UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-00368

Chevron Corporation

(Exact name of registrant as specified in its charter)

Delaware	**94-0890210**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
6001 Bollinger Canyon Road, San Ramon, California	**94583-2324**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (925) 842-1000

NONE

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	
Smaller reporting company o	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	**Outstanding as of September 30, 2017**
Common stock, $.75 par value	1,899,373,928

TABLE OF CONTENTS

		Page No.
	Cautionary Statements Relevant to Forward-Looking Information for the Purpose of “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995	2
	PART I FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements —	
	Consolidated Statement of Income for the Three and Nine Months Ended September 30, 2017, and 2016	3
	Consolidated Statement of Comprehensive Income for the Three and Nine Months Ended September 30, 2017, and 2016	4
	Consolidated Balance Sheet at September 30, 2017, and December 31, 2016	5
	Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2017, and 2016	6
	Notes to Consolidated Financial Statements	7-23
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24-36
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	36
Item 4.	Controls and Procedures	36
	PART II OTHER INFORMATION	
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	37
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 5.	Other Information	37
Item 6.	Exhibits	38
Signature		39

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This quarterly report on Form 10-Q of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words or phrases such as "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "seeks," "schedules," "estimates," "positions," "pursues," "may," "could," "should," "budgets," "outlook," "trends," "guidance," "focus," "on schedule," "on track," "goals," "objectives," "strategies," "opportunities" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing crude oil and natural gas prices; changing refining, marketing and chemicals margins; the company's ability to realize anticipated cost savings and expenditure reductions; actions of competitors or regulators; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of the company's suppliers, vendors, partners and equity affiliates, particularly during extended periods of low prices for crude oil and natural gas; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's operations due to war, accidents, political events, civil unrest, severe weather, cyber threats and terrorist acts, crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries, or other natural or human causes beyond its control; changing economic, regulatory and political environments in the various countries in which the company operates; general domestic and international economic and political conditions; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant operational, investment or product changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions; the potential liability resulting from other pending or future litigation; the company's future acquisition or disposition of assets or shares or the delay or failure of such transactions to close based on required closing conditions; the potential for gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; material reductions in corporate liquidity and access to debt markets; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; the company's ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; and the factors set forth under the heading "Risk Factors" on pages 20 through 22 of the company's 2016 Annual Report on Form 10-K. Other unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

PART I.

FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars, except per-share amounts)			
Revenues and Other Income				
Sales and other operating revenues*	**$ 33,892**	$ 29,159	**$ 98,293**	$ 80,073
Income from equity affiliates	**1,036**	555	**3,502**	1,883
Other income	**1,277**	426	**2,311**	1,019
Total Revenues and Other Income	**36,205**	30,140	**104,106**	82,975
Costs and Other Deductions				
Purchased crude oil and products	**18,776**	15,842	**54,607**	42,345
Operating expenses	**4,937**	4,666	**14,255**	15,124
Selling, general and administrative expenses	**1,238**	1,109	**3,099**	3,140
Exploration expenses	**239**	258	**508**	842
Depreciation, depletion and amortization	**5,109**	4,130	**14,614**	15,254
Taxes other than on income*	**3,213**	2,962	**9,149**	8,799
Interest and debt expense	**35**	64	**134**	143
Total Costs and Other Deductions	**33,547**	29,031	**96,366**	85,647
Income (Loss) Before Income Tax Expense	**2,658**	1,109	**7,740**	(2,672)
Income Tax Expense (Benefit)	**672**	(192)	**1,589**	(1,803)
Net Income (Loss)	**1,986**	1,301	**6,151**	(869)
Less: Net income attributable to noncontrolling interests	**34**	18	**67**	43
Net Income (Loss) Attributable to Chevron Corporation	**$ 1,952**	$ 1,283	**$ 6,084**	$ (912)
Per Share of Common Stock:				
Net Income (Loss) Attributable to Chevron Corporation				
— Basic	**$ 1.03**	$ 0.68	**$ 3.23**	$ (0.49)
— Diluted	**$ 1.03**	$ 0.68	**$ 3.21**	$ (0.49)
Dividends	**$ 1.08**	$ 1.07	**$ 3.24**	$ 3.21
Weighted Average Number of Shares Outstanding (000s)				
— Basic	**1,882,650**	1,873,649	**1,881,026**	1,871,813
— Diluted	**1,895,879**	1,883,342	**1,894,764**	1,871,813
* Includes excise, value-added and similar taxes:	**$ 1,867**	$ 1,772	**$ 5,315**	$ 5,208

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
	(Millions of dollars)			
Net Income (Loss)	**$ 1,986**	$ 1,301	**$ 6,151**	$ (869)
Currency translation adjustment	**13**	7	**37**	9
Unrealized holding (loss) gain on securities:				
Net (loss) gain arising during period	**(2)**	21	**(7)**	31
Defined benefit plans:				
Actuarial gain (loss):				
Amortization to net income of net actuarial and settlement losses	**264**	265	**609**	644
Actuarial gain (loss) arising during period	**3**	(9)	**(11)**	(23)
Prior service cost:				
Amortization to net income of net prior service costs	**(5)**	2	**(15)**	15
Defined benefit plans sponsored by equity affiliates	**5**	5	**15**	19
Income tax expense on defined benefit plans	**(96)**	(102)	**(207)**	(247)
Total	**171**	161	**391**	408
Other Comprehensive Gain, Net of Tax	**182**	189	**421**	448
Comprehensive Income (Loss)	**2,168**	1,490	**6,572**	(421)
Comprehensive income attributable to noncontrolling interests	**(34)**	(18)	**(67)**	(43)
Comprehensive Income (Loss) Attributable to Chevron Corporation	**$ 2,134**	$ 1,472	**$ 6,505**	$ (464)

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Unaudited)

	At September 30 2017	At December 31 2016
	(Millions of dollars, except per-share amounts)	
ASSETS		
Cash and cash equivalents	**$ 6,641**	$ 6,988
Marketable securities	**13**	13
Accounts and notes receivable, net	**14,124**	14,092
Inventories		
Crude oil and petroleum products	**3,156**	2,720
Chemicals	**516**	455
Materials, supplies and other	**2,089**	2,244
Total inventories	**5,761**	5,419
Prepaid expenses and other current assets	**2,859**	3,107
Total Current Assets	**29,398**	29,619
Long-term receivables, net	**3,016**	2,485
Investments and advances	**32,402**	30,250
Properties, plant and equipment, at cost	**343,066**	336,077
Less: Accumulated depreciation, depletion and amortization	**164,630**	153,891
Properties, plant and equipment, net	**178,436**	182,186
Deferred charges and other assets	**6,793**	6,838
Goodwill	**4,531**	4,581
Assets held for sale	**584**	4,119
Total Assets	**$ 255,160**	$ 260,078
LIABILITIES AND EQUITY		
Short-term debt	**$ 7,897**	$ 10,840
Accounts payable	**13,084**	13,986
Accrued liabilities	**5,085**	4,882
Federal and other taxes on income	**1,123**	1,050
Other taxes payable	**1,034**	1,027
Total Current Liabilities	**28,223**	31,785
Long-term debt	**33,983**	35,193
Capital lease obligations	**92**	93
Deferred credits and other noncurrent obligations	**20,830**	21,553
Noncurrent deferred income taxes	**17,438**	17,516
Noncurrent employee benefit plans	**6,683**	7,216
Total Liabilities*	**107,249**	113,356
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	**—**	—
Common stock (authorized 6,000,000,000 shares; $0.75 par value; 2,442,676,580 shares issued at September 30, 2017, and December 31, 2016)	**1,832**	1,832
Capital in excess of par value	**16,745**	16,595
Retained earnings	**173,035**	173,046
Accumulated other comprehensive loss	**(3,422)**	(3,843)
Deferred compensation and benefit plan trust	**(240)**	(240)
Treasury stock, at cost (543,302,652 and 551,170,158 shares at September 30, 2017, and December 31, 2016, respectively)	**(41,237)**	(41,834)
Total Chevron Corporation Stockholders' Equity	**146,713**	145,556
Noncontrolling interests	**1,198**	1,166
Total Equity	**147,911**	146,722
Total Liabilities and Equity	**$ 255,160**	$ 260,078

* Refer to Note 14, "Other Contingencies and Commitments" beginning on page 20.

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30	
	2017	2016
	(Millions of dollars)	
Operating Activities		
Net Income (Loss)	$ **6,151**	$ (869)
Adjustments		
Depreciation, depletion and amortization	**14,614**	15,254
Dry hole expense	**140**	472
Distributions less than income from equity affiliates	**(2,122)**	(708)
Net before-tax gains on asset retirements and sales	**(2,139)**	(872)
Net foreign currency effects	**145**	321
Deferred income tax provision	**(464)**	(3,139)
Net increase in operating working capital	**(695)**	(1,266)
Increase in long-term receivables	**(537)**	(81)
Net (increase) decrease in other deferred charges	**(57)**	30
Cash contributions to employee pension plans	**(825)**	(697)
Other	**74**	538
Net Cash Provided by Operating Activities	**14,285**	8,983
Investing Activities		
Capital expenditures	**(9,763)**	(14,100)
Proceeds and deposits related to asset sales	**4,856**	2,209
Net sales of marketable securities	**—**	2
Net borrowing of loans by equity affiliates	**(36)**	(2,195)
Net (purchases) sales of other short-term investments	**(19)**	155
Net Cash Used for Investing Activities	**(4,962)**	(13,929)
Financing Activities		
Net (repayments) borrowings of short-term obligations	**(7,185)**	869
Proceeds from issuance of long-term debt	**3,991**	6,924
Repayments of long-term debt and other financing obligations	**(1,028)**	(812)
Cash dividends — common stock	**(6,093)**	(6,007)
Distributions to noncontrolling interests	**(66)**	(57)
Net sales of treasury shares	**649**	359
Net Cash (Used for) Provided by Financing Activities	**(9,732)**	1,276
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**62**	(1)
Net Change in Cash and Cash Equivalents	**(347)**	(3,671)
Cash and Cash Equivalents at January 1	**6,988**	11,022
Cash and Cash Equivalents at September 30	$ **6,641**	$ 7,351

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (the company) have not been audited by an independent registered public accounting firm. In the opinion of the company's management, the interim data includes all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature. The results for the three- and nine-month periods ended September 30, 2017, are not necessarily indicative of future financial results. The term "earnings" is defined as net income (loss) attributable to Chevron Corporation.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company's 2016 Annual Report on Form 10-K.

Note 2. Changes in Accumulated Other Comprehensive Losses

The change in Accumulated Other Comprehensive Losses (AOCL) presented on the Consolidated Balance Sheet and the impact of significant amounts reclassified from AOCL on information presented in the Consolidated Statement of Income for the nine months ending September 30, 2017, are reflected in the table below.

Changes in Accumulated Other Comprehensive Income (Loss) by Component [1]

	Nine Months Ended September 30, 2017				
	Currency Translation Adjustment	Unrealized Holding Gains (Losses) on Securities	Derivatives	Defined Benefit Plans	Total
	(Millions of dollars)				
Balance at January 1	$ (162)	$ (2)	$ (2)	$ (3,677)	$ (3,843)
Components of Other Comprehensive Income (Loss):					
Before Reclassifications	37	(7)	—	10	40
Reclassifications [2]	—	—	—	381	381
Net Other Comprehensive Income (Loss)	37	(7)	—	391	421
Balance at September 30	$ (125)	$ (9)	$ (2)	$ (3,286)	$ (3,422)

[1] All amounts are net of tax.

[2] Refer to Note 10, Employee Benefits for reclassified components totaling $594 million that are included in employee benefit costs for the nine months ending September 30, 2017. Related income taxes for the same period, totaling $213 million, are reflected in "Income Tax Expense" on the Consolidated Statement of Income. All other reclassified amounts were insignificant.

Note 3. Noncontrolling Interests

Ownership interests in the company's subsidiaries held by parties other than the parent are presented separately from the parent's equity on the Consolidated Balance Sheet. The amount of consolidated net income attributable to the parent and the noncontrolling interests are both presented on the face of the Consolidated Statement of Income.

Activity for the equity attributable to noncontrolling interests for the first nine months of 2017 and 2016 is as follows:

	2017			2016		
	Chevron Corporation Stockholders' Equity	Non-controlling Interest	Total Equity	Chevron Corporation Stockholders' Equity	Non-controlling Interest	Total Equity
	(Millions of dollars)					
Balance at January 1	**$ 145,556**	**$ 1,166**	**$ 146,722**	$ 152,716	$ 1,170	$ 153,886
Net income (loss)	**6,084**	**67**	**6,151**	(912)	43	(869)
Dividends	**(6,095)**	**—**	**(6,095)**	(6,009)	—	(6,009)
Distributions to noncontrolling interests	**—**	**(66)**	**(66)**	—	(57)	(57)
Treasury shares, net	**597**	**—**	**597**	375	—	375
Other changes, net*	**571**	**31**	**602**	630	(4)	626
Balance at September 30	**$ 146,713**	**$ 1,198**	**$ 147,911**	$ 146,800	$ 1,152	$ 147,952

* Includes components of comprehensive income, which are disclosed separately in the Consolidated Statement of Comprehensive Income.

Note 4. Information Relating to the Consolidated Statement of Cash Flows

The “Net increase in operating working capital” was composed of the following operating changes:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Decrease (increase) in accounts and notes receivable	**$ 265**	$ (455)
(Increase) decrease in inventories	**(436)**	232
Decrease in prepaid expenses and other current assets	**196**	844
Decrease in accounts payable and accrued liabilities	**(729)**	(1,783)
Increase (decrease) in income and other taxes payable	**9**	(104)
Net increase in operating working capital	**$ (695)**	$ (1,266)

“Net Cash Provided by Operating Activities” included the following cash payments for interest on debt and for income taxes:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Interest on debt (net of capitalized interest)	**$ 30**	$ 28
Income taxes	**2,203**	1,492

"Other" includes changes in postretirement benefits obligations and other long-term liabilities.

Information related to "Restricted Cash" is included on page 22 in Note 15 under the heading "Restricted Cash."

The “Net sales of marketable securities” consisted of the following gross amounts:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Marketable securities purchased	**$ (3)**	$ (9)
Marketable securities sold	**3**	11
Net sales of marketable securities	**$ —**	$ 2

The “Net borrowing of loans by equity affiliates” consisted of the following gross amounts:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Borrowing of loans by equity affiliates	**$ (142)**	$ (2,271)
Repayment of loans by equity affiliates	**106**	76
Net borrowing of loans by equity affiliates	**$ (36)**	$ (2,195)

The “Net (purchases) sales of other short-term investments” consisted of the following gross amounts:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Purchases of other short-term investments	**$ (26)**	$ —
Sales of other short-term investments	**7**	155
Net (purchases) sales of other short-term investments	**$ (19)**	$ 155

The “Net (repayments) borrowings of short-term obligations" consisted of the following gross and net amounts:

	Nine Months Ended September 30	
	2017	2016
	(Millions of dollars)	
Repayments of short-term obligations	**$ (8,403)**	$ (8,415)
Proceeds from issuances of short-term obligations	**3,415**	11,695
Net borrowings of short-term obligations with three months or less maturity	**(2,197)**	(2,411)
Net (repayments) borrowings of short-term obligations	**$ (7,185)**	$ 869

The “Net sales of treasury shares” represents the cost of common shares acquired less the cost of shares issued for share-based compensation plans. Purchases totaled $1 million for the first nine months in 2017 and $2 million for the first nine months in 2016. No purchases were made under the company's share repurchase program in the first nine months of 2017 or 2016.

The major components of “Capital expenditures” and the reconciliation of this amount to the capital and exploratory expenditures, including equity affiliates, are as follows:

	Nine Months Ended September 30	
	2017	2016
	(Millions of dollars)	
Additions to properties, plant and equipment	**$ 9,615**	$ 13,757
Additions to investments	**16**	38
Current year dry hole expenditures	**131**	305
Payments for other liabilities and assets, net	**1**	—
Capital expenditures	**9,763**	14,100
Expensed exploration expenditures	**368**	370
Assets acquired through capital lease obligations	**3**	4
Capital and exploratory expenditures, excluding equity affiliates	**10,134**	14,474
Company’s share of expenditures by equity affiliates	**3,252**	2,693
Capital and exploratory expenditures, including equity affiliates	**$ 13,386**	$ 17,167

Note 5. New Accounting Standards

Revenue Recognition (Topic 606): Revenue from Contracts with Customers. In July 2015, the FASB approved a one-year deferral of the effective date of ASU 2014-09, which becomes effective for the company January 1, 2018. The standard provides a single comprehensive revenue recognition model for contracts with customers, eliminates most industry-specific revenue recognition guidance, and expands disclosure requirements. The company has elected to adopt the standard using the modified retrospective transition method. "Sales and Other Operating Revenues" on the Consolidated Statement of Income includes excise, value-added and similar taxes on sales transactions. Upon adoption of the standard, revenue will exclude sales-based taxes collected on behalf of third parties, which will have no impact to earnings. The company's implementation efforts are focused on accounting policy and disclosure updates and system enhancements necessary to meet the standard's requirements. The company does not expect the implementation of the standard to have a material effect on its consolidated financial statements.

Leases (Topic 842) In February 2016, the FASB issued ASU 2016-02 which becomes effective for the company January 1, 2019. The standard requires that lessees present right-of-use assets and lease liabilities on the balance sheet. The company is evaluating the effect of the standard on its consolidated financial statements.

Financial Instruments - Credit Losses (Topic 326) In June 2016, the FASB issued ASU 2016-13, which becomes effective for the company beginning January 1, 2020. The standard requires companies to use forward-looking information to calculate credit loss estimates. The company is evaluating the effect of the standard on its consolidated financial statements.

