CHEVRON CORP
Form DEF 14A
April 07, 2016
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

**CHEVRON CORPORATION**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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# 2016 Proxy Statement

## Notice of 2016 Annual Meeting of Stockholders

## to Be Held on May 25, 2016

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Notice of the 2016

Annual Meeting of Stockholders

Wednesday, May 25, 2016

8:00 a.m. PDT

*Chevron Park Auditorium, 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324*

**Record Date**

Wednesday, March 30, 2016

**Agenda**

Elect 11 Directors named in this Proxy Statement;

Vote on a Board proposal to ratify the appointment of the independent registered public accounting firm;

Vote on a Board proposal to approve, on an advisory basis, named executive officer compensation;

Vote on a Board proposal to approve an amendment to the Chevron Corporation Non-Employee Directors Equity Compensation and Deferral Plan;

Vote on eight Rule 14a-8 stockholder proposals, if properly presented; and

Transact any other business that may be properly brought before the Annual Meeting.

**Admission**

Stockholders or their legal proxy holders may attend the Annual Meeting. Due to space constraints and other security considerations, we are not able to admit the guests of either stockholders or their legal proxy holders.

**Important Notice Regarding Admission to the 2016 Annual Meeting**

Stockholders or their legal proxy holders who wish to attend the Annual Meeting must preregister with and obtain an admission ticket from Chevron s Corporate Governance Department. Tickets will be distributed on a first-come, first-served basis. Requests for admission tickets must be received by Chevron no later than 5:00 p.m. PDT on Thursday, May 19, 2016. For complete instructions for preregistering and obtaining an admission ticket, see page 85 of this Proxy Statement.

### Voting

Stockholders owning Chevron common stock at the close of business on Wednesday, March 30, 2016, or their legal proxy holders, are entitled to vote at the Annual Meeting. Please refer to pages 1 through 3 of this Proxy Statement for information about voting at the Annual Meeting.

### Distribution of Proxy Materials

On Thursday, April 7, 2016, we will commence distributing to our stockholders (1) a copy of this Proxy Statement, a proxy card or voting instruction form, and our Annual Report (the proxy materials), (2) a Notice Regarding the Availability of Proxy Materials, with instructions to access our proxy materials and vote on the Internet, or (3) for stockholders who receive materials electronically, an email with instructions to access our proxy materials and vote on the Internet.

By Order of the Board of Directors,

Mary A. Francis

*Corporate Secretary and Chief Governance Officer*

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## Voting Information

**Chevron Corporation**

6001 Bollinger Canyon Road

San Ramon, CA 94583-2324

Your Board of Directors is providing you with these proxy materials in connection with its solicitation of proxies to be voted at Chevron Corporation s 2016 Annual Meeting of Stockholders to be held on Wednesday, May 25, 2016, at 8:00 a.m. PDT at Chevron Park Auditorium, 6001 Bollinger Canyon Road, San Ramon, California, and at any postponement or adjournment of the Annual Meeting.

In this Proxy Statement, Chevron and its subsidiaries may also be referred to as we, our, the Company or t Corporation.

### Items of Business

Your Board is asking you to take the following actions at the Annual Meeting:

| **Item(s)** | **Your Board s Recommendation** | **Vote Required** |
|---|---|---|
| Item 1: Elect 11 Directors named in this Proxy Statement | Vote **FOR** | Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director, in an uncontested election. |
| Item 2: Vote to ratify the appointment of the independent registered public accounting firm | Vote **FOR** | These items are approved if the number of shares voted FOR exceeds the number of shares voted AGAINST. |
| Item 3: Vote to approve, on an advisory basis, named executive officer compensation | Vote **FOR** | |
| Item 4: Vote to approve an amendment to the Chevron Corporation Non-Employee Directors Equity Compensation and Deferral Plan | Vote **FOR** | |
| Items 5 12: Vote on eight stockholder proposals, if properly | Vote **AGAINST** | |

presented

If you are a street name stockholder (i.e., you own your shares through a bank, broker, or other holder of record) and do not vote your shares, your bank, broker, or other holder of record can vote your shares at its discretion ONLY on Item 2. If you do not give your bank, broker, or other holder of record instructions on how to vote your shares on Item 1 or Items 3 through 12, your shares will not be voted on those matters. If you have shares in an employee stock or retirement benefit plan and do not vote those shares, the plan trustee or fiduciary may or may not vote your shares, in accordance with the terms of the plan. Any shares not voted on Item 1 or Items 3 through 12 (whether by abstention, broker nonvote, or otherwise) will have no impact on that particular item.

