

# Third Quarter 2015 Earnings Conference Call and Webcast



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*October 30, 2015*

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*Certain terms, such as “unrisked resources,” “unrisked resource base,” “recoverable resources,” and “oil in place,” among others, may be used in this presentation to describe certain aspects of the company’s portfolio and oil and gas properties beyond the proved reserves. For definitions of, and further information regarding, these and other terms, see the “Glossary of Energy and Financial Terms” on pages 58 and 59 of the company’s 2014 Supplement to the Annual Report and available at [Chevron.com](http://Chevron.com). As used in this report, the term “project” may describe new upstream development activity, including phases in a multiphase development, maintenance activities, certain existing assets, new investments in downstream and chemicals capacity, investment in emerging and sustainable energy activities, and certain other activities. All of these terms are used for convenience only and are not intended as a precise description of the term “project” as it relates to any specific government law or regulation.*

# 3Q15 Financial Highlights



<b>Earnings</b>	\$2.0 Billion
<b>EPS</b> (diluted)	\$1.09
<b>Cash from Operations</b>	\$5.4 Billion
<b>Debt Ratio</b> (as of 9/30/2015)	18.8%
<b>Dividends Paid</b>	\$2.0 Billion

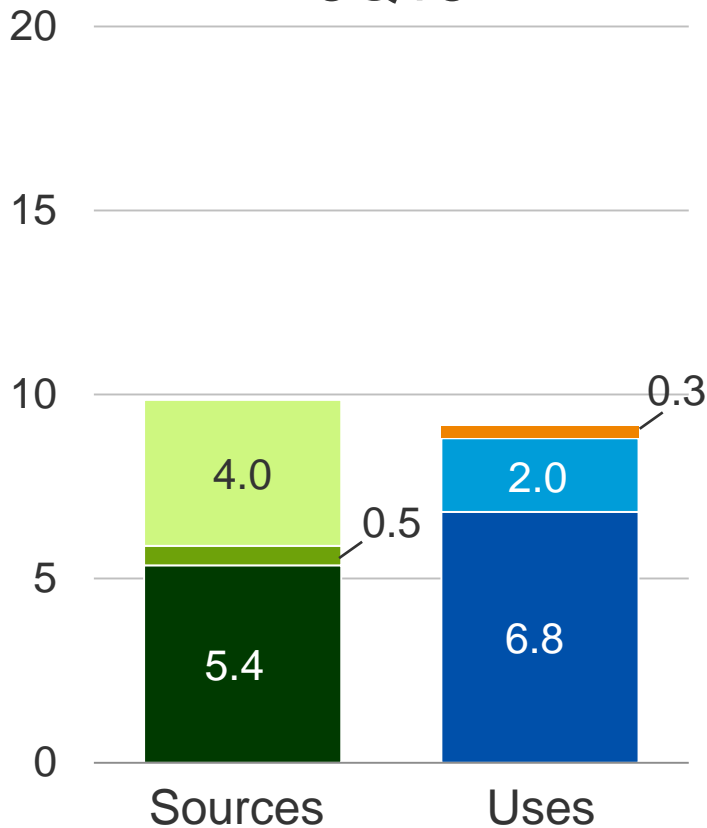
*Note: Reconciliation of earnings (excluding special items) can be found in the appendix.*

# Sources and Uses of Cash<sup>(1)</sup>

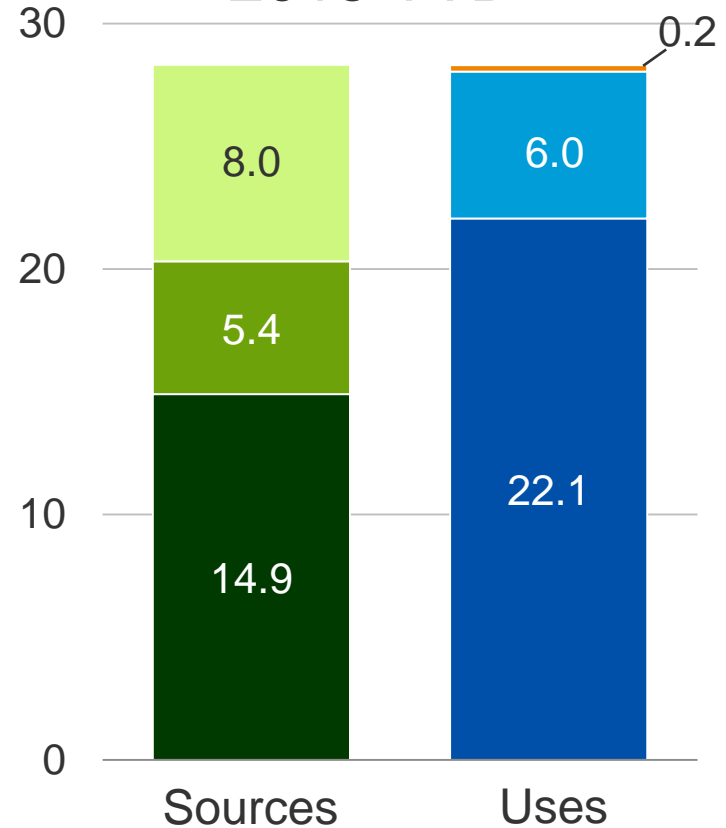


\$ Billions

3Q15



2015 YTD



**Sources of Cash:** ■ Cash flow from operations<sup>(2)</sup> ■ Asset Sales ■ Net Debt Issuance  
**Uses of Cash:** ■ Capital expenditures<sup>(2)</sup> ■ Dividends ■ Other