Intangibles - Goodwill and Other (Topic 350) In January 2017, the FASB issued ASU 2017-04. The standard simplifies the accounting for goodwill impairment, and the company has chosen to early adopt beginning January 1, 2017. Early adoption has no effect on the company's consolidated financial statements.

Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20) In March 2017, the FASB issued ASU 2017-05 which becomes effective for the company January 1, 2018. The standard provides clarification regarding the guidance on accounting for the derecognition of nonfinancial assets. The company is evaluating the effect of the standard on its consolidated financial statements.

Compensation - Retirement Benefits (Topic 715) In March 2017, the FASB issued ASU 2017-07 which becomes effective for the company January 1, 2018. The standard requires the disaggregation of the service cost component from the other components of net periodic benefit cost and allows only the service cost component of net benefit cost to be eligible for capitalization. The company is evaluating the effect of the standard on its consolidated financial statements.

Note 6. Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. The investments are grouped into two business segments, Upstream and Downstream, representing the company’s “reportable segments” and “operating segments.” Upstream operations consist primarily of exploring for, developing and producing crude oil and natural gas; liquefaction, transportation and regasification associated with liquefied natural gas (LNG); transporting crude oil by major international oil export pipelines; processing, transporting, storage and marketing of natural gas; and a gas-to-liquids plant. Downstream operations consist primarily of refining of crude oil into petroleum products; marketing of crude oil and refined products; transporting of crude oil and refined products by pipeline, marine vessel, motor equipment and rail car; and manufacturing and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant additives. All Other activities of the company include worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

The company’s segments are managed by “segment managers” who report to the “chief operating decision maker” (CODM). The segments represent components of the company that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the CODM, which makes decisions about resources to be allocated to the segments and assesses their performance; and (c) for which discrete financial information is available.

The company’s primary country of operation is the United States of America, its country of domicile. Other components of the company’s operations are reported as “International” (outside the United States).

Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." Earnings by major operating area for the three- and nine-month periods ended September 30, 2017 and 2016, are presented in the following table:

Segment Earnings	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Upstream				
United States	**$ (26)**	$ (212)	**$ (48)**	$ (2,175)
International	**515**	666	**2,907**	(1,292)
Total Upstream	**489**	454	**2,859**	(3,467)
Downstream				
United States	**640**	523	**1,743**	1,307
International	**1,174**	542	**2,192**	1,771
Total Downstream	**1,814**	1,065	**3,935**	3,078
Total Segment Earnings	**2,303**	1,519	**6,794**	(389)
All Other				
Interest expense	**(30)**	(53)	**(115)**	(120)
Interest income	**13**	15	**42**	47
Other	**(334)**	(198)	**(637)**	(450)
Net Income (Loss) Attributable to Chevron Corporation	**$ 1,952**	$ 1,283	**$ 6,084**	$ (912)

Segment Assets Segment assets do not include intercompany investments or intercompany receivables. "All Other" assets consist primarily of worldwide cash, cash equivalents, time deposits and marketable securities; real estate; information systems; technology companies; and assets of the corporate administrative functions. Segment assets at September 30, 2017, and December 31, 2016, are as follows:

Segment Assets	At September 30 2017	At December 31 2016
	(Millions of dollars)	
Upstream		
United States	**$ 40,318**	$ 42,596
International	**161,058**	164,068
Goodwill	**4,531**	4,581
Total Upstream	**205,907**	211,245
Downstream		
United States	**22,635**	22,264
International	**16,619**	15,816
Total Downstream	**39,254**	38,080
Total Segment Assets	**245,161**	249,325
All Other		
United States	**4,169**	4,852
International	**5,830**	5,901
Total All Other	**9,999**	10,753
Total Assets — United States	**67,122**	69,712
Total Assets — International	**183,507**	185,785
Goodwill	**4,531**	4,581
Total Assets	**$ 255,160**	$ 260,078

Segment Sales and Other Operating Revenues Segment sales and other operating revenues, including internal transfers, for the three- and nine-month periods ended September 30, 2017 and 2016, are presented in the following table. Products are transferred between operating segments at internal product values that approximate market prices. Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products such as gasoline, jet fuel, gas oils, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the manufacture and sale of fuel and lubricant additives and the transportation and trading of refined products and crude oil. “All Other” activities include revenues from insurance operations, real estate activities and technology companies.

Sales and Other Operating Revenues	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Upstream				
United States	**$ 3,245**	$ 2,847	**$ 9,620**	$ 7,386
International	**7,191**	5,927	**20,624**	16,325
Subtotal	**10,436**	8,774	**30,244**	23,711
Intersegment Elimination — United States	**(2,298)**	(1,979)	**(6,737)**	(5,120)
Intersegment Elimination — International	**(2,828)**	(2,742)	**(8,256)**	(6,949)
Total Upstream	**5,310**	4,053	**15,251**	11,642
Downstream				
United States	**13,452**	11,958	**39,206**	32,841
International	**15,298**	13,415	**44,512**	36,262
Subtotal	**28,750**	25,373	**83,718**	69,103
Intersegment Elimination — United States	**(5)**	(4)	**(11)**	(12)
Intersegment Elimination — International	**(216)**	(303)	**(818)**	(762)
Total Downstream	**28,529**	25,066	**82,889**	68,329
All Other				
United States	**260**	280	**773**	825
International	**6**	10	**19**	29
Subtotal	**266**	290	**792**	854
Intersegment Elimination — United States	**(207)**	(240)	**(621)**	(724)
Intersegment Elimination — International	**(6)**	(10)	**(18)**	(28)
Total All Other	**53**	40	**153**	102
Sales and Other Operating Revenues				
United States	**16,957**	15,085	**49,599**	41,052
International	**22,495**	19,352	**65,155**	52,616
Subtotal	**39,452**	34,437	**114,754**	93,668
Intersegment Elimination — United States	**(2,510)**	(2,223)	**(7,369)**	(5,856)
Intersegment Elimination — International	**(3,050)**	(3,055)	**(9,092)**	(7,739)
Total Sales and Other Operating Revenues	**$ 33,892**	$ 29,159	**$ 98,293**	$ 80,073

Note 7. Summarized Financial Data — Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron’s U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with refining, marketing, and supply and distribution of products derived from petroleum, excluding most of the regulated pipeline operations of Chevron. CUSA also holds the company’s investment in the Chevron Phillips Chemical Company LLC joint venture, which is accounted for using the equity method.

The summarized financial information for CUSA and its consolidated subsidiaries is as follows:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Sales and other operating revenues	**$ 75,759**	$ 60,882
Costs and other deductions	**75,403**	63,596
Net income (loss) attributable to CUSA	**1,315**	(917)

	At September 30 2017	At December 31 2016
	(Millions of dollars)	
Current assets	**$ 11,566**	$ 11,266
Other assets	**53,826**	55,722
Current liabilities	**15,777**	16,660
Other liabilities	**15,337**	21,701
Total CUSA net equity	**$ 34,278**	$ 28,627
Memo: Total debt	**$ 3,057**	$ 9,418

Note 8. Summarized Financial Data — Tengizchevroil LLP

Chevron has a 50 percent equity ownership interest in Tengizchevroil LLP (TCO). Summarized financial information for 100 percent of TCO is presented in the following table:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Sales and other operating revenues	**$ 9,619**	$ 7,355
Costs and other deductions	**4,806**	5,172
Net income attributable to TCO	**3,402**	1,534

Note 9. Summarized Financial Data — Chevron Phillips Chemical Company LLC

Chevron has a 50 percent equity ownership interest in Chevron Phillips Chemical Company LLC (CPChem). Summarized financial information for 100 percent of CPChem is presented in the table below:

	Nine Months Ended September 30	
	2017	**2016**
	(Millions of dollars)	
Sales and other operating revenues	**$ 6,816**	$ 6,302
Costs and other deductions	**5,732**	5,127
Net income attributable to CPChem	**1,424**	1,343

Note 10. Employee Benefits

Chevron has defined benefit pension plans for many employees. The company typically prefunds defined benefit plans as required by local regulations or in certain situations where prefunding provides economic advantages. In the United States, all qualified plans are subject to the Employee Retirement Income Security Act minimum funding standard. The company does not typically fund U.S. nonqualified pension plans that are not subject to funding requirements under laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company’s other investment alternatives.

The company also sponsors other postretirement employee benefit (OPEB) plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and the retirees share the costs. Beginning in 2017, medical coverage for Medicare-eligible retirees in the company's main U.S. medical plan is provided through a third-party private exchange. The increase to the pre-Medicare company contribution for retiree medical coverage is limited to no more than 4 percent each year. Certain life insurance benefits are paid by the company.

The components of net periodic benefit costs for 2017 and 2016 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Pension Benefits				
United States				
Service cost	**$ 122**	$ 123	**$ 366**	$ 370
Interest cost	**91**	95	**274**	283
Expected return on plan assets	**(149)**	(181)	**(447)**	(542)
Amortization of prior service credits	**(1)**	(2)	**(3)**	(6)
Amortization of actuarial losses	**85**	84	**255**	251
Settlement losses	**169**	162	**325**	324
Total United States	**317**	281	**770**	680
International				
Service cost	**38**	37	**114**	120
Interest cost	**54**	68	**164**	198
Expected return on plan assets	**(61)**	(61)	**(178)**	(184)
Amortization of prior service costs	**3**	1	**9**	11
Amortization of actuarial losses	**11**	14	**33**	37
Settlement losses	**—**	1	**—**	18
Total International	**45**	60	**142**	200
Net Periodic Pension Benefit Costs	**$ 362**	$ 341	**$ 912**	$ 880
Other Benefits*				
Service cost	**$ 8**	$ 15	**$ 24**	$ 45
Interest cost	**23**	32	**71**	96
Amortization of prior service costs	**(7)**	3	**(21)**	10
Amortization of actuarial losses	**(1)**	5	**(4)**	15
Net Periodic Other Benefit Costs	**$ 23**	$ 55	**$ 70**	$ 166

* Includes costs for U.S. and international OPEB plans. Obligations for plans outside the United States are not significant relative to the company's total OPEB obligation.

Through September 30, 2017, a total of $825 million was contributed to employee pension plans (including $681 million to the U.S. plans). Total contributions for the full year are currently estimated to be $950 million ($700 million for the U.S. plans and $250 million for the international plans). Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory requirements and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

During the first nine months of 2017, the company contributed $115 million to its OPEB plans. The company anticipates contributing approximately $48 million during the remainder of 2017.

Note 11. Income Taxes

The 2017 increase in income tax expense between quarterly periods of $864 million, from a benefit of $192 million in 2016 to a charge of $672 million in 2017, is a result of the year-over-year increase in total income before income tax expense, which is primarily due to effects of higher crude oil prices. The company's effective tax rate changed between periods from (17) percent in 2016 to 25 percent in 2017. The change in effective tax rate is primarily a consequence of the mix effect resulting from the absolute level of earnings or losses and whether they arose in higher or lower tax rate jurisdictions. The reduction in statutory tax rates in the United Kingdom in the 2016 quarter also impacted the 2016 effective tax rate.

The 2017 increase in income tax expense for the nine months of $3.4 billion, from a benefit of $1.8 billion in 2016 to a charge of $1.6 billion in 2017, is a result of the year-over-year increase in total income before income tax expense, which is primarily due to effects of higher crude oil prices and gains on asset sales primarily in Indonesia and Canada. The company's effective tax rate changed between periods from 67 percent in 2016 to

21 percent in 2017. The change in effective tax rate is primarily a consequence of the mix effect resulting from the absolute level of earnings or losses and whether they arose in higher or lower tax rate jurisdictions.

Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for certain prior tax years had not been completed as of September 30, 2017. For these jurisdictions, the latest years for which income tax examinations had been finalized were as follows: United States — 2011, Nigeria — 2000, Angola — 2015, Australia — 2006 and Kazakhstan — 2007.

The company engages in ongoing discussions with tax authorities regarding the resolution of tax matters in the various jurisdictions. Both the outcomes for these tax matters and the timing of resolution and/or closure of the tax audits are highly uncertain. However, it is reasonably possible that developments regarding tax matters in certain tax jurisdictions may result in significant increases or decreases in the company's total unrecognized tax benefits within the next 12 months. Given the number of years that still remain subject to examination and the number of matters being examined in the various tax jurisdictions, the company is unable to estimate the range of possible adjustments to the balance of unrecognized tax benefits.

On April 21, 2017, an adverse decision was issued by the full Federal Court of Australia regarding the interest rate to be applied on certain Chevron intercompany loans. On August 14, 2017, an agreement was reached with the Australian Taxation Office to settle this dispute. Management believes the agreed terms to be a reasonable resolution of the dispute, which did not have a material impact on the year-to-date results of the company.

Note 12. Assets Held For Sale

At September 30, 2017, the company classified $584 million of net properties, plant and equipment as "Assets held for sale" on the Consolidated Balance Sheet. These assets are primarily associated with downstream operations that are anticipated to be sold in the next 12 months. The revenues and earnings contributions of these assets in 2016 and the first nine months of 2017 were not material.

The company's Bangladesh operations previously classified as "held for sale" were deemed to be "held and used" in the third quarter 2017 and reclassified to "Properties, plant and equipment" on the Consolidated Balance Sheet.

Note 13. Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to seven pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The company's ultimate exposure related to pending lawsuits and claims is not determinable. The company no longer uses MTBE in the manufacture of gasoline in the United States.

Ecuador

Background Chevron is a defendant in a civil lawsuit initiated in the Superior Court of Nueva Loja in Lago Agrio, Ecuador, in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador and by the pertinent provincial and municipal governments. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

Lago Agrio Judgment In 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $18.9 billion, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8.4 billion could be assessed against Chevron for unjust enrichment. In 2009, following the disclosure by Chevron of evidence that the judge participated in meetings in which businesspeople and individuals holding themselves out as government officials discussed the case and its likely outcome, the judge presiding over the case was recused. In 2010, Chevron moved to strike the mining engineer's report and to dismiss the case based on evidence obtained through discovery in the United States indicating that the report was prepared by consultants for the plaintiffs before being presented as the mining engineer's independent and impartial work and showing further evidence of misconduct. In August 2010, the judge issued an order stating that he was not bound by the mining engineer's report and requiring the parties to provide their positions on damages within 45 days. Chevron subsequently petitioned for recusal of the judge, claiming that he had disregarded evidence of fraud and misconduct and that he had failed to rule on a number of motions within the statutory time requirement.

In September 2010, Chevron submitted its position on damages, asserting that no amount should be assessed against it. The plaintiffs' submission, which relied in part on the mining engineer's report, took the position that damages are between approximately $16 billion and $76 billion and that unjust enrichment should be assessed in an amount between approximately $5 billion and $38 billion. The next day, the judge issued an order closing the evidentiary phase of the case and notifying the parties that he had requested the case file so that he could prepare a judgment. Chevron petitioned to have that order declared a nullity in light of Chevron's prior recusal petition, and because procedural and evidentiary matters remained unresolved. In October 2010, Chevron's motion to recuse the judge was granted. A new judge took charge of the case and revoked the prior judge's order closing the evidentiary phase of the case. On December 17, 2010, the judge issued an order closing the evidentiary phase of the case and notifying the parties that he had requested the case file so that he could prepare a judgment.

On February 14, 2011, the provincial court in Lago Agrio rendered an adverse judgment in the case. The court rejected Chevron's defenses to the extent the court addressed them in its opinion. The judgment assessed approximately $8.6 billion in damages and approximately $900 million as an award for the plaintiffs' representatives. It also assessed an additional amount of approximately $8.6 billion in punitive damages unless the company issued a public apology within 15 days of the judgment, which Chevron did not do. On February 17, 2011, the plaintiffs appealed the judgment, seeking increased damages, and on March 11, 2011, Chevron appealed the judgment seeking to have the judgment nullified. On January 3, 2012, an appellate panel in the provincial court affirmed the February 14, 2011 decision and ordered that Chevron pay additional attorneys' fees in the amount of "0.10% of the values that are derived from the decisional act of this judgment." The plaintiffs filed a petition to clarify and amplify the appellate decision on January 6, 2012, and the court issued a ruling in response on January 13, 2012, purporting to clarify and amplify its January 3, 2012 ruling, which included clarification that the deadline for the company to issue a public apology to avoid the additional amount of approximately $8.6 billion in punitive damages was within 15 days of the clarification ruling, or February 3, 2012. Chevron did not issue an apology because doing so might be mischaracterized as an admission of liability and would be contrary to facts and evidence submitted at trial. On January 20, 2012, Chevron appealed (called a petition for cassation) the appellate panel's decision to Ecuador's National Court of Justice. As part of the appeal, Chevron requested the suspension of any requirement that Chevron post a bond to prevent enforcement

under Ecuadorian law of the judgment during the cassation appeal. On February 17, 2012, the appellate panel of the provincial court admitted Chevron's cassation appeal in a procedural step necessary for the National Court of Justice to hear the appeal. The provincial court appellate panel denied Chevron's request for suspension of the requirement that Chevron post a bond and stated that it would not comply with the First and Second Interim Awards of the international arbitration tribunal discussed below. On March 29, 2012, the matter was transferred from the provincial court to the National Court of Justice, and on November 22, 2012, the National Court agreed to hear Chevron's cassation appeal. On August 3, 2012, the provincial court in Lago Agrio approved a court-appointed liquidator's report on damages that calculated the total judgment in the case to be $19.1 billion. On November 13, 2013, the National Court ratified the judgment but nullified the $8.6 billion punitive damage assessment, resulting in a judgment of $9.5 billion. On December 23, 2013, Chevron appealed the decision to the Ecuador Constitutional Court, Ecuador's highest court. The reporting justice of the Constitutional Court heard oral arguments on the appeal on July 16, 2015.