We are not aware of any matters that are expected to be presented for a vote at the Annual Meeting other than those described above. If any other matter should properly come before the Annual Meeting, the proxy holders identified below in the Voting Information Appointment of Proxy Holders section of this Proxy Statement intend to vote the proxies in accordance with their best judgment. When conducting the Annual Meeting, the Chairman or his designee may refuse to allow a vote on any matter not made in compliance with our By-Laws and the procedures described in the Additional Information Submission of Stockholder Proposals for 2017 Annual Meeting section of this Proxy Statement.

## Vote Results

At the Annual Meeting, we will announce preliminary vote results for those items of business properly presented. Within four business days of the Annual Meeting, we will disclose the preliminary results (or final results, if available) in a Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission.

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# VOTING INFORMATION

## Appointment of Proxy Holders

Your Board asks you to appoint John S. Watson, R. Hewitt Pate, and Mary A. Francis as your proxy holders, each with full power of substitution, to represent and to vote your shares at the Annual Meeting. You make this appointment by voting the proxy card provided to you using one of the voting methods described in How to Vote in this section.

If you sign and return a proxy card with voting instructions, the proxy holders will vote your shares as you direct on the matters

described in this Proxy Statement. If you sign and return a proxy card without voting instructions, they will vote your shares as recommended by your Board.

Unless you indicate otherwise on the proxy card, you also authorize the proxy holders to vote your shares on any matters that are not known by your Board as of the date of this Proxy Statement and that may be properly presented for action at the Annual Meeting.

## Record Date; Who Can Vote

Stockholders owning Chevron common stock at the close of business on Wednesday, March 30, 2016, the Record Date, or their legal proxy holders, are entitled to vote at the Annual Meeting. At the close of business on the Record Date, there were 1,884,702,387 shares of Chevron common stock outstanding. Each outstanding share of Chevron common stock is entitled to one vote.

## Quorum

A quorum, which is a majority of the outstanding shares of Chevron common stock as of the Record Date, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented at the meeting, either by the stockholders attending in person or by the proxy holders. If you indicate an abstention as your voting preference in any matter, your shares will be counted toward a quorum, but will not be voted on any such matter.

## How to Vote

Stockholders can vote by mail, telephone, Internet, or in person at the Annual Meeting.

| Stockholders of Record | Street Name Stockholders | Employee Plan Participants |
| --- | --- | --- |

| | | |
|---|---|---|
| If you hold your shares in your own name as reflected in the records of Chevron s transfer agent, Computershare Shareowner Services LLC, you can most conveniently vote by telephone, Internet, or mail. Please review the voting instructions on your proxy card. | If you own your shares through a bank, broker, or other holder of record, you can most conveniently vote by telephone, Internet, or mail. Please review the voting instructions on your voting instruction form. | If you own your shares through participation in a Chevron employee stock or retirement benefit plan, you can most conveniently vote by telephone, Internet, or mail. Please review the voting instructions contained in the email sent to your work address or in the materials you receive through the mail. |
| If you vote by telephone or on the Internet, you do not need to return your proxy card. Telephone and Internet voting are available 24 hours a day and will close at 11:59 p.m. EDT on Tuesday, May 24, 2016. | If you vote by telephone or on the Internet, you do not need to return your voting instruction form. Telephone and Internet voting are available 24 hours a day and will close at 11:59 p.m. EDT on Tuesday, May 24, 2016. | All votes must be received by the plan trustee or fiduciary by 11:59 p.m. EDT on Friday, May 20, 2016, or other cutoff date as determined by the plan trustee or fiduciary. |
| You can vote in person at the Annual Meeting by completing, signing, dating, and returning your proxy card during the meeting. | You can vote in person at the Annual Meeting ONLY if you obtain and present a proxy, executed in your favor, from the bank, broker, or other holder of record of your shares. | You can vote in person at the Annual Meeting ONLY if you obtain and present a proxy, executed in your favor, from the trustee or fiduciary of the plan through which you hold your shares. |

**We encourage you to vote by telephone or on the Internet.** Both are designed to record your vote immediately and enable you to confirm that your vote has been properly recorded.

