$301 million benefit to income. Substantially offsetting this favorable adjustment were environmental remediation provisions, principally in the U.S. downstream segment, and other charges totaling \$283 million. The net effect of these special items was a benefit of \$18 million to this year's third quarter net income. In the 1993 third quarter, special items reduced net income by \$145 million.

Net income for the first nine months of 1994 was \$1.070 billion (\$1.64 per share), up 10 percent from \$971 million (\$1.49 per share) earned in the 1993 nine months. The 1994 year-to-date earnings were reduced by \$23 million of special charges, whereas the comparable 1993 period included \$662 million of special charges, mostly related to last year's U.S. downstream restructuring provision.

"Our third quarter operations were also impacted by the decline in U.S. natural gas prices, which fell during the quarter, averaging about 20 percent less than in last year's third quarter," continued Derr. "Crude oil prices also trended down during the quarter, though were still about \$1.00 per barrel higher than in last year's third quarter." Derr also noted that the company's worldwide net liquids production exceeded one million barrels a day in the third quarter as international production levels continue to increase.

"On another positive note, our chemicals operations continued to rebound, reflecting the improved U.S. economy. While the recent flooding in Southeast Texas has temporarily hindered production, our restructuring programs and continuing cost reduction efforts have positioned this business to benefit from the long-awaited industry turnaround that is finally underway," noted Derr.

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"After high second quarter operating expenses, reflecting a number of refinery operating and other problems, our operating cost performance improved markedly in the third quarter," Derr said. "Per barrel costs, adjusted for special items, fell 43 cents from this year's second quarter to \$6.53, about the same level as our per barrel cost for the year 1993."

Total revenues in the 1994 third quarter were \$9.5 billion, up 3 percent from \$9.2 billion in the year earlier quarter. Total revenues for the first nine months of 1994 were \$26.6 billion, down 6 percent from \$28.2 billion in the comparable 1993 period. Year-to-date revenues declined because of lower refined products and crude oil prices in the first half of the year.

Included in third quarter net income were \$30 million of foreign exchange losses, compared with foreign exchange gains of \$9 million in the 1993 third quarter. For the first nine months, foreign exchange losses were \$51 million compared with \$42 million of foreign exchange gains in the 1993 period.

EXPLORATION AND PRODUCTION

U.S. EXPLORATION AND PRODUCTION third quarter earnings of \$63 million included special charges totaling \$61 million for environmental remediation and litigation provisions. This compares with third quarter 1993 earnings of \$125 million, which included special charges of \$32 million for prior-year tax adjustments.

Excluding special items, earnings declined as lower natural gas prices and decreased liquids production more than offset the benefit of higher crude oil prices. Compared with the third quarter of 1993, average crude oil realizations increased \$1.03 per barrel to \$15.03, but average natural gas prices declined 44 cents per thousand cubic feet to \$1.62. Net liquids production declined 6 percent to 371,000 barrels per day; net natural gas production volumes were flat at 2.0 billion cubic feet per day.

INTERNATIONAL EXPLORATION AND PRODUCTION earnings for the third quarter were \$131 million, compared with \$113 million earned in last year's third quarter, which included charges of \$62 million for prior-year tax adjustments. Excluding the special charges in last year's results, the earnings decline was largely due to a \$33 million swing in foreign currency effects.

International net liquids production increased 13 percent to 640,000 barrels per day. New production came on stream in early 1994 in the North Sea and Nigeria and production was also up in Indonesia and Kazakhstan. Natural gas production increased 22 percent to 573 million cubic feet per day, due to higher volumes in Canada, Kazakhstan and Australia.

REFINING AND MARKETING

U.S. REFINING AND MARKETING operations incurred a net loss of \$110 million in the 1994 third quarter compared with net earnings of \$164 million in the year-ago quarter. This year's results included special charges for environmental remediation totaling \$218 million for various marketing and refining sites, and reflected the results of the third quarter completion of a comprehensive evaluation of future clean-up requirements at the company's service stations and product terminals. The prior-year quarter included \$30 million in special charges, mostly related to environmental provisions. Adjusting for these special charges, third quarter results of \$108 million were down significantly from the \$194 million earned in the year-earlier quarter.