On July 2, 2013, the provincial court in Lago Agrio issued an embargo order in Ecuador ordering that any funds to be paid by the Government of Ecuador to Chevron to satisfy a $96 million award issued in an unrelated action by an arbitral tribunal presiding in the Permanent Court of Arbitration in The Hague under the Rules of the United Nations Commission on International Trade Law must be paid to the Lago Agrio plaintiffs. The award was issued by the tribunal under the United States-Ecuador Bilateral Investment Treaty in an action filed in 2006 in connection with seven breach of contract cases that Texpet filed against the Government of Ecuador between 1991 and 1993. The Government of Ecuador has moved to set aside the tribunal's award. On September 26, 2014, the Supreme Court of the Netherlands issued an opinion denying Ecuador's set aside request. A Federal District Court for the District of Columbia confirmed the tribunal's award, and, on August 4, 2015, a panel of the U.S. Court of Appeals for the District of Columbia Circuit affirmed the District Court's decision. On September 28, 2015, the Court of Appeals denied the Government of Ecuador's request for full appellate court review of the Federal District Court's decision. On June 6, 2016, the United States Supreme Court denied the Government of Ecuador's petition for Writ of Certiorari. On July 22, 2016, the Government of Ecuador paid the $96 million award, plus interest, resulting in a payment to Chevron of approximately $113 million.

Lago Agrio Plaintiffs' Enforcement Actions Chevron has no assets in Ecuador and the Lago Agrio plaintiffs' lawyers have stated in press releases and through other media that they will seek to enforce the Ecuadorian judgment in various countries and otherwise disrupt Chevron's operations. On May 30, 2012, the Lago Agrio plaintiffs filed an action against Chevron Corporation, Chevron Canada Limited, and Chevron Canada Finance Limited in the Ontario Superior Court of Justice in Ontario, Canada, seeking to recognize and enforce the Ecuadorian judgment. On May 1, 2013, the Ontario Superior Court of Justice held that the Court has jurisdiction over Chevron and Chevron Canada Limited for purposes of the action, but stayed the action due to the absence of evidence that Chevron Corporation has assets in Ontario. The Lago Agrio plaintiffs appealed that decision and, on December 17, 2013, the Court of Appeals for Ontario affirmed the lower court's decision on jurisdiction and set aside the stay, allowing the recognition and enforcement action to be heard in the Ontario Superior Court of Justice. Chevron appealed the decision to the Supreme Court of Canada and, on September 4, 2015, the Supreme Court dismissed the appeal and affirmed that the Ontario Superior Court of Justice has jurisdiction over Chevron and Chevron Canada Limited for purposes of the action. The recognition and enforcement proceeding and related preliminary motions are proceeding in the Ontario Superior Court of Justice. On January 20, 2017, the Ontario Superior Court of Justice granted Chevron Canada Limited's and Chevron Corporation's motions for summary judgment, concluding that the two companies are separate legal entities with separate rights and obligations. As a result, the Superior Court dismissed the recognition and enforcement claim against Chevron Canada Limited. Chevron Corporation still remains as a defendant in the action. On February 3, 2017, the Lago Agrio plaintiffs appealed the Superior Court's January 20, 2017 decision.

On June 27, 2012, the Lago Agrio plaintiffs filed a complaint against Chevron Corporation in the Superior Court of Justice in Brasilia, Brazil, seeking to recognize and enforce the Ecuadorian judgment. Chevron has answered the complaint. In accordance with Brazilian procedure, the matter was referred to the public prosecutor for a nonbinding opinion of the issues raised in the complaint. On May 13, 2015, the public prosecutor issued its

nonbinding opinion and recommended that the Superior Court of Justice reject the plaintiffs' recognition and enforcement request, finding, among other things, that the Lago Agrio judgment was procured through fraud and corruption and cannot be recognized in Brazil because it violates Brazilian and international public order.

On October 15, 2012, the provincial court in Lago Agrio issued an ex parte embargo order that purports to order the seizure of assets belonging to separate Chevron subsidiaries in Ecuador, Argentina and Colombia. On November 6, 2012, at the request of the Lago Agrio plaintiffs, a court in Argentina issued a Freeze Order against Chevron Argentina S.R.L. and another Chevron subsidiary, Ingeniero Norberto Priu, requiring shares of both companies to be "embargoed," requiring third parties to withhold 40 percent of any payments due to Chevron Argentina S.R.L. and ordering banks to withhold 40 percent of the funds in Chevron Argentina S.R.L. bank accounts. On December 14, 2012, the Argentinean court rejected a motion to revoke the Freeze Order but modified it by ordering that third parties are not required to withhold funds but must report their payments. The court also clarified that the Freeze Order relating to bank accounts excludes taxes. On January 30, 2013, an appellate court upheld the Freeze Order, but on June 4, 2013, the Supreme Court of Argentina revoked the Freeze Order in its entirety. On December 12, 2013, the Lago Agrio plaintiffs served Chevron with notice of their filing of an enforcement proceeding in the National Court, First Instance, of Argentina. Chevron filed its answer on February 27, 2014 to which the Lago Agrio plaintiffs responded on December 29, 2015. On April 19, 2016, the public prosecutor in Argentina issued a non-binding opinion recommending to the National Court, First Instance, of Argentina that it reject the Lago Agrio plaintiffs' request to recognize the Ecuadorian judgment in Argentina. On February 24, 2017, the public prosecutor in Argentina issued a supplemental opinion reaffirming its previous recommendations. On November 1, 2017, the National Court, First Instance, of Argentina issued a decision dismissing the Lago Agrio plaintiffs' enforcement proceeding based on jurisdictional grounds.

Chevron continues to believe the provincial court's judgment is illegitimate and unenforceable in Ecuador, the United States and other countries. The company also believes the judgment is the product of fraud, and contrary to the legitimate scientific evidence. Chevron cannot predict the timing or ultimate outcome of the appeals process in Ecuador or any enforcement action. Chevron expects to continue a vigorous defense of any imposition of liability in the Ecuadorian courts and to contest and defend any and all enforcement actions.

Company's Bilateral Investment Treaty Arbitration Claims Chevron and Texpet filed an arbitration claim in September 2009 against the Republic of Ecuador before an arbitral tribunal presiding in the Permanent Court of Arbitration in The Hague under the Rules of the United Nations Commission on International Trade Law. The claim alleges violations of the Republic of Ecuador's obligations under the United States–Ecuador Bilateral Investment Treaty (BIT) and breaches of the settlement and release agreements between the Republic of Ecuador and Texpet (described above), which are investment agreements protected by the BIT. Through the arbitration, Chevron and Texpet are seeking relief against the Republic of Ecuador, including a declaration that any judgment against Chevron in the Lago Agrio litigation constitutes a violation of Ecuador's obligations under the BIT. On February 9, 2011, the Tribunal issued an Order for Interim Measures requiring the Republic of Ecuador to take all measures at its disposal to suspend or cause to be suspended the enforcement or recognition within and without Ecuador of any judgment against Chevron in the Lago Agrio case pending further order of the Tribunal. On January 25, 2012, the Tribunal converted the Order for Interim Measures into an Interim Award. Chevron filed a renewed application for further interim measures on January 4, 2012, and the Republic of Ecuador opposed Chevron's application and requested that the existing Order for Interim Measures be vacated on January 9, 2012. On February 16, 2012, the Tribunal issued a Second Interim Award mandating that the Republic of Ecuador take all measures necessary (whether by its judicial, legislative or executive branches) to suspend or cause to be suspended the enforcement and recognition within and without Ecuador of the judgment against Chevron and, in particular, to preclude any certification by the Republic of Ecuador that would cause the judgment to be enforceable against Chevron. On February 27, 2012, the Tribunal issued a Third Interim Award confirming its jurisdiction to hear Chevron's arbitration claims. On February 7, 2013, the Tribunal issued its Fourth Interim Award in which it declared that the Republic of Ecuador "has violated the First and Second Interim Awards under the [BIT], the UNCITRAL Rules and international law in regard to the finalization and enforcement subject
to execution of the Lago Agrio Judgment within and outside Ecuador, including (but not limited to) Canada, Brazil and Argentina."

The Republic of Ecuador subsequently filed in the District Court of the Hague a request to set aside the Tribunal’s Interim Awards and the First Partial Award (described below), and on January 20, 2016, the District Court denied the Republic's request. On April 13, 2016, the Republic of Ecuador appealed the decision. On July 18, 2017, the Appeals Court of the Hague denied the Republic's appeal.

The Tribunal has divided the merits phase of the proceeding into three phases. On September 17, 2013, the Tribunal issued its First Partial Award from Phase One, finding that the settlement agreements between the Republic of Ecuador and Texpet applied to Texpet and Chevron, released Texpet and Chevron from claims based on "collective" or "diffuse" rights arising from Texpet's operations in the former concession area and precluded third parties from asserting collective/diffuse rights environmental claims relating to Texpet's operations in the former concession area but did not preclude individual claims for personal harm. The Tribunal held a hearing on April 29-30, 2014, to address remaining issues relating to Phase One, and on March 12, 2015, it issued a nonbinding decision that the Lago Agrio plaintiffs' complaint, on its face, includes claims not barred by the settlement agreement between the Republic of Ecuador and Texpet. In the same decision, the Tribunal deferred to Phase Two remaining issues from Phase One, including whether the Republic of Ecuador breached the 1995 settlement agreement and the remedies that are available to Chevron and Texpet as a result of that breach. Phase Two issues were addressed at a hearing held in April and May 2015. The Tribunal has not set a date for Phase Three, the damages phase of the arbitration.

Company's RICO Action Through a series of U.S. court proceedings initiated by Chevron to obtain discovery relating to the Lago Agrio litigation and the BIT arbitration, Chevron obtained evidence that it believes shows a pattern of fraud, collusion, corruption, and other misconduct on the part of several lawyers, consultants and others acting for the Lago Agrio plaintiffs. In February 2011, Chevron filed a civil lawsuit in the Federal District Court for the Southern District of New York against the Lago Agrio plaintiffs and several of their lawyers, consultants and supporters, alleging violations of the Racketeer Influenced and Corrupt Organizations Act and other state laws. Through the civil lawsuit, Chevron is seeking relief that includes a declaration that any judgment against Chevron in the Lago Agrio litigation is the result of fraud and other unlawful conduct and is therefore unenforceable. On March 7, 2011, the Federal District Court issued a preliminary injunction prohibiting the Lago Agrio plaintiffs and persons acting in concert with them from taking any action in furtherance of recognition or enforcement of any judgment against Chevron in the Lago Agrio case pending resolution of Chevron’s civil lawsuit by the Federal District Court. On May 31, 2011, the Federal District Court severed claims one through eight of Chevron’s complaint from the ninth claim for declaratory relief and imposed a discovery stay on claims one through eight pending a trial on the ninth claim for declaratory relief. On September 19, 2011, the U.S. Court of Appeals for the Second Circuit vacated the preliminary injunction, stayed the trial on Chevron’s ninth claim, a claim for declaratory relief, that had been set for November 14, 2011, and denied the defendants’ mandamus petition to recuse the judge hearing the lawsuit. The Second Circuit issued its opinion on January 26, 2012 ordering the dismissal of Chevron’s ninth claim for declaratory relief. On February 16, 2012, the Federal District Court lifted the stay on claims one through eight, and on October 18, 2012, the Federal District Court set a trial date of October 15, 2013. On March 22, 2013, Chevron settled its claims against Stratus Consulting, and on April 12, 2013 sworn declarations by representatives of Stratus Consulting were filed with the Court admitting their role and that of the plaintiffs' attorneys in drafting the environmental report of the mining engineer appointed by the provincial court in Lago Agrio. On September 26, 2013, the Second Circuit denied the defendants' Petition for Writ of Mandamus to recuse the judge hearing the case and to collaterally estop Chevron from seeking a declaration that the Lago Agrio judgment was obtained through fraud and other unlawful conduct.

The trial commenced on October 15, 2013 and concluded on November 22, 2013. On March 4, 2014, the Federal District Court entered a judgment in favor of Chevron, prohibiting the defendants from seeking to enforce the Lago Agrio judgment in the United States and further prohibiting them from profiting from their illegal acts. The defendants appealed the Federal District Court's decision, and, on April 20, 2015, a panel of the U.S. Court of Appeals for the Second Circuit heard oral arguments. On August 8, 2016, the Second Circuit issued a unanimous opinion affirming in full the judgment of the Federal District Court in favor of Chevron. On October 27, 2016, the Second Circuit denied the defendants' petitions for en banc rehearing of the opinion on their appeal. On March 27, 2017, two of the defendants filed a petition for a Writ of Certiorari to the United States Supreme Court. On June 19, 2017, the United States Supreme Court denied the defendants' petition for a Writ of Certiorari.

Management's Assessment The ultimate outcome of the foregoing matters, including any financial effect on Chevron, remains uncertain. Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the Ecuadorian judgment, the 2008 engineer’s report on alleged damages and the September 2010 plaintiffs’ submission on alleged damages, management does not believe these documents have any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Note 14. Other Contingencies and Commitments

Income Taxes The company calculates its income tax expense and liabilities quarterly. These liabilities generally are subject to audit and are not finalized with the individual taxing authorities until several years after the end of the annual period for which income taxes have been calculated. Refer to Note 11 on page 14 and 15 for a discussion of the periods for which tax returns have been audited for the company’s major tax jurisdictions.

As discussed in Note 11, on page 15, the company received an adverse decision on April 21, 2017, regarding the interest rate to be applied on certain Chevron intercompany loans. On August 14, 2017, an agreement was reached with the Australian Taxation Office to settle this dispute. Management believes the agreed terms to be a reasonable resolution of the dispute, which did not have a material impact on the year-to-date results of the company. The company does not expect settlement of income tax liabilities associated with uncertain tax positions to have a material effect on its consolidated financial position or liquidity.

Guarantees The company and its subsidiaries have certain contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, the company would generally be required to perform should the affiliated company or third party fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Indemnifications In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. The acquirer of those assets shared in certain environmental remediation costs up to a maximum obligation of $200 million, which had been reached at December 31, 2009. Under the indemnification agreement, after reaching the $200 million obligation, Chevron is solely responsible until April 2022, when the indemnification expires. The environmental conditions or events that are subject to these indemnities must have arisen prior to the sale of the assets in 1997.

Although the company has provided for known obligations under this indemnity that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain contingent liabilities with respect to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers’ financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, drilling rigs, utilities, and petroleum products, to be used or sold in the ordinary course of the company’s business.

Environmental The company is subject to loss contingencies pursuant to laws, regulations, private claims and legal proceedings related to environmental matters that are subject to legal settlements or that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining activities, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company’s liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Other Contingencies Chevron receives claims from and submits claims to customers; trading partners; joint venture partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; suppliers; and individuals. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve, and may result in gains or losses in future periods.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in significant gains or losses in future periods.

Note 15. Fair Value Measurements

The three levels of the fair value hierarchy of inputs the company uses to measure the fair value of an asset or liability are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the company, Level 1 inputs include exchange-traded futures contracts for which the parties are willing to transact at the exchange-quoted price and marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the company, Level 2 inputs include quoted prices for similar assets or liabilities, prices obtained through third-party broker quotes and prices that can be corroborated with other observable inputs for substantially the complete term of a contract.

Level 3: Unobservable inputs. The company does not use Level 3 inputs for any of its recurring fair value measurements. Level 3 inputs may be required for the determination of fair value associated with certain nonrecurring measurements of nonfinancial assets and liabilities.

The fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at September 30, 2017, and December 31, 2016, is as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis
(Millions of dollars)

	At September 30, 2017				At December 31, 2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Marketable Securities	$ 13	$ 13	$ —	$ —	$ 13	$ 13	$ —	$ —
Derivatives	10	1	9	—	32	15	17	—
Total Assets at Fair Value	$ 23	$ 14	$ 9	$ —	$ 45	$ 28	$ 17	$ —
Derivatives	147	130	17	—	109	78	31	—
Total Liabilities at Fair Value	$ 147	$ 130	$ 17	$ —	$ 109	$ 78	$ 31	$ —

Marketable Securities The company calculates fair value for its marketable securities based on quoted market prices for identical assets. The fair values reflect the cash that would have been received if the instruments were sold at September 30, 2017.

Derivatives The company records its derivative instruments — other than any commodity derivative contracts that are designated as normal purchase and normal sale — on the Consolidated Balance Sheet at fair value, with the offsetting amount to the Consolidated Statement of Income. Derivatives classified as Level 1 include futures, swaps and options contracts traded in active markets such as the New York Mercantile Exchange. Derivatives classified as Level 2 include swaps, options and forward contracts principally with financial institutions and other oil and gas companies, the fair values of which are obtained from third-party broker quotes, industry pricing

services and exchanges. The company obtains multiple sources of pricing information for the Level 2 instruments. Since this pricing information is generated from observable market data, it has historically been very consistent. The company does not materially adjust this information.

Assets carried at fair value at September 30, 2017, and December 31, 2016, are as follows:

Cash and Cash Equivalents The company holds cash equivalents in U.S. and non-U.S. portfolios. The instruments classified as cash equivalents are primarily bank time deposits with maturities of 90 days or less, and money market funds. “Cash and cash equivalents” had carrying/fair values of $6.6 billion and $7.0 billion at September 30, 2017, and December 31, 2016, respectively. The fair values of cash and cash equivalents are classified as Level 1 and reflect the cash that would have been received if the instruments were settled at September 30, 2017.