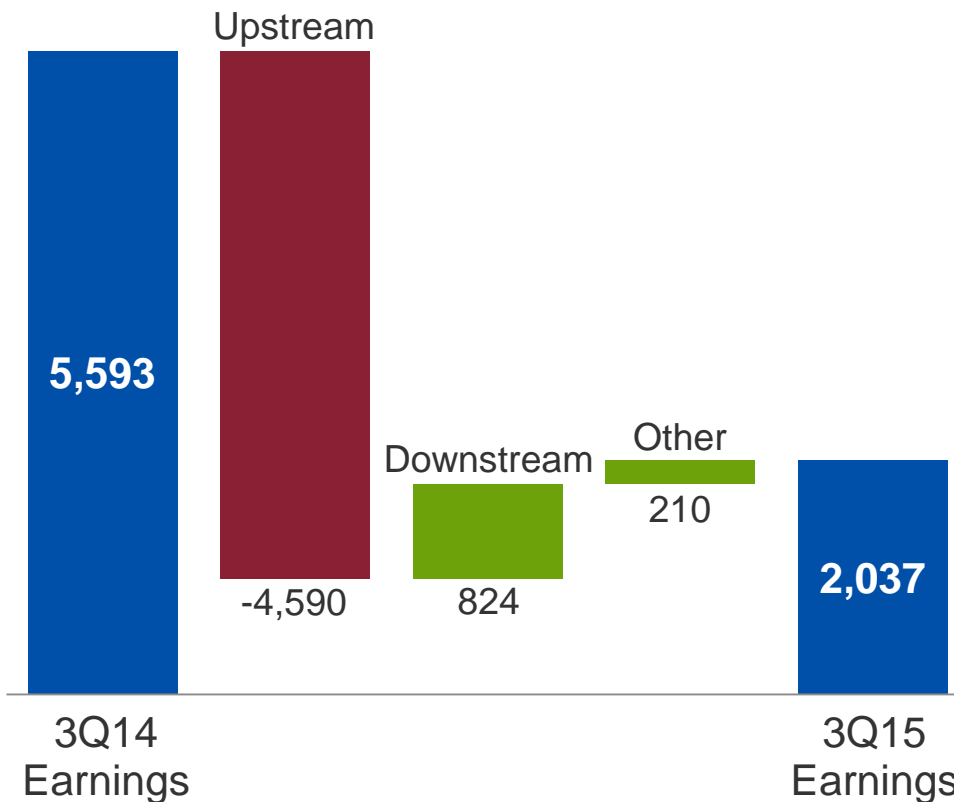
<sup>(1)</sup> Includes cash and cash equivalents, time deposits and marketable securities.

<sup>(2)</sup> Per U.S. GAAP, expensed exploration expenditures and assets acquired from capital leases are part of "cash flow from operations" in our SEC reports. In our earnings release, these two items are included in our "capital and exploratory expenditure" table in Attachment 2.

# Chevron Earnings 3Q15 vs. 3Q14



\$ Millions



## Upstream

- Lower realizations

## Downstream

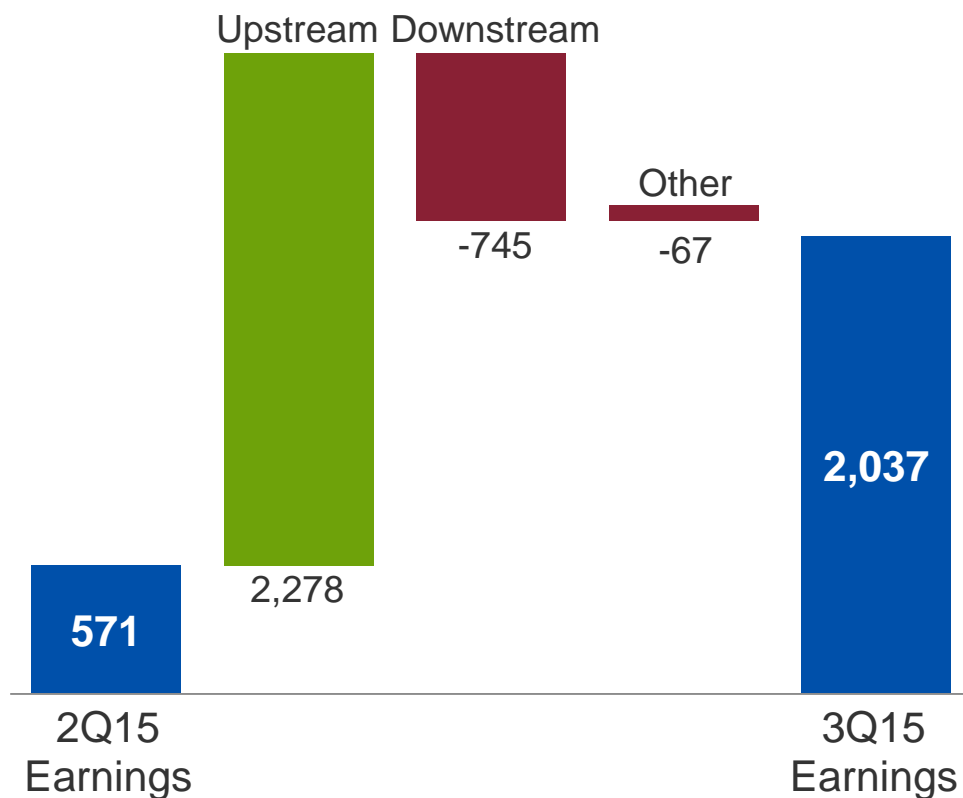
- + Stronger margins
- + FX
- Absence of 3Q14 asset sales

# Chevron Earnings

## 3Q15 vs. 2Q15



\$ Millions



### Upstream

- + Absence of asset impairments and other special items
- + FX swing
- + Lower exploration expense
- Lower realizations

### Downstream

- Absence of 2Q15 asset sales
- + Strong margins and volumes
- + FX swing and timing effects