Sales margins for refined products improved from this year's second quarter, but were still well below those achieved in last year's third quarter. Ample supplies are holding down product prices. Sales volumes declined 9 percent, primarily due to the sale of the company's Philadelphia refinery in August of this year. Output from that refinery had been sold as unbranded products to third party resellers.

INTERNATIONAL REFINING AND MARKETING net earnings increased to \$55 million from \$50 million earned in the 1993 third quarter. Product sales margins remained depressed, but total sales volumes increased 4 percent. Sales volumes in the company's marketing operations in Canada, the United Kingdom and the Caltex areas of operations averaged 12 percent higher, but this was partially offset by lower sales volumes in the company's international trading activities. Foreign exchange losses were \$1 million, compared with foreign exchange gains of \$4 million in the 1993 quarter.

CHEMICALS

CHEMICALS earnings increased to \$68 million in the third quarter, up sharply from the \$6 million earned in the third quarter of 1993. The 1994 quarter included a special charge of \$4 million for environmental remediation; the 1993 quarter included a \$9 million charge for prior-year tax adjustments.

Restructuring and cost reduction programs in recent years have positioned the company's chemical operations to benefit from the industry upswing. The improving U.S. economy has stimulated demand, bringing the chemical industry into better balance. Higher sales volumes and higher prices, particularly for ethylene and polyethylene, contributed to the increased earnings. Foreign exchange losses were \$8 million and \$4 million in the 1994 and 1993 third quarters, respectively.

CORPORATE AND OTHER

CORPORATE AND OTHER earnings were \$212 million compared with charges of \$48 million in the third quarter of 1993. Results in the 1994 quarter included the reversal of \$301 million of tax and related interest reserves resulting from the company's global settlement with the Internal Revenue Service for various issues relating to the years 1979 through 1987. The 1993 quarter included net special charges of \$13 million.

In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, corporate and other charges in the 1994 third quarter included approximately \$47 million that, under the previous method, would have been allocated to the business segments. This change had no net income effect, nor did it affect any segment operational trends.

CAPITAL AND EXPLORATORY EXPENDITURES

CAPITAL AND EXPLORATORY EXPENDITURES, including the company's share of affiliate expenditures, were \$1.042 billion in the quarter, down 5 percent from \$1.095 billion spent in last year's third quarter. Total expenditures for the first nine months of 1994 were \$3.174 billion, up 10 percent from \$2.887 billion spent in the same period in 1993.

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CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

CONSOLIDATED STATEMENT OF INCOME

| | THIRD QUARTER | | NINE MONTHS | |
|---|---------------|----------|-------------|-----------|
| | 1994 | 1993 | 1994 | 1993 |
| (unaudited) | | | | |
| REVENUES: | | | | |
| Sales and Other Operating Revenues (1) | \$ 9,396 | \$ 9,097 | \$ 26,203 | \$ 27,413 |
| Equity in Net Income of Affiliated Companies | 102 | 108 | 286 | 340 |
| Other Income | 11 | 28 | 108 | 416 |
| | 9,509 | 9,233 | 26,597 | 28,169 |
| COSTS AND OTHER DEDUCTIONS: | | | | |
| Purchased Crude Oil and Products Operating, Selling and Administrative Expenses | 4,676 | 4,384 | 12,560 | 13,872 |
| Exploration Expenses | 1,928 | 1,925 | 5,661 | 6,427 |
| Depreciation, Depletion and Amortization | 91 | 92 | 269 | 235 |
| Taxes Other Than on income (1) | 626 | 615 | 1,833 | 1,800 |
| Interest and Debt Expense | 1,405 | 1,219 | 4,153 | 3,583 |
| | 93 | 76 | 249 | 244 |
| | 8,819 | 8,311 | 24,725 | 26,161 |
| INCOME BEFORE INCOME TAX EXPENSE | 690 | 922 | 1,872 | 2,008 |
| Income Tax Expense | 265 | 502 | 802 | 1,037 |
| NET INCOME | \$ 425 | \$ 420 | \$ 1,070 | \$ 971 |
| PER SHARE AMOUNTS | | | | |
| NET INCOME | \$.65 | \$.64 | \$ 1.64 | \$ 1.49 |
| DIVIDENDS | \$.4625 | \$.4375 | \$ 1.3875 | \$ 1.3125 |
| AVERAGE COMMON SHARES OUTSTANDING (000'S) (2) | 651,667 | 651,130 | 651,656 | 650,806 |