Restricted Cash had a carrying/fair value of $1.3 billion and $1.4 billion at September 30, 2017, and December 31, 2016, respectively. At September 30, 2017, restricted cash is classified as Level 1 and includes restricted funds related to certain upstream abandonment activities, tax payments, refundable deposits related to pending asset sales and funds held in escrow pending tax deferred exchanges, which are reported in "Prepaid expenses and other current assets" and “Deferred charges and other assets” on the Consolidated Balance Sheet.

Long-Term Debt had a net carrying value, excluding amounts reclassified from short-term, of $25.0 billion and $26.2 billion at September 30, 2017, and December 31, 2016, respectively. The fair value of long-term debt at September 30, 2017, and December 31, 2016 was $25.7 billion and $26.6 billion, respectively. Long-term debt primarily includes corporate issued bonds. The fair value of corporate bonds classified as Level 1 is $25.0 billion. The fair value of other long-term debt classified as Level 2 is $0.7 billion.

The carrying values of other short-term financial assets and liabilities on the Consolidated Balance Sheet approximate their fair values. Fair value remeasurements of other financial instruments at September 30, 2017, and December 31, 2016, were not material.

The fair value hierarchy for assets and liabilities measured at fair value on a nonrecurring basis at September 30, 2017, is as follows:

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis
(Millions of dollars)

	At September 30, 2017					
					Before-Tax Loss	
	Total	Level 1	Level 2	Level 3	Three Months Ended	Nine Months Ended
Properties, plant and equipment, net (held and used)	$ 106	$ —	$ —	$ 106	$ 36	$ 654
Properties, plant and equipment, net (held for sale)	115	—	115	—	11	290
Investments and advances	12	—	—	12	8	14
Total Assets at Fair Value	**$ 233**	**$ —**	**$ 115**	**$ 118**	**$ 55**	**$ 958**

Properties, plant and equipment The company did not have any individually material impairments of long-lived assets measured at fair value on a nonrecurring basis to report in third quarter 2017.

Investments and advances The company did not have any material impairments of investments and advances measured at fair value on a nonrecurring basis to report in third quarter 2017.

Note 16. Financial and Derivative Instruments

The company’s derivative instruments principally include crude oil, natural gas and refined product futures, swaps, options, and forward contracts. None of the company’s derivative instruments are designated as hedging instruments, although certain of the company’s affiliates make such a designation. The company’s derivatives are not material to the company’s consolidated financial position, results of operations or liquidity. The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivatives activities.

The company uses derivative commodity instruments traded on the New York Mercantile Exchange and on electronic platforms of the Inter-Continental Exchange and Chicago Mercantile Exchange. In addition, the company enters into swap contracts and option contracts principally with major financial institutions and other oil and gas companies in the “over-the-counter” markets, which are governed by International Swaps and Derivatives Association agreements and other master netting arrangements.

Derivative instruments measured at fair value at September 30, 2017, and December 31, 2016, and their classification on the Consolidated Balance Sheet and Consolidated Statement of Income are as follows:

Consolidated Balance Sheet: Fair Value of Derivatives Not Designated as Hedging Instruments
(Millions of dollars)

Type of Contract	Balance Sheet Classification	At September 30 2017	At December 31 2016
Commodity	Accounts and notes receivable, net	**$ 10**	$ 30
Commodity	Long-term receivables, net	**—**	2
Total Assets at Fair Value		**$ 10**	$ 32
Commodity	Accounts payable	**$ 145**	$ 99
Commodity	Deferred credits and other noncurrent obligations	**2**	10
Total Liabilities at Fair Value		**$ 147**	$ 109

Consolidated Statement of Income: The Effect of Derivatives Not Designated as Hedging Instruments
(Millions of dollars)

		Gain / (Loss) Three Months Ended September 30		Gain / (Loss) Nine Months Ended September 30	
Type of Contract	Statement of Income Classification	2017	2016	2017	2016
Commodity	Sales and other operating revenues	**$ (196)**	$ (23)	**$ 82**	$ (194)
Commodity	Purchased crude oil and products	**(7)**	4	**3**	(17)
Commodity	Other income	**1**	(3)	**(2)**	(1)
		$ (202)	$ (22)	**$ 83**	$ (212)

The table below represents gross and net derivative assets and liabilities subject to netting agreements on the Consolidated Balance Sheet at September 30, 2017, and December 31, 2016.

Consolidated Balance Sheet: The Effect of Netting Derivative Assets and Liabilities
(Millions of dollars)

At September 30, 2017	Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Not Offset	Net Amount
Derivative Assets	**$ 1,732**	**$ 1,722**	**$ 10**	**$ —**	**$ 10**
Derivative Liabilities	**$ 1,869**	**$ 1,722**	**$ 147**	**$ —**	**$ 147**
At December 31, 2016					
Derivative Assets	$ 1,052	$ 1,020	$ 32	$ —	$ 32
Derivative Liabilities	$ 1,129	$ 1,020	$ 109	$ —	$ 109

Derivative assets and liabilities are classified on the Consolidated Balance Sheet as accounts and notes receivable, long-term receivables, accounts payable, and deferred credits and other noncurrent obligations. Amounts not offset on the Consolidated Balance Sheet represent positions that do not meet all the conditions for "a right of offset."

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Third Quarter 2017 Compared with Third Quarter 2016
And Nine Months 2017 Compared with Nine Months 2016

Key Financial Results

Earnings by Business Segment

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Upstream				
United States	$ (26)	$ (212)	$ (48)	$ (2,175)
International	515	666	2,907	(1,292)
Total Upstream	489	454	2,859	(3,467)
Downstream				
United States	640	523	1,743	1,307
International	1,174	542	2,192	1,771
Total Downstream	1,814	1,065	3,935	3,078
Total Segment Earnings	2,303	1,519	6,794	(389)
All Other	(351)	(236)	(710)	(523)
Net Income (Loss) Attributable to Chevron Corporation [1] [2]	$ 1,952	$ 1,283	$ 6,084	$ (912)
[1] Includes foreign currency effects	$ (112)	$ 72	$ (351)	$ 32

[2] Income net of tax; also referred to as "earnings" in the discussions that follow.

Net income attributable to Chevron Corporation for third quarter 2017 was $1.95 billion ($1.03 per share — diluted), compared with earnings of $1.28 billion ($0.68 per share — diluted) in the corresponding 2016 period. Net income attributable to Chevron Corporation for the first nine months of 2017 was $6.08 billion ($3.21 per share — diluted), compared with a loss of $912 million ($0.49 per share — diluted) in the first nine months of 2016.

Upstream earnings in third quarter 2017 were $489 million compared with $454 million a year earlier. The increase was mainly due to higher crude oil realizations, and higher natural gas and crude production, partially offset by higher depreciation expenses and higher tax items. Earnings for the first nine months of 2017 were $2.86 billion compared with a loss of $3.47 billion a year earlier. The increase was due to higher crude oil realizations, increased natural gas sales volumes, higher gains on asset sales, lower depreciation expense primarily due to lower impairments, and lower operating expenses.

Downstream earnings in third quarter 2017 were $1.81 billion compared with $1.07 billion in the corresponding 2016 period. The increase was due to gains on asset sales and higher margins on refined product sales, partially offset by higher operating expenses. Earnings for the first nine months of 2017 were $3.94 billion compared with $3.08 billion in the corresponding 2016 period. The increase was due to higher margins on refined product sales, gains on asset sales, and the absence of a 2016 asset impairment. Partially offsetting the increase was lower shipping results.

Refer to pages 28 through 31 for additional discussion of results by business segment and "All Other" activities for third quarter and first nine months of 2017 versus the same periods in 2016.

Business Environment and Outlook

Chevron Corporation* is a global energy company with substantial business activities in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Canada, China, Colombia, Democratic Republic of the Congo, Denmark, Indonesia, Kazakhstan, Myanmar, Nigeria, the Partitioned Zone between Saudi Arabia and Kuwait, Philippines, Republic of Congo, Singapore, South Africa, South Korea, Thailand, the United Kingdom, the United States, and Venezuela.

Earnings of the company depend mostly on the profitability of its upstream business segment. The biggest factor affecting the results of operations for the upstream segment is the price of crude oil. The price of crude oil has fallen significantly since mid-year 2014. The downturn in the price of crude oil has impacted the company's results of operations, cash flows, leverage, capital and exploratory investment program and production outlook. A sustained lower price environment could result in the impairment or write-off of specific assets in future periods. The company is responding with reductions in operating expenses, pacing and re-focusing of capital and exploratory expenditures, and increased asset sales. The company anticipates that crude oil prices will increase in the future, as continued growth in demand and a slowing in supply growth should bring global markets into balance; however, the timing of any such increase is unknown. In the company's downstream business, crude oil is the largest cost component of refined products. It is the company's objective to deliver competitive results and shareholder value in any business environment.

The effective tax rate for the company can change substantially during periods of significant earnings volatility. This is due to the mix effects that are impacted both by the absolute level of earnings or losses and whether they arise in higher or lower tax rate jurisdictions. As a result, a decline or increase in the effective tax rate in one period may not be indicative of expected results in future periods. Note 11 provides the company's effective income tax rate for the third quarters of 2017 and 2016.

Refer to the "Cautionary Statement Relevant to Forward-Looking Information" on page 2 and to "Risk Factors" on pages 20 through 22 of the company's 2016 Annual Report on Form 10-K for a discussion of some of the inherent risks that could materially impact the company's results of operations or financial condition.

The company continually evaluates opportunities to dispose of assets that are not expected to provide sufficient long-term value or to acquire assets or operations complementary to its asset base to help augment the company's financial performance and value growth. The company's asset sale program for 2016 and 2017 is targeting before-tax proceeds of $5-10 billion. Proceeds and deposits related to asset sales were $2.8 billion in 2016 and $4.9 billion in the first nine months of 2017. Refer to the "Results of Operations" section beginning on page 28 for discussions of net gains on asset sales during 2017. Asset dispositions and restructurings may also occur in future periods and could result in significant gains or losses.

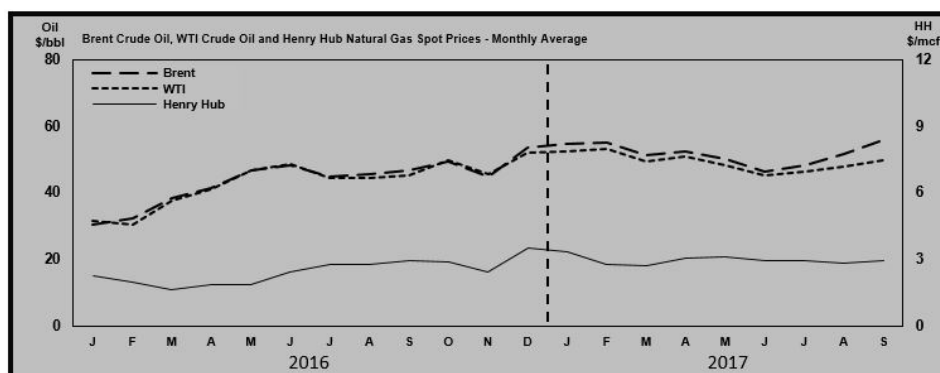
The company closely monitors developments in the financial and credit markets, the level of worldwide economic activity, and the implications for the company of movements in prices for crude oil and natural gas. Management takes these developments into account in the conduct of daily operations and for business planning.

Comments related to earnings trends for the company's major business areas are as follows:

Upstream Earnings for the upstream segment are closely aligned with industry prices for crude oil and natural gas. Crude oil and natural gas prices are subject to external factors over which the company has no control, including product demand connected with global economic conditions, industry inventory levels, technology advancements, production quotas or other actions imposed by the Organization of Petroleum Exporting Countries (OPEC), actions of regulators, weather-related damage and disruptions, competing fuel prices, and regional supply interruptions or fears thereof that may be caused by military conflicts, civil unrest or political uncertainty. Any of these factors could also inhibit the company's production capacity in an affected region. The company closely monitors developments in the countries in which it operates and holds investments, and seeks to manage risks in operating its facilities and businesses. The longer-term trend in earnings for the upstream segment is also a function of other factors, including the company's ability to find or acquire and efficiently produce crude oil and natural gas, changes in fiscal terms of contracts, and changes in tax laws and regulations.

* Incorporated in Delaware in 1926 as Standard Oil Company of California, the company adopted the name Chevron Corporation in 1984 and ChevronTexaco Corporation in 2001. In 2005, ChevronTexaco Corporation changed its name to Chevron Corporation. As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or all of them taken as a whole, but unless stated otherwise they do not include "affiliates" of Chevron — i.e., those companies accounted for by the equity method (generally owned 50 percent or less) or investments accounted for by the cost method. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

The company continues to actively manage its schedule of work, contracting, procurement and supply-chain activities to effectively manage costs. However, price levels for capital and exploratory costs and operating expenses associated with the production of crude oil and natural gas can be subject to external factors beyond the company's control including, among other things, the general level of inflation, commodity prices and prices charged by the industry's material and service providers, which can be affected by the volatility of the industry's own supply-and-demand conditions for such materials and services. Costs in some North American unconventional plays are starting to rise with higher levels of activity and investment. Costs outside of the North American unconventional space continue to decline driven by reduced investment and the lower oil price environment. Capital and exploratory expenditures and operating expenses could also be affected by damage to production facilities caused by severe weather or civil unrest, delays in construction, or other factors.



The chart above shows the trend in benchmark prices for Brent crude oil, West Texas Intermediate (WTI) crude oil, and U.S. Henry Hub natural gas. The Brent price averaged $44 per barrel for the full-year 2016. During 2017, Brent averaged $52 per barrel in the third quarter, and ended October at about $61. The majority of the company's equity crude production is priced based on the Brent benchmark. Brent markets trended higher in a $47-$57 per barrel range throughout the third quarter of 2017, as strong seasonal demand and hurricane-related disruptions tightened global markets, while rising geopolitical tensions created additional uncertainty. Ongoing strong compliance among OPEC producers on production cuts implemented beginning in January 2017, and discussions about potentially extending the agreement beyond its currently-planned expiration in first quarter 2018, further reinforced market confidence.

The WTI price averaged $43 per barrel for the full-year 2016. During 2017, WTI averaged $48 per barrel in the third quarter, and ended October at about $54. The WTI discount to Brent widened significantly over the third quarter of 2017 relative to first-half 2017 as persistently rising inventories at Cushing led to concerns of renewed infrastructure constraints, and hurricane activity interrupted exports that caused total U.S. crude oil inventory levels to briefly rise.

A differential in crude oil prices exists between high quality (high-gravity, low-sulfur) crudes and those of lower quality (low-gravity, high-sulfur). The amount of the differential in any period is associated with the relative supply/demand balances for each crude type. In third quarter 2017, the differential remained relatively stable in North America. Outside of North America, differentials widened as strong refinery demand combined with maintenance in the North Sea and unplanned outages in Libya tightened light sweet crude markets.

Chevron produces or shares in the production of heavy crude oil in California, Indonesia, the Partitioned Zone between Saudi Arabia and Kuwait, Venezuela and in certain fields in Angola, China and the United Kingdom sector of the North Sea. (See page 33 for the company's average U.S. and international crude oil sales prices.)

In contrast to price movements in the global market for crude oil, price changes for natural gas in many regional markets are more closely aligned with supply-and-demand conditions in those markets. Fluctuations in the price for natural gas in the United States are closely associated with customer demand relative to the volumes produced in North America. In the United States, prices at Henry Hub averaged $3.00 per thousand cubic feet (MCF) for the first nine months of 2017, compared with $2.29 during the first nine months of 2016. At the end of October 2017, the Henry Hub spot price was $2.77 per MCF.

Outside the United States, price changes for natural gas depend on a wide range of supply, demand and regulatory circumstances. Chevron sells natural gas into the domestic pipeline market in most locations. In some locations, Chevron continues to invest in long-term projects to install infrastructure to produce and liquefy natural gas for transport by tanker to other markets. The company's long-term contract prices for liquefied natural gas (LNG) are typically linked to crude oil prices. Most of the equity LNG offtake from the operated Australian LNG projects is committed under binding long-term contracts, with the remainder to be sold in the Asian spot LNG market. The Asian spot market reflects the supply and demand for LNG in the Pacific Basin and is not directly linked to crude oil prices. International natural gas sales prices averaged $4.50 per MCF during the first nine months of 2017, compared with $4.01 per MCF in the same period last year. (See page 33 for the company's average natural gas sales prices for the U.S. and international regions.)

The company's worldwide net oil-equivalent production in the first nine months of 2017 averaged 2.724 million barrels per day. About one-sixth of the company's net oil-equivalent production in the first nine months of 2017 occurred in the OPEC-member countries of Angola, Nigeria and Venezuela. OPEC quotas had no effect on the company's net crude oil production for the third quarter of 2017 or 2016.

The company estimates that net oil-equivalent production for the full-year 2017 will grow 6 to 8 percent compared to 2016, assuming a Brent crude oil price of $50 per barrel and before the effect of anticipated asset sales. The impact of 2017 asset sales on full-year production is expected to be approximately 30,000 barrels of oil-equivalent per day. The estimate of full-year production is subject to many factors and uncertainties, including quotas or other actions that may be imposed by OPEC; price effects on entitlement volumes; changes in fiscal terms or restrictions on the scope of company operations; delays in construction, start-up or ramp-up of projects; fluctuations in demand for natural gas in various markets; weather conditions that may shut in production; civil unrest; changing geopolitics; delays in completion of maintenance turnarounds; greater-than-expected declines in production from mature fields; or other disruptions to operations. The outlook for future production levels is also affected by the size and number of economic investment opportunities and, for new, large-scale projects, the time lag between initial exploration and the beginning of production. Investments in certain upstream projects can begin well in advance of the start of the associated crude oil and natural gas production. A significant majority of Chevron's upstream investment is made outside the United States.