# Corporate Priorities and Actions



**Cash Flow  
Growth**  
(Price & Volume)

**Reduced  
Spend**  
(Capex & Opex)

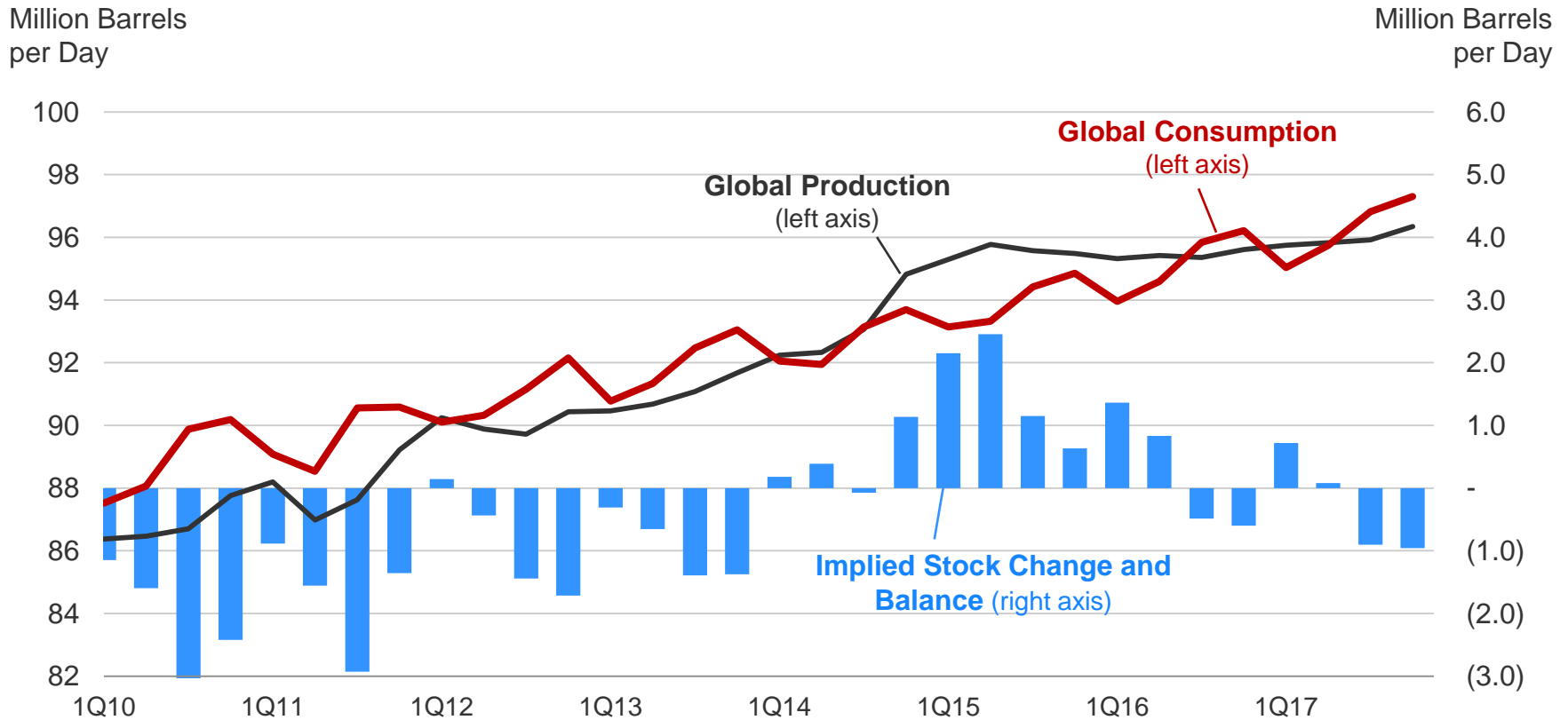
**Asset  
Sales**

**Free Cash Flow Covers Dividend by 2017**

# Oil Markets Moving Towards Balance

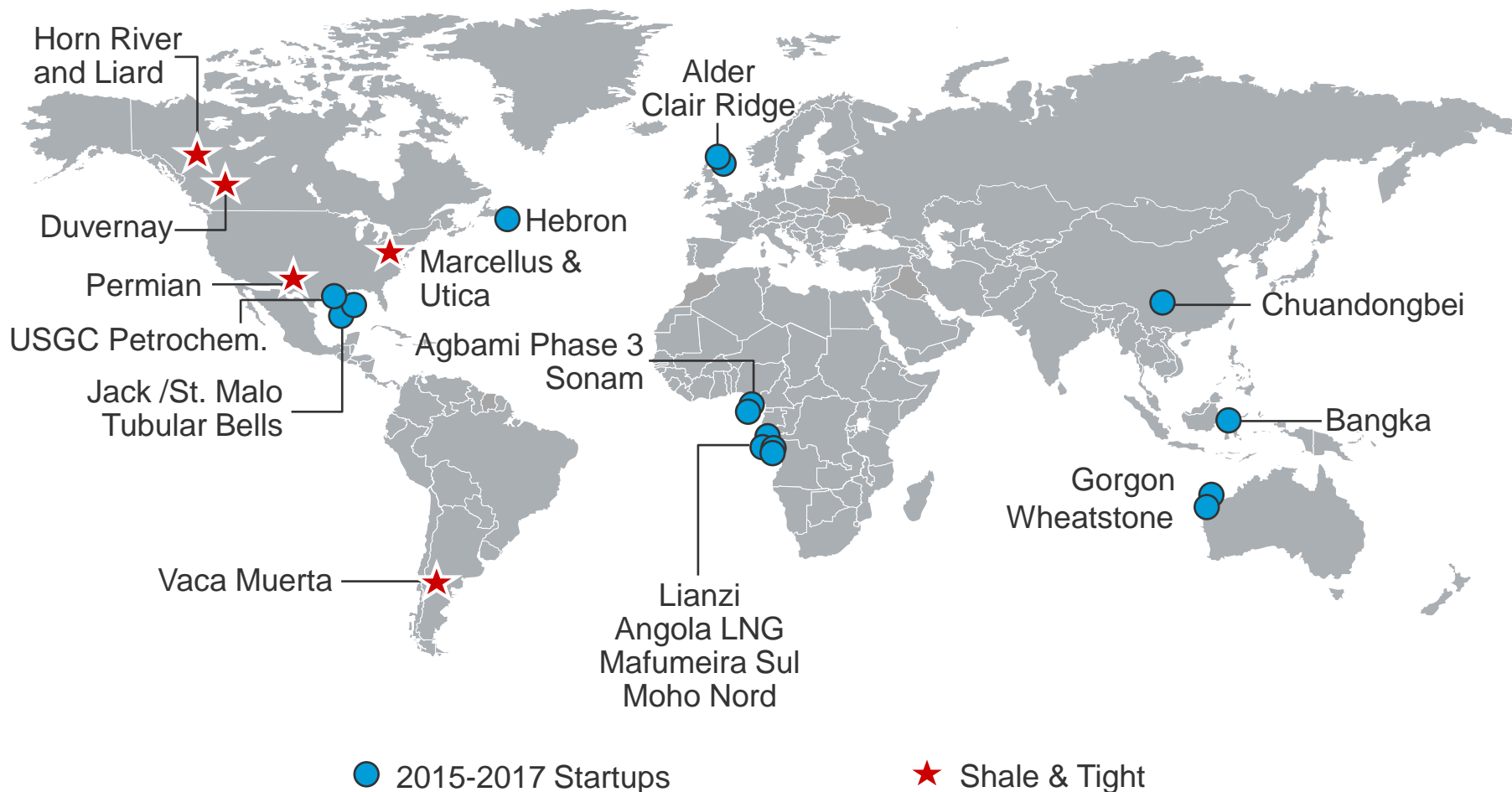


## World Consumption & Production of Liquid Fuels





# Key Project Startups and Shale & Tight Assets



# Delivering Major Capital Projects



## Gorgon

- Jansz-lo wells opened to pipeline
- Preparing to bring gas into plant
- Nearly all critical subsystems required for first LNG are complete
- 47 of 51 modules installed, including all those for Trains 1 and 2