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## Revoking Your Proxy or Voting Instructions

Stockholders can revoke their proxy or voting instructions as follows.

| Stockholders of Record | Street Name Stockholders | Employee Plan Participants |
| --- | --- | --- |
| Send a written statement revoking your proxy to: Chevron Corporation, Attn: Corporate Secretary and Chief Governance Officer, 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324;<br>Submit a proxy card with a later date and signed as your name appears on your account;<br>Vote at a later time by telephone or the Internet; or<br>Vote in person at the Annual Meeting. | Notify your bank, broker, or other holder of record in accordance with that entity s procedures for revoking your voting instructions. | Notify the trustee or fiduciary of the plan through which you hold your shares in accordance with its procedures for revoking your voting instructions. |

## Confidential Voting

Chevron has a confidential voting policy to protect the privacy of your votes. Under this policy, ballots, proxy cards, and voting instructions returned to banks, brokers, and other holders of record are kept confidential. Only the proxy solicitor, the proxy tabulator, and the Inspector of Election have access to the ballots, proxy cards, and voting instructions. Anyone who processes or

inspects the ballots, proxy cards, and voting instructions signs a pledge to treat them as confidential. None of these persons is a Chevron Director, officer, or employee. The proxy solicitor and the proxy tabulator will disclose information taken from the ballots, proxy cards, and voting instructions only in the event of a proxy contest or as otherwise required by law.

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## Election of Directors

*(Item 1 on the Proxy Card)*

Your Board is nominating the 11 individuals identified below for election as Directors.

Directors are elected annually and serve for a one-year term or until their successors are elected. If any nominee is unable to serve as a Director  a circumstance we do not anticipate  the Board by resolution may reduce the number of Directors or choose a substitute. Your Board has determined that each non-employee Director is independent in accordance with the New York Stock Exchange (NYSE) Corporate Governance Standards and that no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

### Director Election Requirements

Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director, in an uncontested election.

Under Chevron s By-Laws, in an uncontested election any Director nominee who receives more AGAINST votes than FOR votes must submit an offer of resignation to the Board. The Board Nominating and Governance Committee must then consider all

relevant facts and circumstances, including the Director s qualifications and past and expected future contributions, the overall composition of the Board, and whether Chevron would meet regulatory or similar requirements without the Director, and make a recommendation to the Board on the action to take with respect to the offer of resignation.

### Director Qualifications and Nomination Processes

The Board Nominating and Governance Committee (the Committee) is responsible for recommending to the Board the qualifications for Board membership and for identifying, assessing, and recommending qualified Director candidates for the Board s consideration. The Board membership qualifications and nomination procedures are set forth in Chevron s Corporate Governance Guidelines, which are available on our website at *www.chevron.com*.

**All Directors should have the following attributes:**

the highest professional and personal ethics and values, consistent with The Chevron Way and our Business Conduct and Ethics Code, both of which are available on Chevron s website at *www.chevron.com*;

a commitment to building stockholder value;

business acumen and broad experience and expertise at the policy-making level in one or more of the areas of particular consideration indicated below;

the ability to provide insights and practical wisdom based on the individual s experience or expertise;

sufficient time to effectively carry out duties as a Director; and

independence (at least a majority of the Board must consist of independent Directors, as defined by the NYSE Corporate Governance Standards).

The Committee uses a skills and qualifications matrix to ensure that the Board maintains a balance of knowledge and experience. The Committee regularly reviews the appropriate skills and characteristics required of Directors in the context of the current composition of the Board, the operating requirements of the Company, and the long-term interests of stockholders.