EARNINGS BY MAJOR OPERATING AREA

| | THIRD QUARTER | | NINE MONTHS | |
|--|---------------|--------|-------------|--------|
| | 1994 | 1993 | 1994 | 1993 |
| (UNAUDITED) | | | | |
| Exploration and Production | | | | |
| United States | \$ 63 | \$ 125 | \$ 339 | \$ 527 |
| International | 131 | 113 | 376 | 420 |
| Total Exploration and Production | 194 | 238 | 715 | 947 |
| Refining, Marketing and Transportation | | | | |
| United States | (110) | 164 | (54) | (243) |
| International | 55 | 50 | 145 | 179 |
| Total Refining, Marketing and Transportation | (55) | 214 | 91 | (64) |
| Total Petroleum Operations | 139 | 452 | 806 | 883 |
| Chemicals | 68 | 6 | 143 | 165 |
| Coal and Other Minerals | 6 | 10 | 33 | 38 |
| Corporate and Other (3)(4) | 212 | (48) | 88 | (115) |
| NET INCOME | \$ 425 | \$ 420 | \$ 1,070 | \$ 971 |

(1) Includes consumer excise taxes. \$ 1,220 \$ 1,030 \$ 3,578 \$ 2,970

(2) Share and per share amount for 1993 have been restated to reflect a two-for-one stock split in May 1994

(3) "Corporate and Other" includes interest expense, interest income on cash and marketable securities, corporate center costs, and real estate and

insurance activities.

- (4) In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, about \$47 million in the third quarter and \$125 million in the nine months of 1994 are classified as Corporate and Other that would previously have been distributed to the various business segments.

CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

SPECIAL ITEMS BY MAJOR OPERATING AREA

| | (unaudited) | | | |
|--|---------------|-----------------|----------------|-----------------|
| | THIRD QUARTER | | NINE MONTHS | |
| | 1994 | 1993 | 1994 | 1993 |
| U. S. Exploration and Production | \$ (61) | \$ (32) | \$ (76) | \$ (44) |
| International Exploration and Production | - | (62) | - | (69) |
| U. S. Refining, Marketing and Transportation | (218) | (30) | (244) | (648) |
| International Refining, Marketing and Transportation | - | 1 | - | 14 |
| Chemicals | (4) | (9) | (4) | 126 |
| Coal and Other Minerals | - | - | - | 5 |
| Corporate and Other | 301 | (13) | 301 | (46) |
| TOTAL SPECIAL ITEMS | \$ 18 | \$ (145) | \$ (23) | \$ (662) |

SUMMARY OF SPECIAL ITEMS

| | (unaudited) | | | |
|--------------------------------------|---------------|-----------------|----------------|-----------------|
| | THIRD QUARTER | | NINE MONTHS | |
| | 1994 | 1993 | 1994 | 1993 |
| Asset Dispositions | \$ - | \$ (4) | \$ - | \$ 149 |
| Asset Write-offs and Revaluations | - | (12) | - | (36) |
| Environmental Remediation Provisions | (267) | (15) | (293) | (68) |
| Prior-Year Tax Adjustments | 301 | (100) | 301 | (101) |
| Restructurings & Reorganizations | - | 9 | - | (543) |
| Other, Net | (16) | (23) | (31) | (63) |
| TOTAL SPECIAL ITEMS | \$ 18 | \$ (145) | \$ (23) | \$ (662) |

| | | | | |
|---------------------------------|---------|------|---------|-------|
| FOREIGN EXCHANGE (LOSSES) GAINS | \$ (30) | \$ 9 | \$ (51) | \$ 42 |
|---------------------------------|---------|------|---------|-------|