In the Partitioned Zone between Saudi Arabia and Kuwait, production was shut-in beginning in May 2015 as a result of difficulties in securing work and equipment permits. Net oil-equivalent production in the Partitioned Zone in 2014 was 81,000 barrels per day. During 2015, net oil-equivalent production averaged 28,000 barrels per day. As of early November 2017, production remained shut-in, and the exact timing of a production restart is uncertain and dependent on dispute resolution between Saudi Arabia and Kuwait. The financial effects from the loss of production in 2015 and 2016 were not significant and are not expected to be significant in 2017.

Refer to the "Results of Operations" section on pages 28 and 29 for additional discussion of the company's upstream business.

Downstream Earnings for the downstream segment are closely tied to margins on the refining, manufacturing and marketing of products that include gasoline, diesel, jet fuel, lubricants, fuel oil, fuel and lubricant additives, and petrochemicals. Industry margins are sometimes volatile and can be affected by the global and regional supply-and-demand balance for refined products and petrochemicals, and by changes in the price of crude oil, other refinery and petrochemical feedstocks, and natural gas. Industry margins can also be influenced by inventory levels, geopolitical events, costs of materials and services, refinery or chemical plant capacity utilization, maintenance programs, and disruptions at refineries or chemical plants resulting from unplanned outages due to severe weather, fires or other operational events.

Other factors affecting profitability for downstream operations include the reliability and efficiency of the company's refining, marketing and petrochemical assets, the effectiveness of its crude oil and product supply functions, and the volatility of tanker-charter rates for the company's shipping operations, which are driven by the industry's demand for crude oil and product tankers. Other factors beyond the company's control include the general level of inflation and energy costs to operate the company's refining, marketing and petrochemical assets.

The company's most significant marketing areas are the West Coast and Gulf Coast of the United States, Asia and southern Africa. Chevron operates or has significant ownership interests in refineries in each of these areas.

Refer to the "Results of Operations" section on pages 29 and 30 for additional discussion of the company's downstream operations.

All Other consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

Operating Developments

Noteworthy operating developments in recent months included the following:

- *Australia* — Announced first LNG production and first cargo shipment from Train 1 at the Wheatstone LNG Project.

Results of Operations

Business Segments The following section presents the results of operations and variances on an after-tax basis for the company's business segments — Upstream and Downstream — as well as for "All Other." (Refer to Note 6, beginning on page 10, for a discussion of the company's "reportable segments," as defined under the accounting standards for segment reporting.)

Upstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
	(Millions of dollars)			
U.S. Upstream Earnings	**$ (26)**	$ (212)	**$ (48)**	$ (2,175)

U.S. upstream operations incurred a loss of $26 million in third quarter 2017, compared with a loss of $212 million from a year ago. The improvement reflected higher crude oil and natural gas realizations of $160 million.

U.S. upstream incurred a loss of $48 million for the first nine months of 2017, compared with a loss of $2.18 billion from a year earlier. The improvement in earnings was primarily due to higher crude oil and natural gas realizations of $1.0 billion and lower depreciation expenses of $580 million, primarily from lower impairment charges of $360 million. Lower operating expenses of $190 million and higher gains on asset sales of $180 million also contributed to the improvement.

The average realization per barrel for U.S. crude oil and natural gas liquids in third quarter 2017 was $42, up from $37 a year ago. The average nine-month realization per barrel for U.S. crude oil and natural gas liquids was $43 in 2017, compared to $33 a year earlier. The average natural gas realization in third quarter 2017 was $1.80 per thousand cubic feet, compared with $1.89 in 2016. The average nine-month natural gas realization was $2.17 per thousand cubic feet in 2017 and $1.47 in 2016.

Net oil-equivalent production of 681,000 barrels per day in third quarter 2017 was down 17,000 barrels per day, or 2 percent, from a year earlier. Production increases from shale and tight properties in the Permian Basin in Texas and New Mexico, and base business in the Gulf of Mexico, were more than offset by the impact of asset sales of 67,000 barrels per day, and normal field declines. Net oil-equivalent production of 684,000 barrels per day in the first nine months of 2017 was down 10,000 barrels per day, or 1 percent, from a year earlier. Production increases from base business in the Gulf of Mexico and shale and tight properties in the Permian Basin in Texas and New Mexico, were more than offset by the effect of asset sales of 62,000 barrels per day and normal field declines.

The net liquids component of oil-equivalent production of 525,000 barrels per day in third quarter 2017 was up 1 percent from the corresponding 2016 period. The net liquids component of oil-equivalent production of 520,000 barrels per day in the 2017 nine-month period was up 3 percent from the 2016 period. Net natural gas production was 932 million cubic feet per day in third quarter 2017, a decrease of 13 percent from the 2016 comparative period, primarily as a result of asset sales. Net natural gas production was 988 million cubic feet per day in the nine-month period, a decrease of 14 percent from the 2016 period, primarily as a result of asset sales.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
	(Millions of dollars)			
International Upstream Earnings*	**$ 515**	$ 666	**$ 2,907**	$ (1,292)
* Includes foreign currency effects	**$ (164)**	$ 85	**$ (441)**	$ 116

International upstream operations earned $515 million in third quarter 2017, compared with $666 million a year ago. The decrease in earnings was mainly due to higher depreciation expense of $790 million including the effect of catch-up depreciation of $220 million for the Bangladesh operations that the company no longer intends to sell and an asset write-off of $220 million. Also contributing to the decrease were higher tax expenses of $250 million and the absence of an Ecuador arbitration award of $70 million. More than offsetting these items were higher crude oil and natural gas realizations of $380 million and $100 million, respectively, higher natural gas and crude oil sales volumes of $310 million and $170 million, respectively, and higher equity income from the absence of a TCO royalty expense of $320 million. Foreign currency effects had an unfavorable impact on earnings of $249 million between periods.

Earnings for the first nine months of 2017 were $2.91 billion, compared with a loss of $1.29 billion from a year earlier. The increase in earnings was primarily due to higher crude oil realizations of $1.88 billion, higher natural gas sales volumes of $950 million, higher gains on asset sales of $690 million, higher equity income from the absence of a TCO royalty expense of $320 million, lower operating expenses of $320 million, lower tax expenses of $210 million, and lower exploration expenses of $160 million. Foreign currency effects had an unfavorable impact on earnings of $557 million between periods.

The average realization per barrel of crude oil and natural gas liquids in third quarter 2017 was $48, compared with $41 a year earlier. The average realization per barrel of crude oil and natural gas liquids in the first nine months of 2017 was $47, compared with $37 a year earlier. The average natural gas realization in third quarter 2017 was $4.76 per thousand cubic feet, compared with $4.18 in the 2016 period. The average natural gas realization in the first nine months of 2017 was $4.50 per thousand cubic feet, compared with $4.01 in the 2016 period.

International net oil-equivalent production of 2.04 million barrels per day in third quarter 2017 was up 221,000 barrels per day, or 12 percent, from the corresponding 2016 period. Production increases from major capital projects, primarily Gorgon and Angola LNG, and lower planned turnaround effects at Tengizchevroil, were partially offset by production entitlement effects in several locations and normal field declines.

International net oil-equivalent production of 2.04 million barrels per day in the first nine months of 2017 was up 165,000 barrels per day, or 9 percent, from the corresponding 2016 period. Production increases from major capital projects and lower planned maintenance-related downtime were partially offset by production entitlement effects in several locations and normal field declines.

The net liquids component of oil-equivalent production of 1.19 million barrels per day in third quarter 2017 increased 5 percent from the 2016 period. The net liquids component of oil-equivalent production of 1.21 million barrels per day in the first nine months of 2017 was essentially unchanged from the corresponding 2016 period. Net natural gas production of 5.05 billion cubic feet per day in third quarter 2017 increased 25 percent from the 2016 period. Net natural gas production of 5.00 billion cubic feet per day in the first nine months of 2017 increased 25 percent from the 2016 period.

Downstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
	(Millions of dollars)			
U.S. Downstream Earnings	**$ 640**	$ 523	**$ 1,743**	$ 1,307

U.S. downstream operations earned $640 million in third quarter 2017, compared with earnings of $523 million a year earlier. The increase in earnings was primarily due to higher margins on refined product sales of $120 million.

Earnings for the first nine months of 2017 were $1.74 billion, compared to $1.31 billion a year earlier. The increase was due to higher margins on refined product sales of $280 million, the absence of an asset impairment of $110 million, and lower operating expenses of $90 million. Partially offsetting this increase were the absence of 2016 asset sale gains of $60 million.

Refinery crude oil input in third quarter 2017 decreased 4 percent from the year-ago period to 931,000 barrels per day. For the first nine months of 2017, crude oil input was 924,000 barrels per day, down 4 percent from the corresponding 2016 period. Refined product sales of 1.23 million barrels per day decreased 2 percent from third quarter 2016. Branded gasoline sales of 540,000 barrels per day decreased 2 percent from third quarter 2016. Refined product sales of 1.21 million barrels per day in the nine-month period were down 3 percent from the first nine months of 2016. Branded gasoline sales of 531,000 barrels per day for the first nine months decreased 1 percent from the corresponding 2016 period. Refinery crude oil input and refined product sales were lower in both comparative periods due to divestment of the Hawaii refining and marketing assets in fourth quarter 2016.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
International Downstream Earnings*	**$ 1,174**	$ 542	**$ 2,192**	$ 1,771
* Includes foreign currency effects	**$ 15**	$ (4)	**$ (27)**	$ (78)

International downstream operations earned $1.17 billion in third quarter 2017, compared with $542 million a year earlier. The increase in earnings was largely due to higher gains on asset sales of $760 million, primarily from the $675 million gain on the sale of the company's Canadian refining and marketing assets. Higher operating expenses of $80 million and lower margins on refined product sales of $40 million were partially offsetting. Foreign currency effects had a favorable impact on earnings of $19 million between periods.

Earnings for the first nine months of 2017 were $2.19 billion, compared with $1.77 billion a year earlier. The increase in earnings was primarily due to higher gains on asset sales of $370 million and higher margins on refined product sales of $200 million. Higher operating expenses of $120 million and lower shipping results of $80 million were partially offsetting. Foreign currency effects had a favorable impact on earnings of $51 million between periods.

Refinery crude oil input of 801,000 barrels per day in third quarter 2017 increased 11,000 barrels per day from the year-ago period mainly due to crude unit optimizations and lower maintenance at the company's affiliate, Singapore Refining Company. For the first nine months of 2017, crude input was 760,000 barrels per day, down 3 percent from the year-ago period.

Total refined product sales of 1.55 million barrels per day in third quarter 2017 were up 6 percent from the year -ago period, primarily due to higher diesel and jet fuel sales. Total refined product sales for the first nine months of 2017 were up 2 percent from the year-ago period.

All Other

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Net Charges*	**$ (351)**	$ (236)	**$ (710)**	$ (523)
* Includes foreign currency effects	**$ 37**	$ (9)	**$ 117**	$ (6)

All Other consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

Net charges in third quarter 2017 were $351 million, compared with $236 million a year earlier. The change between periods was mainly due to higher tax items and higher corporate charges. Partially offsetting was lower interest expenses. Foreign currency effects decreased net charges by $46 million between periods.

Net charges for the first nine months of 2017 were $710 million, compared with $523 million a year earlier. The change between periods was mainly due to higher tax items, an impairment of an asset, and higher corporate charges, partially offset by lower employee expense. Foreign currency effects decreased net charges by $123 million between periods.

Consolidated Statement of Income

Explanations of variations between periods for selected income statement categories are provided below:

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Sales and other operating revenues	**$ 33,892**	$ 29,159	**$ 98,293**	$ 80,073

Sales and other operating revenues increased $4.7 billion for the quarterly period mainly due to higher refined product and crude oil prices, higher refined product volumes, and higher natural gas prices and volumes. Sales and other operating revenues increased $18.2 billion for the nine-month period mainly due to higher refined product and crude oil prices, higher crude oil volumes, and higher natural gas prices and volumes.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Income from equity affiliates	**$ 1,036**	$ 555	**$ 3,502**	$ 1,883

Income from equity affiliates in the quarterly period increased mainly due to higher upstream-related earnings from Tengizchevroil in Kazakhstan. Income from equity affiliates in the nine-month period increased mainly due to higher upstream-related earnings from Tengizchevroil in Kazakhstan and Angola LNG.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Other income	**$ 1,277**	$ 426	**$ 2,311**	$ 1,019

Other income for the quarterly and nine-month periods increased due to higher gains on asset sales.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Purchased crude oil and products	**$ 18,776**	$ 15,842	**$ 54,607**	$ 42,345

Purchases increased $2.9 billion for the quarterly period primarily due to higher refined product and crude oil prices, and higher crude oil and refined product volumes. The nine-month period increased $12.3 billion primarily due to higher crude oil and refined product prices, higher refined product and crude oil volumes, and higher natural gas prices.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Operating, selling, general and administrative expenses	**$ 6,175**	$ 5,775	**$ 17,354**	$ 18,264

Operating, selling, general and administrative expenses increased $400 million between quarterly periods due to higher services and fees, employee, environmental, and fuel expenses.

Expenses decreased $910 million between nine-month periods primarily due to lower employee, non-operated joint venture and transportation expenses, partially offset by higher fuel expenses.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Exploration expenses	**$ 239**	$ 258	**$ 508**	$ 842

The decrease in exploration expenses for the quarterly period and nine-month periods was primarily due to lower charges for well write-offs.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Depreciation, depletion and amortization	**$ 5,109**	$ 4,130	**$ 14,614**	$ 15,254

Depreciation, depletion and amortization expenses in third quarter 2017 increased mainly due to higher production levels for certain oil and gas producing fields, an asset write-off, and catch-up depreciation for the Bangladesh operations that the company no longer intends to sell, partially offset by lower depreciation rates for certain oil and gas producing fields. The nine-month period decreased mainly due to lower impairment expenses for certain oil and gas producing properties, and the absence of a 2016 impairment of a downstream asset, partially offset by higher production levels for certain oil and gas producing fields, an asset write-off, and catch-up depreciation for the Bangladesh operations that the company no longer intends to sell.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Taxes other than on income	**$ 3,213**	$ 2,962	**$ 9,149**	$ 8,799

Taxes other than on income increased in third quarter 2017 primarily due to higher crude oil, refined product and natural gas sales, higher duties, and higher production.

Taxes other than on income increased in the nine-month period primarily due to higher duties, higher crude oil, refined product and natural gas sales, and higher production.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	(Millions of dollars)			
Income tax expense (benefit)	**$ 672**	$ (192)	**$ 1,589**	$ (1,803)

The increase in income tax expense between quarterly periods of $864 million is consistent with the increase in total income before tax for the company of $1.55 billion. U.S. losses before tax decreased from a loss of $480 million in third quarter 2016 to a loss of $211 million in 2017. The lower losses were primarily driven by the effect of higher crude oil prices. The decrease in losses had a direct impact on the company's U.S. income tax benefit, resulting in a decrease in benefit of $111 million between year-over-year periods, from a tax benefit of $416 million in 2016 to a tax benefit of $305 million in 2017. International income before tax increased from $1.59 billion in 2016 to $2.87 billion in 2017. This $1.28 billion increase was primarily driven by the effect of higher crude oil prices. The higher crude prices primarily drove the $753 million increase in international income tax expense between year-over-year periods, from $224 million in 2016 to $977 million in 2017.

The increase in income tax expense for the first nine months of 2017 of $3.39 billion is consistent with the increase in total income before tax for the company of $10.41 billion. U.S. losses before tax decreased from a loss of $3.88 billion in 2016 to a loss of $66 million in 2017. This decrease in losses was primarily driven by the effect of higher crude oil prices. The decrease in losses had a direct impact on the company's U.S. income tax cost, resulting in a decrease in tax benefit of $1.52 billion between year-over-year periods, from $2.07 billion in 2016 to $549 million in 2017. International income before tax increased from $1.20 billion in 2016 to $7.81 billion in 2017. This $6.61 billion increase was primarily driven by the effect of higher crude oil prices and gains on asset sales primarily in Indonesia and Canada. The higher crude prices primarily drove the $1.87 billion increase in international income tax expense between year-over-year periods, from $264 million in 2016 to $2.14 billion in 2017.

Refer also to the discussion of the effective income tax rate in Note 11 on pages 14 and 15.

Selected Operating Data

The following table presents a comparison of selected operating data:

Selected Operating Data [1][2]

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
U.S. Upstream				
Net crude oil and natural gas liquids production (MBPD)	**525**	519	**520**	503
Net natural gas production (MMCFPD)[3]	**932**	1,077	**988**	1,144
Net oil-equivalent production (MBOEPD)	**681**	698	**684**	694
Sales of natural gas (MMCFPD)	**3,455**	3,263	**3,288**	3,408
Sales of natural gas liquids (MBPD)	**37**	37	**34**	29
Revenue from net production				
Liquids ($/Bbl)	**$ 41.83**	$ 36.88	**$ 42.65**	$ 33.16
Natural gas ($/MCF)	**$ 1.80**	$ 1.89	**$ 2.17**	$ 1.47
International Upstream				
Net crude oil and natural gas liquids production (MBPD)[4]	**1,194**	1,142	**1,206**	1,207
Net natural gas production (MMCFPD)[3]	**5,053**	4,036	**5,001**	4,009
Net oil-equivalent production (MBOEPD)[4]	**2,036**	1,815	**2,040**	1,875
Sales of natural gas (MMCFPD)	**4,978**	4,306	**5,018**	4,455
Sales of natural gas liquids (MBPD)	**28**	21	**29**	23
Revenue from liftings				
Liquids ($/Bbl)	**$ 47.81**	$ 41.08	**$ 47.07**	$ 36.64
Natural gas ($/MCF)	**$ 4.76**	$ 4.18	**$ 4.50**	$ 4.01
U.S. and International Upstream				
Total net oil-equivalent production (MBOEPD)[4]	**2,717**	2,513	**2,724**	2,569
U.S. Downstream				
Gasoline sales (MBPD)[5]	**649**	653	**629**	638
Other refined product sales (MBPD)	**576**	591	**577**	601
Total refined product sales (MBPD)	**1,225**	1,244	**1,206**	1,239
Sales of natural gas liquids (MBPD)	**100**	127	**108**	116
Refinery input (MBPD)	**931**	970	**924**	960
International Downstream				
Gasoline sales (MBPD)[5]	**352**	378	**339**	361
Other refined product sales (MBPD)	**835**	700	**785**	716
Share of affiliate sales (MBPD)	**369**	391	**360**	374
Total refined product sales (MBPD)	**1,556**	1,469	**1,484**	1,451
Sales of natural gas liquids (MBPD)	**62**	46	**65**	59
Refinery input (MBPD)	**801**	790	**760**	784

(1) Includes company share of equity affiliates.