## Wheatstone

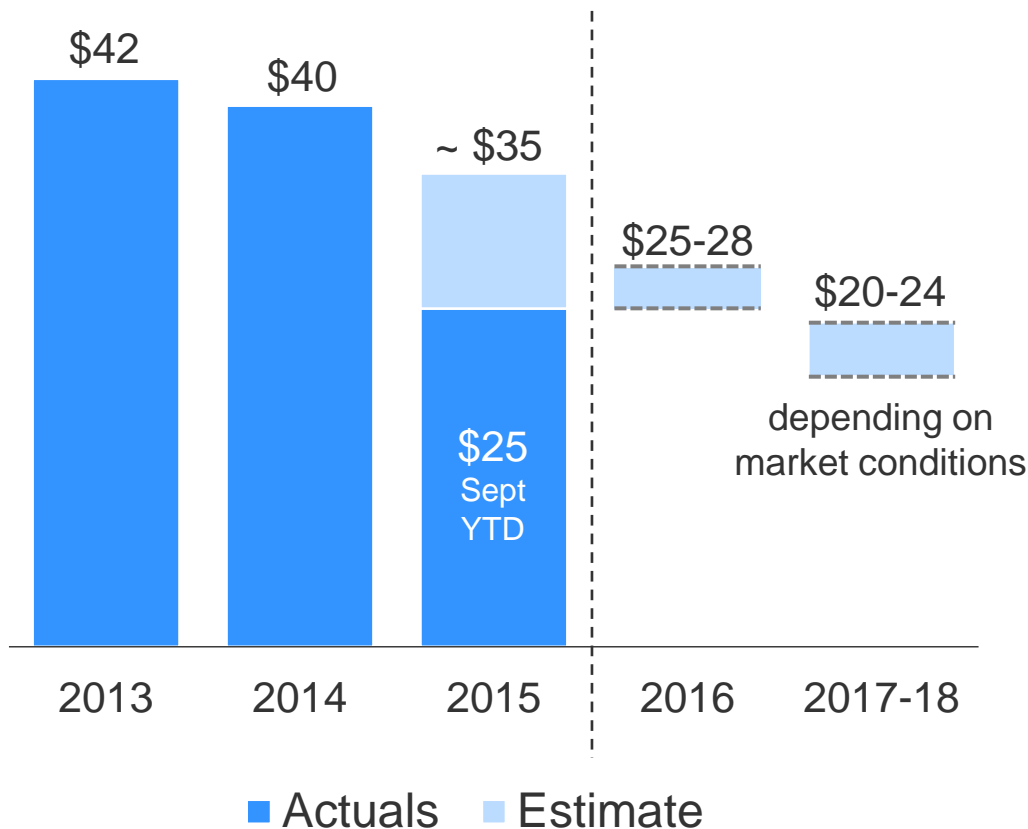
- All subsea infrastructure and flowlines installed
- Platform hook-up and commissioning ongoing
- All 9 wells drilled to top of reservoir; 4 of 9 wells completed with trees installed
- 17 of 24 Train 1 process modules required for first LNG delivered to site



# Significant Cut in C&E



Total C&E  
\$ Billions



## C&E reduction drivers

- Completing projects in-flight
- Project pacing
- Cost deflation

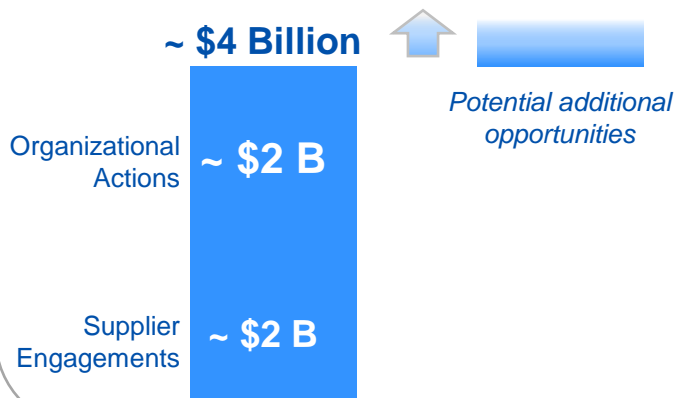
# Reducing Cost Structure



## 2015 Results

- 7% lower operating expenses YTD
- 12% lower operating expenses 3Q15 vs. 3Q14
- Upstream unit operating costs running 13% lower YTD