**When conducting its review of the appropriate skills and qualifications desired of Directors, the Committee particularly considers:**

leadership experience in business as a chief executive officer, senior executive, or leader of significant business operations;

expertise in science, technology, engineering, research, or academia;

extensive knowledge of governmental, regulatory, legal, or public policy issues;

expertise in finance, financial disclosure, or financial accounting;

experience in global business or international matters;

experience in environmental affairs;

- service as a public company director;

- diversity of age, gender, and ethnicity; and

- such other factors as the Committee deems appropriate, given the current needs of the Board and the Company, to maintain a balance of knowledge, experience, background, and capability.

The Committee considers Director candidates suggested for nomination to the Board from stockholders, Directors, and other sources. Directors periodically suggest possible candidates, and from time to time, the Committee may engage a third-party consultant to assist in identifying potential candidates. The Committee has retained Russell Reynolds Associates to assist it with identifying potential candidates. Russell Reynolds has interviewed current Directors, evaluated the Board s current and future makeup and needs, and worked with the Committee to develop a list of potential candidates.

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ELECTION OF DIRECTORS

**The Committee considers all potential nominees recommended by our stockholders.**

Stockholders may recommend potential nominees by writing to the Corporate Secretary potential nominees at 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324, stating the candidate s name and qualifications for Board membership.

When considering potential nominees recommended by stockholders, the Committee follows the same Board membership qualifications evaluation and nomination procedures discussed in this section.

In addition, a qualifying stockholder (or stockholders) may nominate director nominees for inclusion in our Proxy Statement if the nominating stockholder satisfies the requirements specified in our proxy access By-Laws, which are described in the Corporate Governance and Additional Information Submission of Stockholder Proposals for 2017 Annual Meeting sections of this Proxy Statement.

## Nominees for Director

Carl Ware will retire from the Board, effective as of the 2016 Annual Meeting. For the 2016 Annual Meeting, the Committee recommended and the Board concurred with a Board size of 11 Directors. Each of the Director nominees is a current Director.

Your Board recommends that you vote FOR each of these Director nominees.

| | | |
|---|---|---|
| Alexander B. Cummings Jr.<br><br>**Retired Executive Vice President and Chief Administrative Officer, The Coca-Cola Company** | **Chevron Committees:**<br><br>Audit *audit committee financial expert* | **Prior Public Company Directorships** (within last five years):<br><br>None |

**Age:** 59

**Director Since:** December 2014

**Independent:** Yes

**Current Public Company Directorships:**

Coca-Cola Bottling Co. Consolidated

**Other Directorships and Memberships**:

African Leadership Foundation

CARE USA

Clark Atlanta University (Chair)

Cummings Africa Foundation (Founder and Chair)

S.C. Johnson & Son, Inc.

**Mr. Cummings** was Executive Vice President and Chief Administrative Officer of The Coca-Cola Company, the world s largest beverage manufacturer, from 2008 until his retirement in March 2016. He served as President and Chief Operating Officer of The Coca-Cola Company s Africa Group from 2001 until 2008 and was President of the North & West Africa Division from 2000 to 2001. Mr. Cummings joined The Coca-Cola Company in 1997 as Region Manager, Nigeria. Prior to that, he held various management positions with The Pillsbury Company, a food services and manufacturing company, including Vice President of Finance for Pillsbury International.

**Skills and Qualifications**

**Business Leadership / Operations:** Served eight years as EVP and CAO of The Coca-Cola Company. At Coca-Cola, responsible for key global corporate functions including legal, human resources, community engagement, and strategic planning.

**Finance:** Nearly two decades of financial responsibility and experience at The Coca-Cola Company. Former VP of Finance for Pillsbury International.

**Global Business / International Affairs:** Served as President and COO of The Coca-Cola Company s Africa Group and President of the North & West Africa Division. Founder and Chairman of the Cummings Africa Foundation, which aims to empower and uplift Africans in education, health and agriculture, and a director of the African Leadership Foundation.