(2) MBPD — thousands of barrels per day; MMCFPD — millions of cubic feet per day; Bbl — Barrel; MCF — thousands of cubic feet; oil-equivalent gas conversion ratio is 6,000 cubic feet of natural gas = 1 barrel of crude oil; MBOEPD — thousands of barrels of oil-equivalent per day.

(3) Includes natural gas consumed in operations (MMCFPD):

	2017 (3 mo.)	2016 (3 mo.)	2017 (9 mo.)	2016 (9 mo.)
United States	**34**	46	**37**	61
International	**545**	435	**523**	431

(4) Includes net production of synthetic oil:

	2017 (3 mo.)	2016 (3 mo.)	2017 (9 mo.)	2016 (9 mo.)
Canada	**56**	58	**52**	50
Venezuela affiliate	**29**	29	**29**	28

(5) Includes branded and unbranded gasoline.

Liquidity and Capital Resources

Cash, cash equivalents and marketable securities totaled $6.7 billion at September 30, 2017 and $7.0 billion at year-end 2016. Cash provided by operating activities in the first nine months of 2017 was $14.3 billion, compared with $9.0 billion in the year-ago period, reflecting higher crude oil prices. Cash capital and exploratory expenditures totaled $10.1 billion in the first nine months of 2017, down $4.3 billion from the year-ago period, reflecting lower activity. Cash provided by investing activities included proceeds and deposits related to asset sales of $4.9 billion in the first nine months of 2017, compared to $2.2 billion in the year ago period.

Dividends The company paid dividends of $6.1 billion to common shareholders during the first nine months of 2017. In October 2017, the company declared a quarterly dividend of $1.08 per common share, payable in December 2017.

Debt and Capital Lease Obligations Chevron's total debt and capital lease obligations were $42.0 billion at September 30, 2017, down from $46.1 billion at December 31, 2016.

The company's primary financing source for working capital needs is its commercial paper program. The outstanding balance for the company's commercial paper program at September 30, 2017 was $3.2 billion. The company's debt and capital lease obligations due within one year, consisting primarily of commercial paper, redeemable long-term obligations and the current portion of long-term debt, totaled $16.7 billion at September 30, 2017, and $19.8 billion at December 31, 2016. Of these amounts, $9.0 billion was reclassified to long-term at both September 30, 2017, and December 31, 2016. At September 30, 2017, settlement of these obligations was not expected to require the use of working capital within one year, as the company had the intent and the ability, as evidenced by committed credit facilities, to refinance them on a long-term basis.

At September 30, 2017, the company had $9.0 billion in committed credit facilities with various major banks that enable the refinancing of short-term obligations on a long-term basis. The credit facilities consist of a 364-day facility which enables borrowing of up to $6.9 billion and allows the company to convert any amounts outstanding into a term loan for a period of up to one year, as well as a $2.1 billion five-year facility expiring in December 2020. These facilities support commercial paper borrowing and can also be used for general corporate purposes. The company's practice has been to continually replace expiring commitments with new commitments on substantially the same terms, maintaining levels management believes appropriate. Any borrowings under the facilities would be unsecured indebtedness at interest rates based on the London Interbank Offered Rate or an average of base lending rates published by specified banks and on terms reflecting the company's strong credit rating. No borrowings were outstanding under these facilities at September 30, 2017. In addition, the company has an automatic shelf registration statement that expires in August 2018 for an unspecified amount of nonconvertible debt securities issued or guaranteed by the company.

The major debt rating agencies routinely evaluate the company's debt, and the company's cost of borrowing can increase or decrease depending on these debt ratings. The company has outstanding public bonds issued by Chevron Corporation and Texaco Capital Inc. All of these securities are the obligations of, or guaranteed by, Chevron Corporation and are rated AA- by Standard and Poor's Corporation and Aa2 by Moody's Investors Service. The company's U.S. commercial paper is rated A-1+ by Standard and Poor's and P-1 by Moody's. All of these ratings denote high-quality, investment-grade securities.

The company's future debt level is dependent primarily on results of operations, the capital program and cash that may be generated from asset dispositions. Based on its high-quality debt ratings, the company believes that it has substantial borrowing capacity to meet unanticipated cash requirements. During extended periods of low prices for crude oil and natural gas and narrow margins for refined products and commodity chemicals, the company can also modify capital spending plans to provide flexibility to continue paying the common stock dividend and also remain committed to retaining the company's high-quality debt ratings.

Common Share Repurchase Program In July 2010, the Board of Directors approved an ongoing share repurchase program with no set term or monetary limits. No shares were acquired under the program in 2015, 2016 or through the first nine months of 2017, and the company does not plan to acquire any shares under the program for the remainder of the year. From the inception of the program through 2014, the company had purchased 180.9 million shares for $20.0 billion.

Noncontrolling Interests The company had noncontrolling interests of $1.2 billion at both September 30, 2017, and December 31, 2016. Distributions to noncontrolling interests totaled $66 million during the first nine months of 2017 compared to $57 million for the same period in 2016.

Current Ratio Current assets divided by current liabilities, which indicates the company’s ability to repay its short-term liabilities with short-term assets. The current ratio was 1.0 at September 30, 2017, and 0.9 at December 31, 2016, respectively. The current ratio is adversely affected by the fact that Chevron’s inventories are valued on a last-in, first-out basis. At September 30, 2017, the book value of inventory was lower than replacement cost.

Debt Ratio Total debt as a percentage of total debt plus Chevron Corporation Stockholders’ Equity, which indicates the company’s leverage. This ratio was 22.2 percent at September 30, 2017, and 24.1 percent at year-end 2016.

Pension Obligations Information related to pension plan contributions is included on page 14 in Note 10 to the Consolidated Financial Statements.

Capital and Exploratory Expenditures Total expenditures, including the company’s share of spending by affiliates, were $13.4 billion in the first nine months of 2017, compared with $17.2 billion in the corresponding 2016 period. The amounts included the company’s share of affiliates’ expenditures of $3.3 billion and $2.7 billion in the 2017 and 2016 periods, respectively, which did not require cash outlays by the company. Expenditures for upstream projects in the first nine months of 2017 were $11.9 billion, representing 89 percent of the companywide total.

Capital and Exploratory Expenditures by Major Operating Area

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
	(Millions of dollars)			
United States				
Upstream	**$ 1,201**	$ 990	**$ 3,406**	$ 3,470
Downstream	**367**	357	**1,049**	1,110
All Other	**63**	62	**132**	137
Total United States	**1,631**	1,409	**4,587**	4,717
International				
Upstream	**2,715**	3,649	**8,501**	12,157
Downstream	**110**	115	**297**	290
All Other	**—**	2	**1**	3
Total International	**2,825**	3,766	**8,799**	12,450
Worldwide	**$ 4,456**	$ 5,175	**$ 13,386**	$ 17,167

Contingencies and Significant Litigation

MTBE Information related to methyl tertiary butyl ether (MTBE) matters is included on page 15 in Note 13 to the Consolidated Financial Statements under the heading “MTBE.”

Ecuador Information related to Ecuador matters is included beginning on page 15 in Note 13 to the Consolidated Financial Statements under the heading “Ecuador.”

Income Taxes Information related to income tax contingencies is included on pages 14 and 15 in Note 11 and page 20 in Note 14 to the Consolidated Financial Statements under the heading “Income Taxes.”

Guarantees Information related to the company’s guarantees is included on page 20 in Note 14 to the Consolidated Financial Statements under the heading “Guarantees.”

Indemnifications Information related to indemnifications is included on page 20 in Note 14 to the Consolidated Financial Statements under the heading “Indemnifications.”

Off-Balance-Sheet Obligations Information related to the company’s off-balance-sheet obligations is included on page 20 in Note 14 to the Consolidated Financial Statements under the heading “Off-Balance-Sheet Obligations.”

Environmental Information related to environmental matters is included on pages 20 and 21 in Note 14 to the Consolidated Financial Statements under the heading "Environmental."

Other Contingencies Information related to the company's other contingencies begins on page 21 in Note 14 to the Consolidated Financial Statements under the heading "Other Contingencies."

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information about market risks for the three months ended September 30, 2017, does not differ materially from that discussed under Item 7A of Chevron's 2016 Annual Report on Form 10-K.

Item 4. ***Controls and Procedures***

(a) Evaluation of disclosure controls and procedures

The company's management has evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of September 30, 2017.

(b) Changes in internal control over financial reporting

During the quarter ended September 30, 2017, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. ***Legal Proceedings***

Governmental Proceedings As initially disclosed in the Annual Report on Form 10-K for the year ended December 31, 2013, on August 6, 2012, a piping failure and fire occurred at the Chevron refinery in Richmond, California. Various federal, state, and local agencies initiated investigations as a result of the incident. The California Division of Occupational Safety and Health ("Cal/OSHA") issued citations related to the incident in January 2013. Chevron and Cal/OSHA resolved these citations in July 2017 through a settlement agreement that included a civil penalty of $1.01 million. The United States Environmental Protection Agency ("EPA") issued alleged findings of violation related to the incident on December 17, 2013, pursuant to its authority under the Clean Air Act Risk Management Plan program ("RMP"). Following the Richmond incident, EPA also conducted RMP inspections at Chevron's El Segundo, California; Pascagoula, Mississippi; Kapolei, Hawaii; and Salt Lake City, Utah refineries. With the participation of the United States Department of Justice, Chevron and EPA are negotiating a potential combined resolution that may include all of EPA's alleged findings of violation related to the Richmond incident and subsequent RMP inspections. Resolution of those alleged findings of violation may result in the payment of a civil penalty of $100,000 or more.

On August 3, 2017, Chevron received a Notice of Intent to File an Administrative Complaint from the United States Environmental Protection Agency in connection with certain waste matters at the Kapolei, Hawaii Refinery during the period of time that the facility was owned and operated by Chevron. Chevron is evaluating the allegations stated in the Notice. Resolution of these matters may result in the payment of a civil penalty of $100,000 or more.

Other Proceedings Information related to legal proceedings, including Ecuador, is included beginning on page 15 in Note 13 to the Consolidated Financial Statements.

Item 1A. *Risk Factors*

Chevron is a global energy company with a diversified business portfolio, a strong balance sheet, and a history of generating sufficient cash to fund capital and exploratory expenditures and to pay dividends. Nevertheless, some inherent risks could materially impact the company's financial results of operations or financial condition.

Information about risk factors for the three months ended September 30, 2017, does not differ materially from that set forth under the heading "Risk Factors" on pages 20 through 22 of the company's 2016 Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

CHEVRON CORPORATION

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number Of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program (2)
July 1 – July 31, 2017	26	$ 106.28	—	
August 1 – August 31, 2017	—		—	
September 1 – September 30, 2017	—		—	
Total	**26**	**$ 106.28**	**—**	

(1) Includes common shares repurchased from company employees and directors for required personal income tax withholdings on the exercise of the stock options and shares delivered or attested to in satisfaction of the exercise price by holders of employee and director stock options. The options were issued to and exercised by management under Chevron long-term incentive plans.

(2) In July 2010, the Board of Directors approved an ongoing share repurchase program with no set term or monetary limits, under which common shares would be acquired by the company at prevailing prices, as permitted by securities laws and other legal requirements and subject to market conditions and other factors. From inception of the program through 2014, the company had purchased 180,886,291 shares under this program (some pursuant to Rule 10b5-1 plan and some pursuant to accelerated share repurchase plans) for $20.0 billion at an average price of approximately $111 per share. No shares were acquired under the program in 2015 or 2016 or through the first nine months of 2017, and the company does not plan to acquire any shares under the program for the remainder of the year.

Item 5. *Other Information*

Rule 10b5-1 Plan Elections

John S. Watson, Chairman and Chief Executive Officer, entered into a pre-arranged stock trading plan in August 2017. Mr. Watson's plan provides for the potential exercise of vested, soon-to-expire stock options and the associated sale of up to 112,000 shares of Chevron common stock during the period between Chevron's public release of earnings for the quarter and year ended December 31, 2017, and March 2018.

Pierre R. Breber, Executive Vice President, Downstream & Chemicals, also entered into a pre-arranged stock trading plan in August 2017. Mr. Breber's plan provides for the potential exercise of vested stock options and the associated sale of up to 46,500 shares of Chevron common stock between November 2017 and July 2018.

Both trading plans were entered into during an open insider trading window and are intended to satisfy Rule 10b5-1(c) of the Securities Exchange Act of 1934, as amended, and Chevron's policies regarding transactions in Chevron securities.

Item 6. ***Exhibits***

Exhibit Index

Exhibit Number	Description
(4)	Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. A copy of such instrument will be furnished to the Securities and Exchange Commission upon request.
(10.1)	Chevron Corporation ESIP Restoration Plan, Amended and Restated as of January 1, 2018
(12.1)	Computation of Ratio of Earnings to Fixed Charges
(31.1)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Executive Officer
(31.2)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Financial Officer
(32.1)	Rule 13a-14(b)/15d-14(b) Certification by the company's Chief Executive Officer
(32.2)	Rule 13a-14(b)/15d-14(b) Certification by the company's Chief Financial Officer
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document
(101.LAB)	XBRL Label Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document

Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). The financial information contained in the XBRL-related documents is "unaudited" or "unreviewed."

Table of Contents

SIGNATURE

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 thereunto duly authorized.

CHEVRON CORPORATION
(REGISTRANT)

/S/ JEANETTE L. OURADA

Jeanette L. Ourada, Vice President and Comptroller
(Principal Accounting Officer and
Duly Authorized Officer)

Date: November 2, 2017

Exhibit 10.1

CHEVRON CORPORATION
ESIP RESTORATION PLAN

(Amended and Restated as of January 1, 2018)

TABLE OF CONTENTS

Page

SECTION I. INTRODUCTION 44
SECTION II. DEFINITIONS 45
(a) “Account” or “Accounts” 45
(b) “Beneficiary” 45
(c) “Benefit Protection Period” 45
(d) “Benefit Protection Period Commencement Date” 45
(e) “Business in Competition” 45
(f) “Change in Control” 45
(g) “Chevron Stock” 45
(h) “Code” 46
(i) “Committee” 46
(j) “Composite Transaction Report” 46
(k) “Corporation” 46
(l) “Corporation Confidential Information” 46
(m) “Deferred Compensation Plan” 46
(n) “DCP” 46
(o) “DCP Salary Deferral” 47
(p) “Document” 47
(q) “Employee” 47
(r) “ERISA” 47
(s) “ESIP” 47
(t) “ESIP-RP Regular Earnings” 47
(u) “ESIP-RP” 47
(v) “ESIP Restoration Benefit” 47
(w) “Excess Plan” 47
(x) “Grandfathered Amount” 48
(y) “Misconduct” 48
(z) “Participant” 49

TABLE OF CONTENTS

(continued)

	Page
(aa) “Payroll”	49
(bb) “Plan Benefit”	49
(cc) “Plan Year”	49
(dd) “Quarter”	49
(ee) “Section 401(a)(17) Limitation”	49
(ff) “Separation from Service”	49
(gg) “Stock Units”	50
(hh) “Subsidiary”	50
(ii) “Successors and Assigns”	50
(jj) “Unforeseeable Emergency”	50
SECTION III. ELIGIBILITY AND PARTICIPATION	51
SECTION IV. PLAN BENEFITS	51
(a) Allocation of Stock Units	51
(b) Earnings	52
SECTION V. DISTRIBUTION OF PLAN BENEFITS	52
(a) Default Distribution Form	52
(b) Distribution Election	52
(c) Valuation of Stock Units/Determination of Installment Payments	52
(d) Change of Distribution Form Election	53
(e) Acceleration of Payments	53
(f) Unforeseeable Emergency	53
(g) Cashout Limit	54
SECTION VI. DEATH BENEFITS	54
(a) Beneficiary Designation	54
(b) Time and Form of Death Benefit	54
SECTION VII. MISCELLANEOUS	54
(a) Forfeitures	54
(b) Funding	54
(c) Tax Withholding	54

TABLE OF CONTENTS

(continued)

Page

(d) No Employment Rights 55
(e) No Assignment of Property Rights 55
(f) Effect of Change in Capitalization on Participant’s Accounts 55
(g) Administration 55
(h) Amendment and Termination 55
(i) Effect of Reemployment 56
(j) Excess Plan/Top-Hat Plan Status 56
(k) Successors and Assigns 56
(l) 409A Compliance 56
(m) Choice of Law 56
SECTION VIII. CHANGE IN CONTROL 57
(a) Restrictions on Amendments During Benefit Protection Period 57
(b) Exception to Section VIII.(a) 57
(c) Restrictions on Certain Actions Prior to or Following, a Change in Control 57
(d) ESIP Restoration Benefit 58
(e) Distribution of Plan Benefits 58
(f) Establishment of a Trust 58
(g) No Forfeitures 58
(h) Miscellaneous 58
SECTION IX. GRANDFATHERED PROVISIONS 59
SECTION X. EXECUTION 59
APPENDIX A - GRANDFATHERED PLAN PROVISIONS
APPENDIX B - DISTRIBUTION PROVISIONS for Separation from Service between January 1, 2005 and December 31, 2008

CHEVRON CORPORATION
ESIP RESTORATION PLAN

(Amended and Restated as of January 1, 2018)

SECTION I. INTRODUCTION.