## Spend Reductions Expected



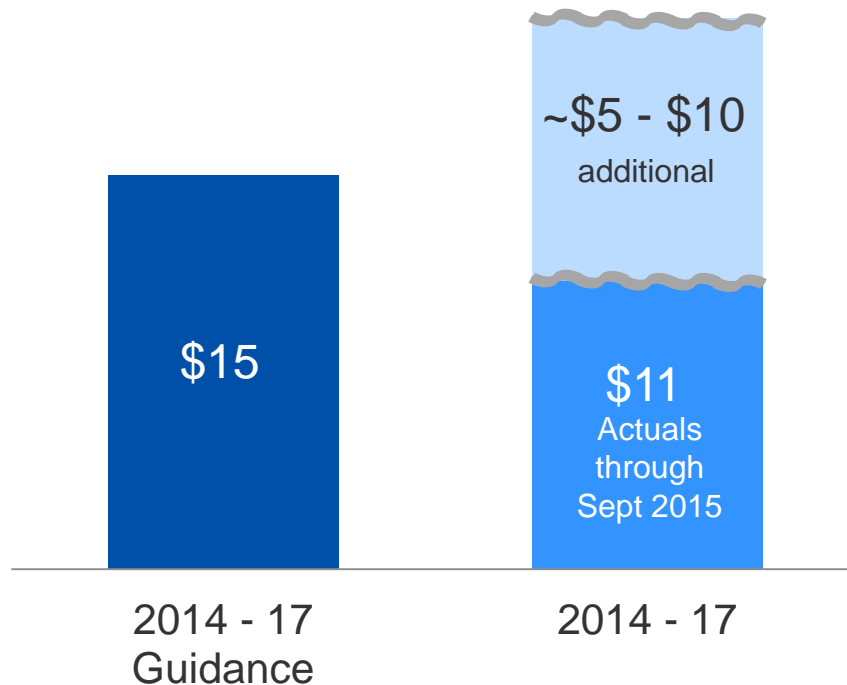
## Actions Underway

- Organizational
  - 6 - 7,000 in employee reductions
  - Contractor reductions of similar amount
- Supplier Engagements
- Efficiency Gains

# Asset Sales Program Update



## Asset Sales \$ Billions

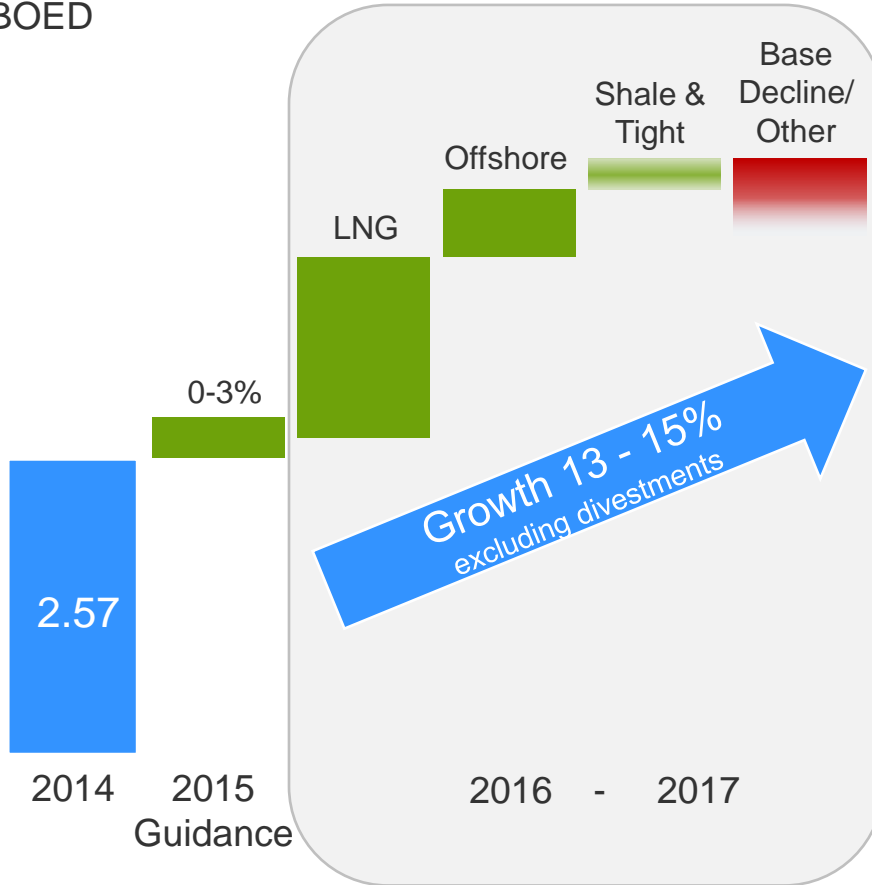


- Excellent progress towards original target
- Additional \$5-10 billion
- Key criteria
  - Value-based
  - Non-strategic fit

# Significant Volume Growth Ahead



Net Production  
MMBOED



Actual growth dependent upon:

- Asset sales
- Partitioned Zone restart
- PSC effects
- Project timing

Growth momentum continues in 2018

## PRIORITY

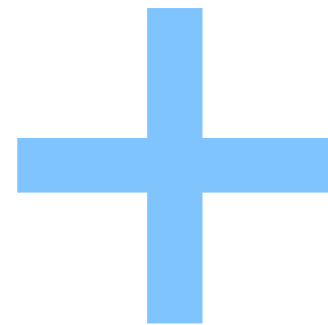
Cash Flow Covers Dividend in 2017

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## FOCUS

Bringing MCPs Online  
Reducing Capital Spending  
Cutting Costs Aggressively  
Operating Reliably  
Completing Divestments