**Science / Technology / Engineering:** As EVP and CAO of The Coca-Cola Company, responsible for key global corporate functions, including information technology, sustainability, research and development, product integrity, innovation, and procurement.

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## ELECTION OF DIRECTORS

| | | |
|---|---|---|
| Linnet F. Deily<br><br>**Former Deputy U.S. Trade Representative and U.S. Ambassador to the World Trade Organization**<br><br>**Age:** 70<br><br>**Director Since:** January 2006<br><br>**Independent:** Yes | **Chevron Committees:**<br><br>Board Nominating and Governance<br><br>Public Policy (Chair)<br><br>**Current Public Company Directorships:**<br><br>Honeywell International Inc. | **Prior Public Company Directorships** (within last five years):<br><br>None<br><br>**Other Directorships and Memberships:**<br><br>Episcopal Health Foundation (Chair)<br><br>Houston Endowment, Inc.<br><br>Houston Museum of Fine Arts<br><br>Houston Zoo (Vice Chair)<br><br>University of Texas MD Anderson Cancer Center Board of Visitors |

**Ms. Deily** served as Deputy U.S. Trade Representative and U.S. Ambassador to the World Trade Organization (WTO) from 2001 until 2005. She was Vice Chairman of Charles Schwab Corporation, a brokerage and financial services company, from 2000 until 2001, President of Schwab Retail Group from 1998 until 2000, and President of Schwab Institutional Services for Investment Managers from 1996 until 1998. Prior to joining Schwab, Ms. Deily was Chairman, Chief Executive Officer, and President from 1990 until 1996 and President and Chief Operating Officer from 1988 until 1990 of First Interstate Bank of Texas.

**Skills and Qualifications**

**Business Leadership / Operations:** Former Vice Chairman, Charles Schwab; President, Schwab Retail Group; and President, Schwab Institutional Services for Investment Managers. Former Chairman, CEO, President, and COO, First Interstate Bank of Texas.

**Environmental Affairs:** As Deputy U.S. Trade Representative and U.S. Ambassador to the WTO, oversaw negotiation of various environmental issues.

**Finance:** More than 20 years of experience in the banking and financial services industry.

**Global Business / International Affairs:** Served as Deputy U.S. Trade Representative and U.S. Ambassador to the WTO. Current and former director of companies with international operations.

**Government / Regulatory / Public Policy:** More than 20 years of experience in the highly regulated banking and financial services industry. Served as Deputy U.S. Trade Representative and U.S. Ambassador to the WTO.

Robert E. Denham

**Partner, Munger, Tolles & Olson LLP**

**Age:** 70

**Director Since:** April 2004

**Independent:** Yes

**Chevron Committees:**

Audit *audit committee financial expert*

Management Compensation

**Current Public Company Directorships:**

Fomento Económico Mexicano, S.A. de C.V.

The New York Times Company

Oaktree Capital Group, LLC

**Prior Public Company Directorships** (within last five years):

UGL Limited

Wesco Financial Corporation

**Other Directorships and Memberships:**

Good Samaritan Hospital of Los Angeles (Vice Chair)

James Irvine Foundation

MDRC

New Village Girls Academy

Professional Ethics Executive Committee of the American Institute of Certified Public Accountants (Public Member)

**Mr. Denham** has been a Partner of Munger, Tolles & Olson LLP, a law firm, since 1998 and from 1973 until 1991. He was Chairman and Chief Executive Officer of Salomon Inc, a financial services holding company, from 1992 until

1998. Mr. Denham joined Salomon in 1991, as General Counsel of Salomon and its subsidiary, Salomon Brothers.

**Skills and Qualifications**

**Business Leadership / Operations:** Served six years as CEO of Salomon Inc, whose principal businesses included investment banking and securities trading (Salomon Brothers), commodities trading (Phibro), and oil refining (Basis Petroleum).

**Environmental Affairs:** Former Trustee of Natural Resources Defense Council, an international environmental nonprofit organization that works to protect the world s natural resources. Former Chairman of the John D. and Catherine T. MacArthur Foundation, which funds environmental and sustainable development programs. Unique experience with environmental issues by representing buyers and sellers in complex mergers and acquisitions.