(a) The ChevronTexaco Corporation ESIP Restoration Plan (the "ESIP-RP") was established effective July 1, 2002 as a spin out of a portion of the liabilities of the Chevron Corporation Excess Benefit Plan (the "Excess Plan"). The ESIP-RP provides additional retirement benefits to those provided under the Chevron Employee Savings Investment Plan (the "ESIP") (prior to January 1, 2006, the ESIP was named the ChevronTexaco Employee Savings Investment Plan). In addition, the ESIP-RP also provided additional retirement benefits to those provided under the Unocal Savings Plan (the "USP"), effective January 1, 2006 through the effective date of the USP's merger with the ESIP.

(b) Effective July 1, 2006, the ESIP-RP was amended and restated to incorporate certain ESIP-RP changes which occurred subsequent to July 1, 2002, and to rename the ESIP-RP the Chevron Corporation ESIP Restoration Plan. From July 1, 2002 through December 31, 2005, this ESIP-RP provided additional retirement benefits to those provided under the ESIP because the ESIP's benefits are subject to limitations on contributions imposed by sections 401(a)(17) or 415 of the Code and because the ESIP's definition of Regular Earnings did not include salary deferrals under the Chevron Corporation Deferred Compensation Plan for Management Employees (together with the Chevron Corporation Deferred Compensation Plan for Management Employees II, the "Deferred Compensation Plan"). Prior to January 1, 2006, Participants received credits under this ESIP-RP without regard to whether the Participant deferred any amount to the Deferred Compensation Plan or the ESIP.

(c) On August 10, 2005, the Corporation acquired Unocal Corporation and later became the sponsor of the USP. Effective January 1, 2006, the ESIP-RP also provides benefits to certain members of the USP as described below.

(d) Effective January 1, 2006, amounts allocated to this ESIP-RP are limited to Participants (including Members of the ESIP and USP) whose compensation exceeds the limitation on compensation that may be taken into account with respect to a qualified retirement plan that is imposed by section 401(a)(17) of the Code (the "Section 401(a)(17) Limitation") and who elect to defer two percent (2%) or more of their Regular Earnings over this limitation to the Deferred Compensation Plan.

(e) In addition, the July 1, 2006 ESIP-RP restatement was intended to incorporate changes necessary to comply with section 409A of the Code, to grandfather the provisions of the ESIP-RP that were in effect as of December 31, 2004, and to adopt certain other transitional rules pursuant to guidance issued with respect to section 409A of the Code.

(f) Effective January 1, 2009, the ESIP-RP was amended and restated in order to comply with the Internal Revenue Service's final regulations under Section 409A. Because of certain changes to the ESIP's definition of Regular Earnings effective on or after January 1, 2008, the ESIP-RP was also amended to continue to include salary deferrals under the Deferred Compensation Plan and exclude awards under the Chevron Incentive Plan (or successor plan) in the compensation used for purposes of this ESIP-RP.

(g) Effective January 1, 2018, the ESIP-RP was amended and restated in order to use the closing price of Chevron Stock as reported on the New York Stock Exchange to value transactions in shares of Chevron Stock for purposes of calculating benefits under the ESIP-RP, and to incorporate prior administrative amendments.

(h) The main text of this ESIP-RP shall govern the Plan Benefit attributable to amounts credited to a Participant's Account (and earnings thereon) on or after January 1, 2005 except that Appendix B shall govern the distribution of such Plan Benefit of a Participant who incurs a Separation from Service between January 1, 2005 and December 31, 2008. Appendix A shall govern a Participant's Grandfathered Amount.

SECTION II. DEFINITIONS.

Except as provided below, capitalized terms used in the ESIP-RP shall have the same meaning as in the ESIP.

(a) "Account" or "Accounts" means as to any Participant the separate account maintained in order to reflect his or her interest in the ESIP-RP.

(b) "Beneficiary" means the person, persons or trust (that meets the requirements of Treasury Regulation 1.401(a)(9)-4) that has been designated by a Participant to receive the Participant's ESIP Restoration Benefit or portion thereof, as provided in Section VI.

(c) "Benefit Protection Period" means the period commencing on the Benefit Protection Period Commencement Date and terminating two years after the date of a Change in Control.

(d) "Benefit Protection Period Commencement Date" means the date six months prior to the public announcement of the proposed transaction which, when effected, is a Change in Control.

(e) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(f) "Change in Control" means a change in control of the Corporation as defined in Article VI of the Corporation's By-Laws, as it may be amended from time-to-time.

(g) "Chevron Stock" means the common stock of the Corporation.

(h) “Code” means the Internal Revenue Code of 1986, as amended.

(i) “Committee” means the Management Compensation Committee of the Board of Directors of the Corporation.

(j) “Composite Transaction Report” means the New York Stock Exchange, Inc. Composite Transaction Report, or such other stock report as the Committee from time to time may designate.

(k) “Corporation” means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, “Corporation” shall include the Subsidiaries of Chevron Corporation.

(l) “Corporation Confidential Information” includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as “classified,” “confidential” or “restricted;

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

(m) “Deferred Compensation Plan” means the Chevron Corporation Deferred Compensation Plan for Management Employees or the Chevron Corporation Deferred Compensation Plan for Management Employees II, whichever is applicable.

(n) “DCP” means the Chevron Corporation Deferred Compensation Plan for Management Employees II.

(o) “DCP Salary Deferral” means a contribution of two percent (2%) or more of DCP Regular Earnings (as defined in the Rules governing the amounts deferred under the DCP) above the Section 401(a)(17) Limitation to the DCP.

(p) “Document” means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

(q) “Employee” means an individual who is paid on the U.S. dollar Payroll of the Corporation, but shall not include an individual for any period in which he or she is:

(1) Compensated for services by a person other than the Corporation and who, at any time and for any reason, is deemed to be an Employee;

(2) Not on the Payroll of the Corporation and who, at any time and for any reason, is deemed to be an Employee;

(3) A leased employee within the meaning of section 414(n) of the Code, or would be a leased employee but for the period-of-service requirement of section 414(n)(2)(B) of the Code, and who is providing services to the Corporation;

(4) If, during any period, the Corporation has not treated an individual as an Employee and, for that reason, has not withheld employment taxes with respect to that individual, then that individual shall not be treated as an Employee for that period, even in the event that the individual is determined, retroactively, to have been an Employee during all or any portion of that period.

(r) “ERISA” means the federal Employee Retirement Income Security Act of 1974, as amended.

(s) “ESIP” means the Chevron Corporation Employee Savings Investment Plan.

(t) “ESIP-RP Regular Earnings” means “Regular Earnings” as defined in the ESIP:

(1) Without regard to the Section 401(a)(17) Limitation;

(2) Not including any awards under the Chevron Incentive Plan of Chevron Corporation (or any successor plans); and

(3) Including deferred amounts under a DCP Salary Deferral.

(u) “ESIP-RP” means the Chevron Corporation ESIP Restoration Plan.

(v) “ESIP Restoration Benefit” means the benefit described in Section IV.

(w) “Excess Plan” means the Chevron Corporation Excess Benefit Plan as originally established effective January 1, 1976, amended thereafter from time to time, and effective July 1,

2002 reconstituted to form the Chevron Corporation Retirement Restoration Plan, the Chevron Corporation Supplemental Retirement Plan, and the ESIP-RP.

(x) "Grandfathered Amount" means that portion, if any, of a Participant's Plan Benefit which was credited to his or her Account as of December 31, 2004 (and earnings thereon).

(y) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

(3) A Participant, while still employed by the Corporation:

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

(z) "Participant" means a person who is eligible to participate in the ESIP-RP as provided in Section III. Notwithstanding the foregoing, an individual who is paid on a non-U.S. Payroll or on the Global Offshore Payroll is not an "Employee" for purposes of becoming a Participant under Section III.(1) or a "Participant" for purposes of receiving an allocation under Section IV.(a).

(aa) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as Corporation employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(bb) "Plan Benefit" means the benefit described in Section IV.

(cc) "Plan Year" means the calendar year.

(dd) "Quarter" means a calendar quarter.

(ee) "Section 401(a)(17) Limitation" means the limitation on the amount of annual compensation that may be taken into account pursuant to section 401(a)(17) of the Code.

(ff) "Separation from Service" means "separation from service" with the Corporation within the meaning of section 409A of the Code

(1) Whether such a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Corporation and employee reasonably anticipated that no further services will be performed after a certain date or that the level of bona fide

services the employee would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to less than fifty percent (50%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36)-month period (or the full period of services to the employer if the employee has been providing services to the employer less than thirty-six (36) months).

(2) Notwithstanding the foregoing, the employment relationship is treated as continuing intact:

(A) While the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months, or if longer, so long as the individual retains a right to reemployment with the service recipient under an applicable statute or by contract. Where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes the employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a twenty-nine (29)-month period of absence is substituted for such six (6)-month period.

(B) Until the individual separates from service with the third-party, where the employee terminates employment with the Corporation due to a bona fide sale of substantial assets to such third-party and becomes employed by it in connection with such sale; provided that the Corporation or the Committee so designates within its sole discretion no later than the closing date of the sale.

(gg) "Stock Units" means the Chevron stock equivalents credited to a Participant's Account in accordance with Section IV.

(hh) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(ii) "Successors and Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the ESIP-RP) whether by operation of law or otherwise; including any corporation or other entity effectuating a Change in Control of the Corporation.

(jj) "Unforeseeable Emergency"

(1) Means a severe financial hardship to the Participant or his or her Beneficiary resulting from:

(A) An illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in section 152(a) of the Code);

(B) Loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or

(C) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary.

(2) Notwithstanding Section II.(jj) (1); a hardship shall not constitute an Unforeseeable Emergency:

(A) To the extent that it is, or may be, relieved by:

(i) Reimbursement or compensation, by insurance or otherwise;

(ii) Liquidation of the Participant's or Beneficiary's assets to the extent that the liquidation of such assets would not itself cause severe financial hardship (such assets shall include but not be limited to stock options, Common Stock, and Chevron Corporation Employee Savings Investment Plan balances); or

(iii) Cessation of deferrals under the plan.

(B) If (among other events), it consists of payment of college tuition or purchasing a home.

SECTION III. ELIGIBILITY AND PARTICIPATION.

Participation in the ESIP-RP shall be limited to individuals who: on January 1, 2018, or thereafter, meet the following requirements:

(1) they

(A) are Employees who are eligible to participate in the ESIP; and

(B) make a DCP Salary Deferral; or

(2) they have an undistributed accrued benefit under the ESIP-RP.

SECTION IV. PLAN BENEFITS.

The Plan Benefit under the ESIP-RP consists of the ESIP Restoration Benefit. The ESIP Restoration Benefit is the lump sum value of a Participant's Stock Units which are credited to a Participant's Account. In addition to the Stock Units credited to a Participant's Account as of December 31, 2008, Stock Units are credited to such Account as described below in Sections IV.(a) and are credited with earnings in accordance with Section IV.(b) below.

(a) Allocation of Stock Units. A Participant who makes a DCP Salary Deferral for the calendar year shall receive an allocation of Stock Units equal to eight percent (8%) of that portion of the Participant's ESIP-RP Regular Earnings that are not included in "Regular Earnings" under the ESIP.

(b) Earnings. As of the payment date of a cash dividend paid with respect to shares of Chevron Stock, each Participant's Account shall be credited with the number of Stock Units determined by multiplying the number of Stock Units in such Account on the day prior to the ex-dividend date by the per share amount of such dividend, and by dividing the resulting amount by the Chevron Stock price as of the close of business as reported on the New York Stock Exchange as of the payment date.

SECTION V. DISTRIBUTION OF PLAN BENEFITS.

Plan Benefits shall be distributed in cash in accordance with this Section V. Distributions shall only be made after a Participant incurs a Separation from Service.

(a) Default Distribution Form. Unless the Participant has made a valid election to the contrary or except as provided in Section VI.(b), the Participant's Plan Benefit shall be distributed in a lump sum in the first Quarter that is at least twelve (12) months after the date the Participant incurs a Separation from Service.

(b) Distribution Election. A Participant is permitted to make an initial election regarding the timing and form of distribution of his or her Plan Benefit as follows:

(1) Election Procedure. A Participant who is eligible to participate in the ESIP-RP on his or her first hire date and who completes a valid salary deferral election under the DCP within 30 days of such date may also elect his or her time and form of distribution under this ESIP-RP on or before the date that is 30 days after his or her first hire date. Any other Participant may elect his or her time and form of distribution no later than the later of December 31, 2006 and the last day of the calendar year in which the Participant first completes a valid salary deferral election under the DCP, or such earlier date as specified by the Committee. Such an election shall be made by filing the prescribed form with the Committee.

(2) Time and Form of Distribution.

A Participant may make a timely election to receive his or her Plan Benefit only in the following forms and times:

(A) In a lump sum payable in the first Quarter or in the first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service; or

(B) In ten (10) or fewer approximately equal annual installments, commencing in the first Quarter or in the first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service. Subsequent installments will be paid each January.

(c) Valuation of Stock Units/Determination of Installment Payments. The amount of the cash payment pursuant to Section V.(a) or (b) attributable to any Account to which Stock Units are credited shall be determined by dividing the number of such Stock Units credited to the Participant's Account as of the first business day of the Quarter in which the distribution is made by the number of annual payments remaining to be made, and by converting the resulting number

of Stock Units to a cash amount by multiplying such number of Stock Units by the Chevron Stock price as of the close of business as reported on the New York Stock Exchange for the first business day of the Quarter which includes the date payment is made under the ESIP-RP.

(d) Change of Distribution Form Election. The form and time of distribution (as determined pursuant to Section V.(a) or (b)) may be changed in accordance with the requirements of this Section V.(d) and such additional procedures as may be prescribed by the Committee in its sole discretion, subject to the following requirements:

(1) Such an election shall only be valid if it is made at least twelve (12) months prior to the original payment date and postpones the commencement of such payment(s) to at least five (5) years after the date the original payment(s) were scheduled to commence. The new election can be a lump sum payment or ten or fewer installments payable or commencing in the first Quarter or the first January that is five or more whole years after the date the original payment(s) were scheduled to commence. All installment payments shall be made in cash and, after the first such installment, shall be paid in January; and

(2) For purposes of this ESIP-RP, "payment date" means the date a lump sum is payable or the date the first of a series of installments is payable. Installment payments shall be considered to be one payment.

(e) Acceleration of Payments. Except with respect to an Unforeseeable Emergency; a Participant may not elect to accelerate an irrevocable distribution of any portion of his or her Plan Benefit prior to the date it would otherwise be distributed; provided that an election change permitted under Section V.(d) shall not be considered to be an accelerated distribution solely because such change results in a change to the time and/or form of distribution.

(f) Unforeseeable Emergency.

(1) A Participant may request distribution of such portion of his or her Account to the extent reasonably necessary to satisfy an Unforeseeable Emergency (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

(2) Determinations of amounts reasonably necessary to satisfy the Unforeseeable Emergency will take into account any additional compensation that is available to the Participant to satisfy the Unforeseeable Emergency with the exception of benefits:

(A) Under a pension plan qualified under section 401(a) of the Code (including any amount available as a plan loan); or

(B) Available due to the Unforeseeable Emergency under another nonqualified deferred compensation plan within the meaning of section 409A of the Code (or would be such a nonqualified deferred compensation plan if it was not grandfathered under the effective date provisions of section 409A of the Code).

(3) Notwithstanding Section V.(c), the date the Committee approves the request for such an Unforeseeable Emergency distribution shall be used for purposes of determining the

number of Stock Units credited to a Participant's Account, as well as the valuation of these Stock Units; provided, however, that any earnings credited under Section IV.(b) during the Quarter in which the Committee approves the request shall be deemed to be credited as of such date if necessary to satisfy the Unforeseeable Emergency.

(g) Cashout Limit. Notwithstanding any other provision of this Section V., if a Participant's Plan Benefit upon Separation from Service is less than $50,000 (not including the Participant's Grandfathered Amount) as of the first business day of the first Quarter that is at least 12 months following the date the Participant incurs a Separation from Service, then such Plan Benefit shall be distributed in a lump sum during such Quarter.

SECTION VI. DEATH BENEFITS.

(a) Beneficiary Designation. A Participant may designate, in the manner and on the form prescribed by the Committee, one or more Beneficiaries to receive payment of any Plan Benefit that is undistributed at the time of the Participant's death. A Participant may change such designation at any time by filing the prescribed form in the manner established by the Committee. No Beneficiary designation shall be effective until it is filed in accordance with the procedures established by the Committee. If a Beneficiary has not been designated or if no designated Beneficiary survives the Participant, distribution will be made to the Participant's surviving spouse as Beneficiary if such spouse is then living or, if not, in equal shares to the then living children of the Participant as Beneficiaries or, if none, to the Participant's estate as Beneficiary.