# Questions



# Answers



# Appendix

## Reconciliation of Earnings (Excluding Special Items)



	3Q14	4Q14	1Q15	2Q15	3Q15
<b>Reported Earnings (\$MM)</b>	<b>5,593</b>	<b>3,471</b>	<b>2,567</b>	<b>571</b>	<b>2,037</b>
<b>UPSTREAM</b>					
Foreign Exchange	344	453	522	(146)	258
Asset Dispositions	170	1,000	310	--	--
Special Items*	(140)	(660)	250	(2,710)	(245)
Subtotal	374	793	1,082	(2,856)	13
<b>DOWNSTREAM</b>					
Foreign Exchange	21	(21)	54	(103)	141
Asset Dispositions	250	470	--	1,710	--
Special Items*	--	(160)	--	--	--
Subtotal	271	289	54	1,607	141
<b>ALL OTHER</b>					
Foreign Exchange	1	--	4	(2)	(5)
Special Items*	--	(80)	--	10	--
Subtotal	1	(80)	4	8	(5)
<b>Total Special Items (\$MM)</b>	<b>646</b>	<b>1,002</b>	<b>1,140</b>	<b>(1,241)</b>	<b>149</b>
Diluted Weighted Avg. Shares Outstanding ('000)	1,896,492	1,883,650	1,876,498	1,876,705	1,872,420
<b>Reported Earnings per Share</b>	<b>\$2.95</b>	<b>\$1.85</b>	<b>\$1.37</b>	<b>\$0.30</b>	<b>\$1.09</b>
<b>Earnings Per Share (excluding special items)**</b>	<b>\$2.61</b>	<b>\$1.31</b>	<b>\$0.76</b>	<b>\$0.97</b>	<b>\$1.01</b>

\*Includes asset impairments & revaluations, tax adjustments, environmental remediation provisions, severance accruals and any other special items.

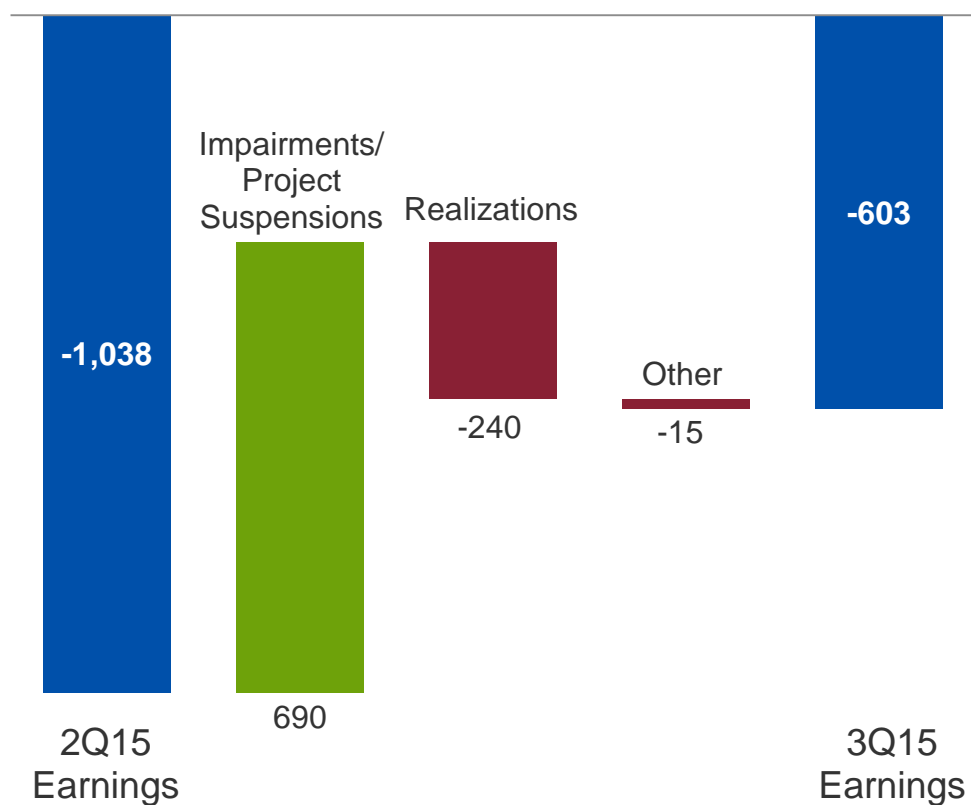
\*\*Reported Earnings per Share less adjustments for items noted above.