EARNINGS BY MAJOR OPERATING AREA
EXCLUDING SPECIAL ITEMS

| | (unaudited) | | | |
|---|---------------|---------------|-----------------|---------------|
| | THIRD QUARTER | | NINE MONTHS | |
| | 1994 | 1993 | 1994 | 1993 |
| Exploration and Production | | | | |
| United States | \$ 124 | \$ 157 | \$ 415 | \$ 571 |
| International | 131 | 175 | 376 | 489 |
| Total Exploration and Production | 255 | 332 | 791 | 1,060 |
| Refining, Marketing and Transportation | | | | |
| United States | 108 | 194 | 190 | 405 |
| International | 55 | 49 | 145 | 165 |
| Total Refining, Marketing and Transportation | 163 | 243 | 335 | 570 |
| Total Petroleum Operations | 418 | 575 | 1,126 | 1,630 |
| Chemicals | 72 | 15 | 147 | 39 |
| Coal and Other Minerals | 6 | 10 | 33 | 33 |
| Corporate and Other (1) (2) | (89) | (35) | (213) | (69) |
| EARNINGS EXCLUDING SPECIAL ITEMS | 407 | 565 | 1,093 | 1,633 |
| Special Items | 18 | (145) | (23) | (662) |
| NET INCOME | \$ 425 | \$ 420 | \$ 1,070 | \$ 971 |

- (1) "Corporate and Other includes interest expenses, interest income on cash and marketable securities, corporate center costs, and real estate and insurance activities.
- (2) In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, about \$47 million in the third quarter and \$125 million in the first nine months of 1994 are classified as Corporate and Other that would previously have been distributed to the various business segments.

CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

CONSOLIDATED BALANCE SHEET

| (UNAUDITED) | SEPTEMBER 30, 1994 | DEC. 31, 1993 |
|---|-----------------------|------------------|
| | ----- | ----- |
| ASSETS: | | |
| Cash and Cash Equivalents | \$ 1,275 | \$ 1,644 |
| Other Current Assets | 7,436 | 7,038 |
| | ----- | ----- |
| Total Current Assets | 8,711 | 8,682 |
| Investments and Advances | 3,961 | 3,623 |
| Properties, Plant and Equipment-Net | 21,717 | 21,865 |
| Other | 605 | 566 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 34,994 | \$ 34,736 |
| | ===== | ===== |
| LIABILITIES: | | |
| Short-Term Debt | \$ 4,432 | \$ 3,456 |
| Other Current Liabilities | 5,631 | 7,150 |
| | ----- | ----- |
| Total Current Liabilities | 10,063 | 10,606 |
| Long-Term Debt and Capital Lease Obligations | 4,129 | 4,082 |
| Deferred Income Taxes | 3,071 | 2,916 |
| Reserves For Employee Benefit Plans | 1,565 | 1,458 |
| Deferred Credits and Other Noncurrent Obligations | 1,849 | 1,677 |
| | ----- | ----- |
| TOTAL LIABILITIES | 20,677 | 20,739 |
| STOCKHOLDERS' EQUITY | 14,317 | 13,997 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 34,994 | \$ 34,736 |
| | ===== | ===== |

CONSOLIDATED STATEMENT OF CASH FLOWS

| (unaudited) | NINE MONTHS | |
|--|-------------|---------|
| | 1994 | 1993 |
| | ----- | ----- |
| OPERATING ACTIVITIES | | |
| Net Income | \$ 1,070 | \$ 971 |
| Adjustments | | |
| Depreciation, depletion and amortization | 1,833 | 1,800 |
| Dry hole expense related to prior years' expenditures | 43 | 25 |
| Distributions less than equity in affiliates' income | (26) | (170) |
| Net before-tax (gains) losses on asset retirements and sales | (3) | 249 |
| Net currency transaction losses (gains) | 38 | (17) |
| Net increase in operating working capital | (1,820) | (374) |
| Deferred income tax provision | 148 | (139) |
| Other | 317 | 65 |
| | ----- | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,600 | 2,410 |
| | ----- | ----- |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (2,109) | (2,227) |
| Proceeds from asset sales | 324 | 719 |
| Net (purchases) sales of marketable securities | (13) | - |
| | ----- | ----- |
| NET CASH USED FOR INVESTING ACTIVITIES | (1,798) | (1,508) |
| | ----- | ----- |
| FINANCING ACTIVITIES | | |
| Net borrowings of short-term obligations | 932 | 483 |
| Proceeds from issuance of long-term debt | 352 | 201 |
| Repayments of long-term debt and other financing obligations | (542) | (721) |
| Cash dividends paid | (904) | (854) |
| Purchases of treasury shares | (5) | (3) |
| | ----- | ----- |
| NET CASH USED FOR FINANCING ACTIVITIES | (167) | (894) |
| | ----- | ----- |
| EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS | (4) | 16 |
| | ----- | ----- |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (369) | 24 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT JANUARY 1, 1994 AND 1993 | 1,644 | 1,292 |
| | ----- | ----- |