(b) Time and Form of Death Benefit. If a Participant who has made a valid election as to the form and time of the payment of his or her Account dies, then the Beneficiary shall receive the payment(s) on the date(s) elected by the Participant and at the same time and in the same form as the Participant would have received such payment(s), except that the Beneficiary may request a distribution on account of an Unforeseeable Emergency as described in Section V.(f). If such a Participant has not made a valid election as to the time and form of his distribution, then payment shall be made in a lump sum on the date that is six months following the date of the Participant's death.

SECTION VII. MISCELLANEOUS.

(a) Forfeitures. Plan Benefits shall be fully vested at all times; provided, however, that, if a Participant engages in Misconduct the Committee (or its delegate) may determine that any balance in the Participant's Account attributable to allocations to the ESIP-RP on or after June 29, 2005 and the date of the Participant's Misconduct shall be forfeited.

(b) Funding. The ESIP-RP shall be unfunded, and all Plan Benefits shall be paid only from the general assets of the Corporation.

(c) Tax Withholding. All distributions shall be net of any applicable payroll deductions including, but not limited to, any federal, state or local income tax withholding. In addition, any withholding amount required under the Federal Insurance Contributions Act with respect to a Participant's Plan Benefit prior to the date a distribution shall be paid through withholding from the Participant's salary or other income from the Corporation; provided, however, that if such

amounts are not withheld in this manner, then these withholdings shall be debited from the Participant’s Plan Benefit.

(d) No Employment Rights. Nothing in the ESIP-RP shall be deemed to give any individual a right to remain in the employ of the Corporation nor affect the right of the Corporation to terminate any individual’s employment at any time and for any reason, which right is hereby reserved.

(e) No Assignment of Property Rights. Except as may be required by applicable law, or as is described below relating to domestic relations orders, no Plan Benefit or property interest in this ESIP-RP may be assigned (either at law or in equity), alienated, anticipated or subject to attachment, bankruptcy, garnishment, levy, execution or other legal or equitable process. Any act in violation of this Section VII.(e) shall be void. Notwithstanding the foregoing, the creation, assignment or recognition of a right to all or any portion of a Participant’s Plan Benefit hereunder pursuant to a domestic relations order (as defined in section 414(p)(1)(B) of the Code) that is valid under applicable state law and not preempted by ERISA shall not constitute a violation of this Section VII.(e). Effective June 1, 2017, the Corporation shall no longer accept domestic relations orders under the Plan.

(f) Effect of Change in Capitalization on Participant’s Accounts. In the event of a stock split, stock dividend or other change in capitalization affecting Chevron Stock, an appropriate number of Stock Units shall be substituted for, or added to, each Stock Unit then credited on behalf of each Participant's Account, and such substituted or added Stock Unit shall be subject to the same terms and conditions as the original Stock Unit.

(g) Administration. The ESIP-RP shall be administered by the Committee. No member of the Committee shall become a Participant in the ESIP-RP. The Committee shall make such rules, interpretations and computations as it may deem appropriate. The Committee shall have sole discretion to interpret the terms of the ESIP-RP, make any factual findings, and make any decision with respect to the ESIP-RP, including (without limitation) any determination of eligibility to participate in the ESIP-RP, eligibility for a Plan Benefit, and the amount of such Plan Benefit. The Committee’s determinations shall be conclusive and binding on all persons. Subject to the requirements of applicable law, the Committee may designate other persons to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate in its sole discretion.

(h) Amendment and Termination. The Corporation expects to continue the ESIP-RP indefinitely. Future conditions, however, cannot be foreseen. Subject to Section VIII., the Corporation shall have the authority to amend or to terminate the ESIP-RP at any time and for any reason, by action of its board of directors or by action of a committee or individual(s) acting pursuant to a valid delegation of authority. In the event of an amendment or termination of the ESIP-RP, the number of Stock Units credited to a Participant’s ESIP Restoration Account shall not be less than the number of Stock Units to which he or she would have been entitled to as of the date of such amendment or termination, as adjusted for subsequent cash dividends as described in Section IV.(b).

(i) Effect of Reemployment. If any Participant who has incurred a Separation from Service is reemployed, such Participant shall continue to receive any amounts attributable to his or her previous employment according to his or her existing distribution schedule under the Excess Plan or this ESIP-RP, as applicable. The Plan Benefit of a reemployed Participant that is attributable to such additional service shall be allocated to a new Account. When the reemployed Participant subsequently incurs a Separation from Service, such new Account will be distributed in accordance with Section V. of this ESIP-RP without regard to any election made with respect to, or distribution schedule applicable to, amounts attributable to the Participant’s previous employment. For this purpose, a distribution election only with respect to the Plan Benefit attributable to the additional service that is made by the Participant no later than the last day of the calendar year immediately preceding the first calendar year in which such Plan Benefit accrues or such earlier date as specified by the Committee shall be treated as the initial distribution election under Section V.(b) with respect to such Plan Benefit. A Participant who has incurred a Separation from Service without terminating his or her employment relationship with the Company shall be considered to be reemployed for purposes of this Section VII.(i) when the Participant begins to actually perform services for the Company, and any amounts allocated with respect to the Participant prior to such time shall be attributable to his or her previous employment.

(j) Excess Plan/Top-Hat Plan Status. To the extent that the ESIP-RP provides a benefit in excess of the limitations on contributions and benefits imposed by section 415 of the Code, the ESIP-RP is intended to be an “excess benefit plan” within the meaning of section 3(36) of ERISA, that is an unfunded deferred compensation program. Otherwise, the ESIP-RP is intended to be an unfunded deferred compensation program that is maintained “for a select group of management or highly compensated employees” as set forth in Title I of ERISA. The ESIP-RP shall be implemented, administered and interpreted in a manner consistent with this intention.

(k) Successors and Assigns. The ESIP-RP shall be binding upon the Corporation, its Successors and Assigns. Notwithstanding that the ESIP-RP may be binding upon a Successor or Assign by operation of law, the Corporation shall also require any Successor or Assign to expressly assume and agree to be bound by the ESIP-RP in the same manner and to the same extent that the Corporation would be if no succession or assignment had taken place.

(l) 409A Compliance. This ESIP-RP is intended to comply with section 409A of the Code and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with section 409A of the Code (or the regulations thereunder), the Committee shall have the discretion to accelerate the time or form of payment of a Participant’s Plan Benefit, but only to the extent of the amount required to be included in income as a result of such failure.

(m) Choice of Law. The ESIP-RP shall be administered, construed and governed in accordance with ERISA, the Code, and, to the extent not preempted by ERISA, by the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section II.(y) definition of Misconduct shall be subject to the jurisdiction’s law that would otherwise be applicable, but without regard to that particular jurisdiction’s conflict of laws rules.

SECTION VIII. CHANGE IN CONTROL.

Notwithstanding any other provisions of the ESIP-RP to the contrary, the provisions of this Section VIII. shall apply during the Benefit Protection Period.

(a) Restrictions on Amendments During Benefit Protection Period. Notwithstanding Section VII.(h), except to the extent required to comply with applicable law, no amendment of the ESIP-RP (other than an amendment to reduce or discontinue future allocations under the ESIP-RP after the end of the Benefit Protection Period) that is executed or first becomes effective during the Benefit Protection Period shall:

(1) Deprive any individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of coverage under the ESIP-RP as constituted at the time of such amendment;

(2) Deprive any individual who is a Beneficiary with respect to an individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of any benefit to which he or she is entitled on the Benefit Protection Period Commencement Date or may become entitled during the Benefit Protection Period;

(3) Reduce the amount of benefits provided under the ESIP-RP below the benefits provided under the ESIP-RP on the day prior to the Benefit Protection Period Commencement Date;

(4) Amend Sections II (c), II (d), II (f), II (ii), VII.(k), or VIII. of the ESIP-RP; or

(5) Terminate the ESIP-RP.

(b) Exception to Section VIII.(a). Section VIII.(a) shall not apply to the extent that (i) the amendment or termination of the ESIP-RP is approved after any plans have been abandoned to effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred, and (ii) within a period of six months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred. For purposes of this Section VIII., approval shall mean written approval (by a person or entity within the Corporation having the authority to do so) of such amendment or termination.

(c) Restrictions on Certain Actions Prior to or Following, a Change in Control. Notwithstanding any contrary provisions of the ESIP-RP and except to the extent required to comply with applicable law, (i) any amendment or termination of the ESIP-RP which is executed or would otherwise become effective prior to a Change in Control at the request of a third party who effectuates a Change in Control shall not be an effective amendment or termination of the ESIP-RP during the Benefit Protection Period; and (ii) the ESIP-RP shall not be amended at any time if to do so would adversely affect the rights derived under the ESIP-RP from this Section VIII. of any individual who is a Participant during the Benefit Protection Period or a Beneficiary with

respect to a Participant during the Benefit Protection Period. Furthermore, following a Change in Control, no person shall take any action that would directly or indirectly have the same effect as any of the prohibited amendments listed in Section VIII.(a).

(d) ESIP Restoration Benefit. Each of a Participant’s Stock Units shall be converted to a dollar amount immediately after a Change in Control in an amount equal to the greater of (i) the highest price per share of Chevron Stock (the “Shares”) paid to holders of the Shares in any transaction (or series of transactions) constituting or resulting in a Change in Control or (ii) the highest closing price of a Share as reported on the New York Stock Exchange, Inc. Composite Transaction Report during the ninety-day period ending on the date of a Change in Control. Thereafter deemed earnings shall be added to the unpaid portion of the total dollar amount of the Participant’s Plan Benefit as if such amounts were invested in the Vanguard Prime Money Market Fund. If for any reason such fund ceases to exist, earnings shall be determined based upon the earnings rate associated with the successor to such fund.

(e) Distribution of Plan Benefits. A Change in Control shall not affect the time and form of distributions under the Plan.

(f) Establishment of a Trust. Notwithstanding anything contained in the ESIP-RP to the contrary, nothing herein shall prevent or prohibit the Corporation from establishing a trust or other arrangement for the purpose of providing for the payment of the benefits payable under the ESIP-RP.

(g) No Forfeitures. During the Benefit Protection Period, a Participant's ESIP-RP Benefit shall not be subject to forfeiture under any circumstances.

(h) Miscellaneous.

(1) The provisions of the ESIP-RP shall be deemed severable and the validity or enforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(2) The Corporation’s obligation to make the payments and provide the benefits provided for in the ESIP-RP and otherwise to perform its obligation hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Corporation may have against the Participant or others.

(3) No provision of the ESIP-RP may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Participant and the Corporation. No waiver by either party hereto at any time of breach by the other party hereto of, or compliance with, any condition or provision of this ESIP-RP to be performed by such other party, shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time.

SECTION IX. GRANDFATHERED PROVISIONS.

Notwithstanding any provision of the main text of the ESIP-RP, any provision in an Appendix shall supersede any contrary provision herein unless the Appendix specifically states to the contrary.

SECTION X. EXECUTION.

Approved by the Board at a meeting held on July 26, 2017 and effective January 1, 2018 and executed pursuant to the Board's delegation.

By /s/ Enrique Hernandez, Jr.
E. Hernandez Jr., Chairman

Date 7/28/17

APPENDIX A

to the

CHEVRON CORPORATION ESIP RESTORATION PLAN

(As Amended and Restated as of January 1, 2018)

This Appendix A applies to a Participant's Grandfathered Amount.

Section I. Applicable Provisions. The provisions of the ESIP-RP which were in effect on July 1, 2002 [the "July 1, 2002 ESIP-RP", a copy of which is Appendix A to the Chevron Corporation ESIP Restoration Plan (as Amended and Restated as of July 1, 2006)], as modified by this Appendix A, shall govern a Participant's Grandfathered Amount.

Section II. Distribution Form Elections. The phrase "No later than 30 days after the date the Employee ceases to be an Employee" in Section 4(b)(i) of the July 1, 2002 ESIP-RP is hereby replaced with "On or prior to the last day of the Quarter in which the Participant incurs a Separation from Service".

Section III. Valuation of Stock Units/Determination of Installment Payments. The amount of the cash payment attributable to any Account to which Stock Units are credited shall be determined by dividing the number of such Stock Units credited to the Participant's Account as of the first business day of the Quarter in which the distribution is made by the number of annual payments remaining to be made, and by converting the resulting number of Stock Units to a cash amount by multiplying such number of Stock Units by: (i) effective prior to January 1, 2018, the average daily trade price for the Chevron stock fund within the ESIP as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP; or (ii) effective on or after January 1, 2018, the Chevron Stock price as of the close of business as reported on the New York Stock Exchange as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP.

Section IV. Earnings. As of the payment date of a cash dividend paid with respect to shares of Chevron Stock, each Participant's Account shall be credited with the number of Stock Units determined by multiplying the number of Stock Units in such Account on the day prior to the ex-dividend date by the per share amount of such dividend, and by dividing the resulting amount by: (i) effective prior to January 1, 2018, the average share price obtained in connection with the reinvestment of the dividend in the Chevron stock fund within the ESIP; or (ii) effective on or after January 1, 2018, the Chevron Stock price as of the close of business as reported on the New York Stock Exchange as of the payment date.

APPENDIX B

to the

CHEVRON CORPORATION ESIP RESTORATION PLAN

(As Amended and Restated as of January 1, 2018)

This Appendix B applies to a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2008 and has an undistributed accrued benefit under the ESIP-RP on January 1, 2009.

Section I. Form of Distribution. The Plan Benefit of a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2008 shall be paid in accordance with

(i) the Participant's election in effect on December 31, 2008 or, if no election was in effect on December 31, 2008, the default distribution form specified in Section 4(a) of the Chevron Corporation ESIP Restoration Plan (Amended and Restated as of July 1, 2006) (the "2006 Plan"), and

(ii) Section 4(e) of the 2006 Plan, if applicable.

Section II. Changes to Time and Form of Distribution. The time and form of distribution may be changed only as permitted under the provisions of the main text of the ESIP-RP; except that the reference to "ten (10) or fewer approximately equal annual installments" shall be replaced with "fifteen (15) or fewer approximately equal installments" for a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2005.

Section III. Valuation of Stock Units/Determination of Installment Payments. The amount of the cash payment attributable to any Account to which Stock Units are credited shall be determined by dividing the number of such Stock Units credited to the Participant's Account as of the first business day of the Quarter in which the distribution is made by the number of annual payments remaining to be made, and by converting the resulting number of Stock Units to a cash amount by multiplying such number of Stock Units by: (i) effective prior to January 1, 2018, the average daily trade price for the Chevron stock fund within the ESIP as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP; or (ii) effective on or after January 1, 2018, the Chevron Stock price as of the close of business as reported on the New York Stock Exchange as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP.

Section IV. Earnings. As of the payment date of a cash dividend paid with respect to shares of Chevron Stock, each Participant's Account shall be credited with the number of Stock Units determined by multiplying the number of Stock Units in such Account on the day prior to the ex-dividend date by the per share amount of such dividend, and by dividing the resulting amount by: (i) effective prior to January 1, 2018, the average share price obtained in connection with the reinvestment of the dividend in the Chevron stock fund within the ESIP; or (ii) effective on or after

January 1, 2018, the Chevron Stock price as of the close of business as reported on the New York Stock Exchange as of the payment date.

CHEVRON CORPORATION — TOTAL ENTERPRISE BASIS
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2017	Year Ended December 31			
		2016	2015	2014	2013
	(Millions of dollars)				
Net Income (Loss) Attributable to Chevron Corporation	**$ 6,084**	$ (497)	$ 4,587	$ 19,241	$ 21,423
Income Tax Expense (Benefit)	**1,589**	(1,729)	132	11,892	14,308
Distributions Less Than Equity in Earnings of Affiliates	**(2,122)**	(1,227)	(760)	(2,202)	(1,178)
Noncontrolling Interests	**67**	66	123	69	174
Previously Capitalized Interest Charged to Earnings During Period	**140**	89	120	100	96
Interest and Debt Expense	**134**	201	—	—	—
Interest Portion of Rentals [1]	**174**	313	345	356	342
Earnings Before Provision for Taxes and Fixed Charges	**$ 6,066**	$ (2,784)	$ 4,547	$ 29,456	$ 35,165
Interest and Debt Expense	**134**	201	—	—	—
Interest Portion of Rentals [1]	**174**	313	345	356	342
Preferred Stock Dividends of Subsidiaries	**—**	—	—	—	—
Capitalized Interest	**540**	552	495	358	284
Total Fixed Charges	**$ 848**	$ 1,066	$ 840	$ 714	$ 626
Ratio of Earnings to Fixed Charges [2]	**7.15**	—	5.41	41.25	56.17

[1] Calculated as one-third of rentals. Considered a reasonable approximation of interest factor.

[2] The ratio coverage for the year ended December 31, 2016 was less than 1. Additional earnings of $3.9 billion would have been required to achieve a coverage of 1.

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John S. Watson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/S/ JOHN S. WATSON

John S. Watson
Chairman of the Board and
Chief Executive Officer

Dated: November 2, 2017

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patricia E. Yarrington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICIA E. YARRINGTON

Patricia E. Yarrington
Vice President and
Chief Financial Officer

Dated: November 2, 2017

Exhibit 32.1

RULE 13a-14(b)/15d-14(b) CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of Chevron Corporation (the “Company”) for the period ended September 30, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, John S. Watson, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ JOHN S. WATSON

John S. Watson
Chairman of the Board and
Chief Executive Officer

Dated: November 2, 2017

Exhibit 32.2

RULE 13a-14(b)/15d-14(b) CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of Chevron Corporation (the “Company”) for the period ended September 30, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Patricia E. Yarrington, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ PATRICIA E. YARRINGTON

Patricia E. Yarrington
Vice President and
Chief Financial Officer

Dated: November 2, 2017