# Appendix

## U.S. Upstream Earnings: 3Q15 vs. 2Q15



\$ Millions



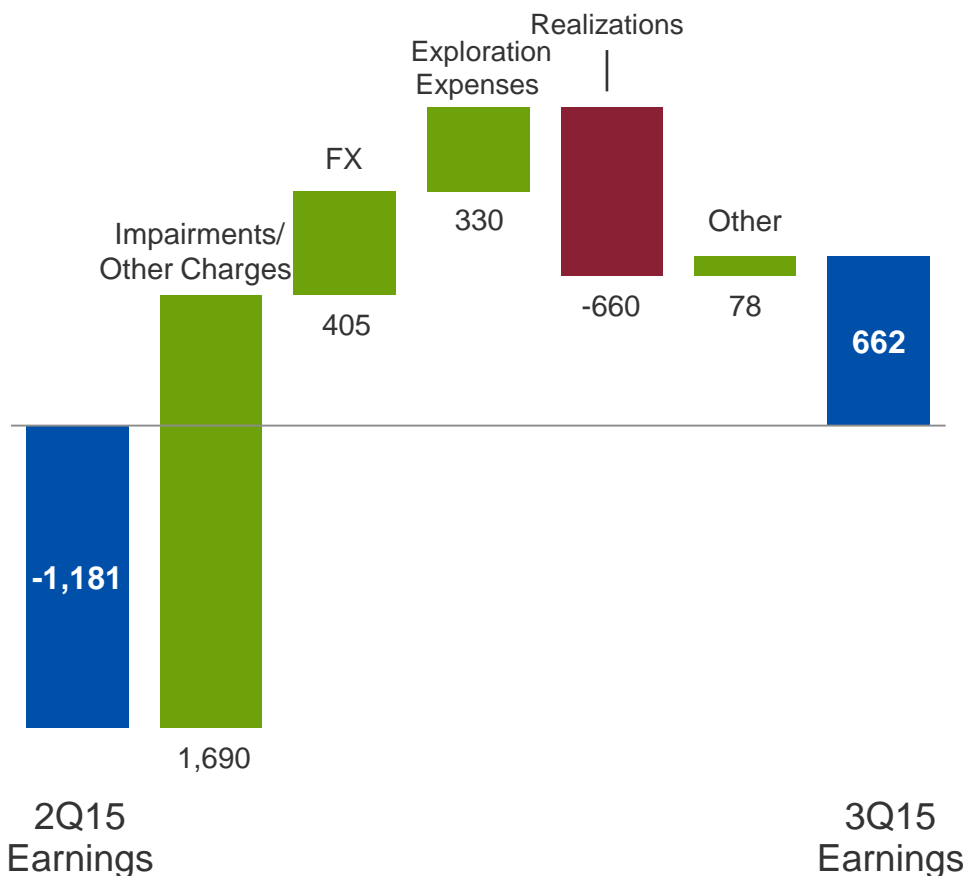
- Absence of 2Q asset impairments and project suspensions
- Weaker liquids prices

# Appendix

## International Upstream Earnings: 3Q15 vs. 2Q15



\$ Millions



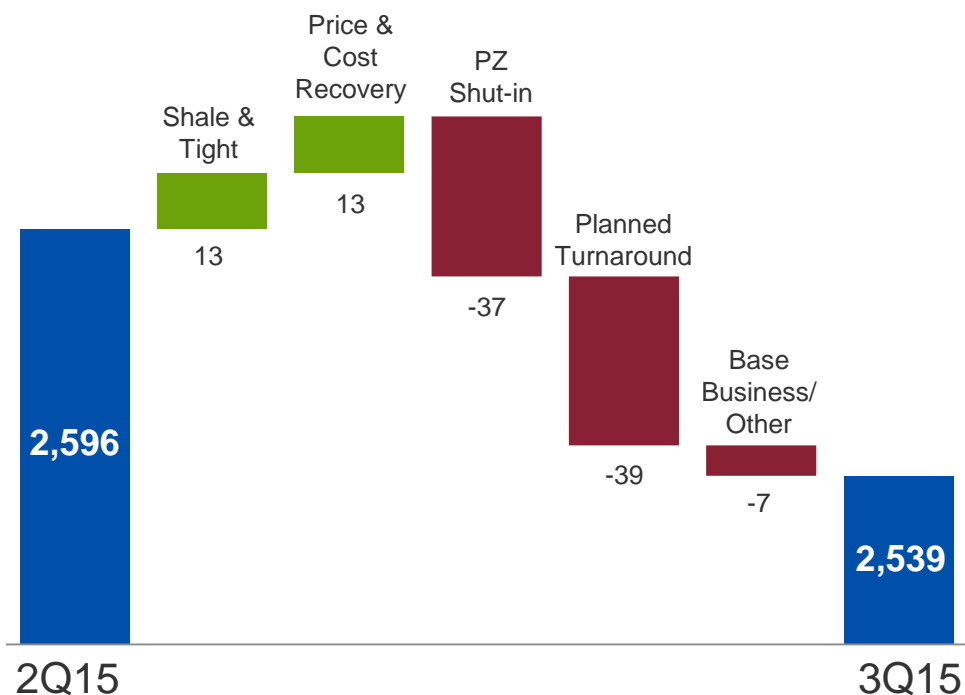
- Absence of 2Q asset impairments, suspensions and tax effects
- Favorable swing in FX
- Lower exploration expenses
- Lower liquids prices

# Appendix

## Worldwide Net Oil & Gas Production: 3Q15 vs. 2Q15



### MBOED



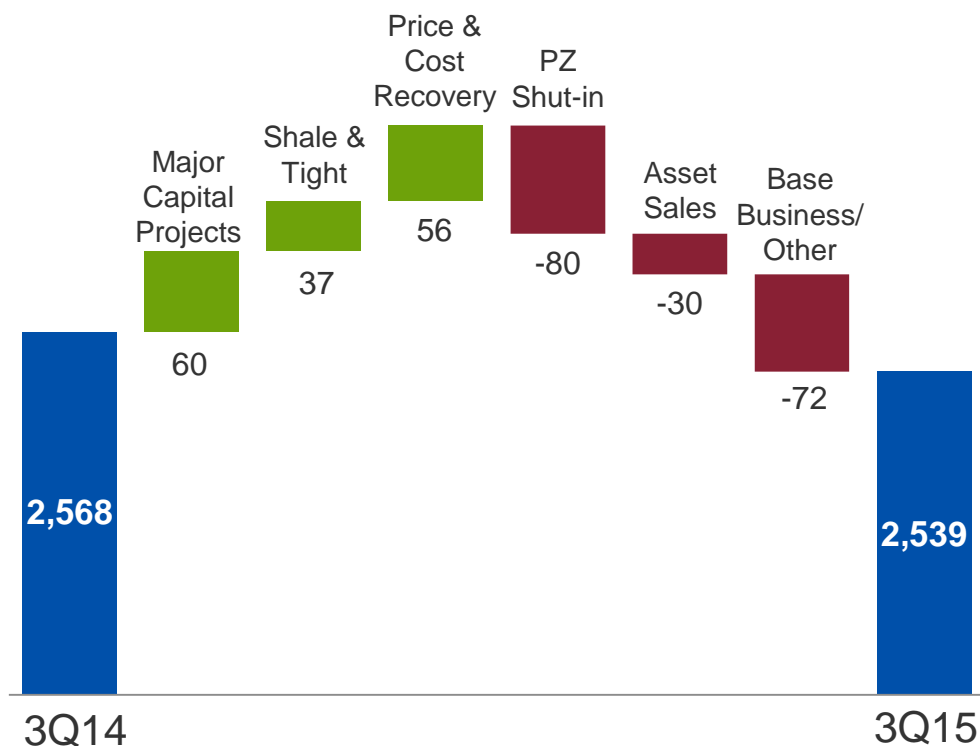
- Permian and Marcellus growth
- Favorable price effects
- PZ shut-in
- Planned turnaround activity in Kazakhstan