CASH AND CASH EQUIVALENTS AT JUNE 30, 1994 AND 1993

\$ 1,275 \$ 1,316

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CHEVRON CORPORATION - FINANCIAL REVIEW

CAPITAL AND EXPLORATORY EXPENDITURES (1)

(millions of dollars)

| | THIRD QUARTER | | NINE MONTHS | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 1994 | 1993 | 1994 | 1993 |
| UNITED STATES | | | | |
| Exploration and Production | \$ 169 | \$ 217 | \$ 510 | \$ 522 |
| Refining, Marketing and Transportation | 191 | 254 | 589 | 574 |
| Chemicals | 27 | 45 | 60 | 139 |
| Other | 41 | 32 | 106 | 69 |
| TOTAL UNITED STATES | 428 | 548 | 1,265 | 1,304 |
| INTERNATIONAL | | | | |
| Exploration and Production | 412 | 351 | 1,318 | 1,086 |
| Refining, Marketing and Transportation | 191 | 185 | 562 | 460 |
| Chemicals | 6 | 8 | 17 | 29 |
| Other | 5 | 3 | 12 | 8 |
| TOTAL INTERNATIONAL | 614 | 547 | 1,909 | 1,583 |
| Worldwide | \$ 1,042 | \$ 1,095 | \$ 3,174 | \$ 2,887 |

OPERATING STATISTICS (1)

| | | | | |
|---|--------------|--------------|--------------|--------------|
| NET LIQUIDS PRODUCTION (MB/D): | | | | |
| United States | 371 | 393 | 372 | 396 |
| International | 640 | 564 | 619 | 548 |
| Worldwide | 1,011 | 957 | 991 | 944 |
| NET NATURAL GAS PRODUCTION (MMCF/D): | | | | |
| United States | 2,038 | 2,033 | 2,124 | 2,051 |
| International | 573 | 470 | 541 | 480 |
| Worldwide | 2,611 | 2,503 | 2,665 | 2,531 |
| SALES OF NATURAL GAS (MMCF/D): | | | | |
| United States | 2,483 | 2,296 | 2,609 | 2,262 |
| International | 431 | 463 | 462 | 464 |
| Worldwide | 2,914 | 2,759 | 3,071 | 2,726 |
| SALES OF NATURAL GAS LIQUIDS (MB/D): | | | | |
| United States | 217 | 204 | 204 | 204 |
| International | 26 | 35 | 31 | 33 |
| Worldwide | 243 | 239 | 235 | 237 |
| SALES OF REFINED PRODUCTS (MB/D): | | | | |
| United States | 1,349 | 1,481 | 1,334 | 1,423 |
| International | 930 | 891 | 922 | 897 |
| Worldwide | 2,279 | 2,372 | 2,256 | 2,320 |
| REFINERY INPUT (MB/D): | | | | |
| United States | 1,265 | 1,384 | 1,219 | 1,308 |
| International | 603 | 539 | 622 | 552 |
| Worldwide | 1,868 | 1,923 | 1,841 | 1,860 |
| CHEMICALS SALES & OTHER OPERATING REVENUES (millions of dollars) (2) | | | | |
| United States | \$ 836 | \$ 662 | \$ 2,232 | \$ 2,095 |
| International | 174 | 165 | 477 | 447 |

| | | | | |
|-----------|----------|--------|----------|----------|
| Worldwide | \$ 1,010 | \$ 827 | \$ 2,709 | \$ 2,542 |
| | ===== | ===== | ===== | ===== |

(1) Includes interest in affiliates.

(2) Includes sales to other Chevron companies.