# Appendix

## Worldwide Net Oil & Gas Production: 3Q15 vs. 3Q14



### MBOED



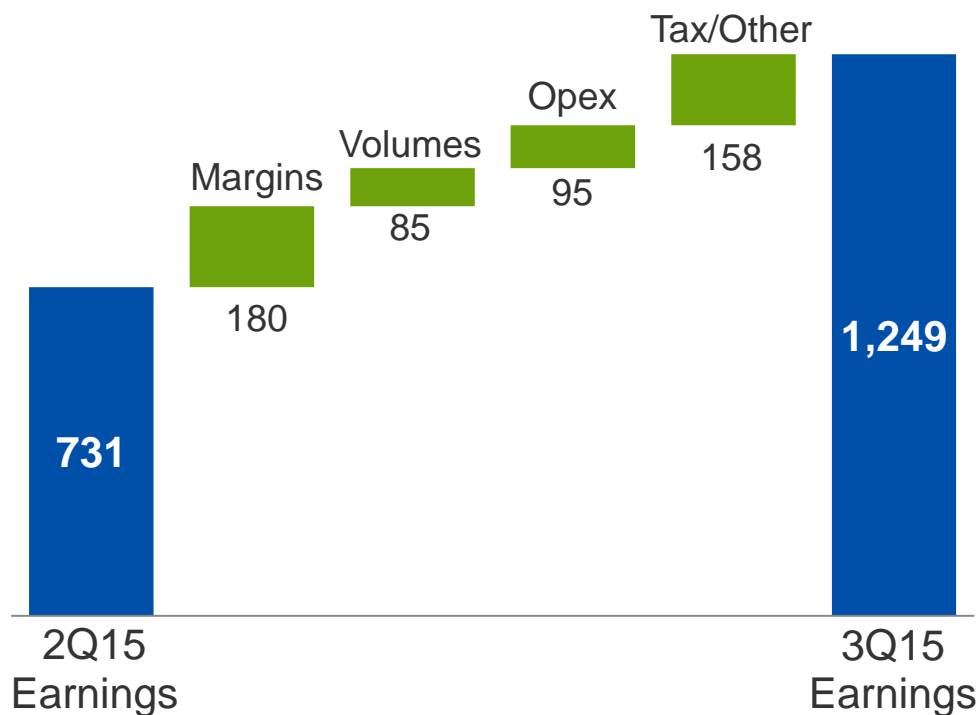
- Jack / St. Malo, Tubular Bells and Bibiyana expansion ramp-ups
- Permian and Marcellus growth
- PZ shut-in
- Asset sales impact (GOM, Netherlands)

# Appendix

## U.S. Downstream Earnings: 3Q15 vs. 2Q15



\$ Millions



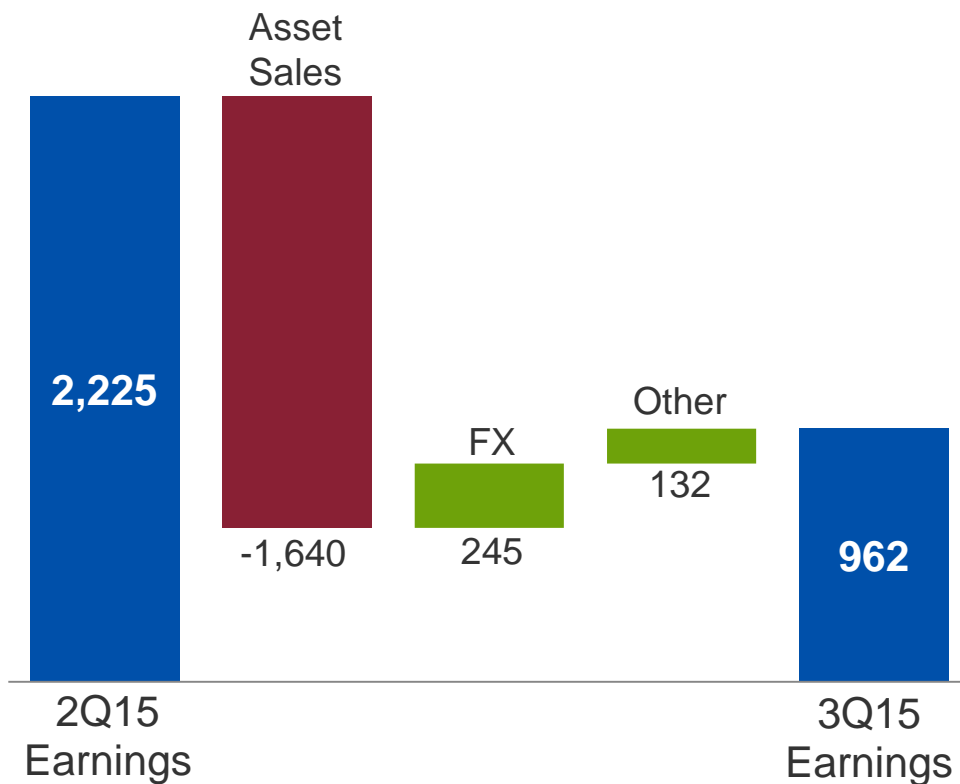
- Strong West Coast margins
- Absence of 2Q El Segundo turnaround improved volumes and OPEX
- Favorable tax and timing effects

# Appendix

## International Downstream Earnings: 3Q15 vs. 2Q15



\$ Millions



- Absence of 2Q asset sales
- Favorable FX swing