**Finance:** Former CEO of global financial services company. Served as Chairman and President of the Financial Accounting Foundation. Has represented numerous buyers and sellers in complex mergers and acquisitions and financing transactions.

**Government / Regulatory / Public Policy:** Serves as a public member of the Professional Ethics Executive Committee of the American Institute of Certified Public Accountants. Served as presidential appointee to the APEC Business Advisory Council and the Bipartisan Commission on Entitlement and Tax Reform.

**Legal:** Partner of Munger, Tolles & Olson LLP. Extensive experience with mergers and acquisitions and strategic, financial, and corporate governance issues. Law degree from Harvard Law School.

Alice P. Gast

**President, Imperial College London**

**Age:** 57

**Director Since:** December 2012

**Independent:** Yes

**Chevron Committees:**

Audit

**Current Public Company Directorships:**

None

**Prior Public Company Directorships** (within last five years):

None

**Other Directorships and Memberships:**

Science Envoy to the Caucasus and Central Asia appointed by the U.S. Department of State

King Abdullah University of Science and Technology in Thuwal, Saudi Arabia

Global Science and Innovation Advisory Council to the Prime Minister of Malaysia

The New York Academy of Sciences

**Dr. Gast** has been President of Imperial College London, a public research university specializing in science, engineering, medicine, and business, since 2014. She was President of Lehigh University, a private research university, from 2006 until 2014 and Vice President for Research, Associate Provost, and Robert T. Haslam Chair in Chemical Engineering at Massachusetts Institute of Technology from 2001 until 2006. Dr. Gast was professor of chemical engineering at Stanford University and the Stanford Synchrotron Radiation Laboratory from 1985 until 2001.

**Skills and Qualifications**

**Environmental Affairs:** At Imperial College London, oversees environmental institutes and centers. At Lehigh University, presided over the establishment of STEPS, an initiative on science, technology, environment, policy, and society, and oversaw the university s Environmental Advisory Group and emergency and crisis management planning, which included preparedness for environmental emergencies. Expertise in chemical and biological terrorism issues gained through service on several governmental committees.

**Finance:** Ten years of service as president of leading educational institutions, with ultimate responsibility for finance, fundraising, and endowment management.

**Global Business / International Affairs:** Appointed as a U.S. Science Envoy by the U.S. Department of State to advise on ways to foster and deepen relationships with the Caucasus and Central Asia. Appointed to the Singapore Ministry of Education s Academic Research Council and to the Board of Trustees for the King Abdullah University of Science and Technology in Saudi Arabia. Serves on the Council on Competitiveness and on the Global Science and Innovation Advisory Council to the Prime Minister of Malaysia.

**Government / Regulatory / Public Policy:** Served on the Homeland Security Science and Technology Advisory Committee. Chaired the scientific review committee empaneled by the National Research Council at the request of the FBI to conduct an independent review of the investigatory methods used by the FBI in the criminal case involving the mailing of anthrax spores.

**Research / Academia:** More than three decades of service in academia and research at leading educational institutions.

**Science / Technology / Engineering:** M.A. and Ph.D. in chemical engineering from Princeton University. Former Vice President for Research, Associate Provost, and Robert T. Haslam Chair in Chemical Engineering at Massachusetts Institute of Technology and professor of chemical engineering at Stanford University and the Stanford Synchrotron Radiation Laboratory.

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ELECTION OF DIRECTORS

Enrique Hernandez Jr.

**Chairman, Chief Executive Officer and President, Inter-Con Security Systems, Inc.**

**Age:** 60

**Director Since:** December 2008

**Independent:** Yes

**Chevron Committees:**

Management Compensation (Chair)

Public Policy

**Current Public Company Directorships:**

McDonald s Corporation

Nordstrom, Inc.

Wells Fargo & Company

**Prior Public Company Directorships** (within last five years):

None

**Other Directorships and Memberships:**

Catholic Community Foundation of Los Angeles

Harvard College Visiting Committee

Harvard University Resources Committee

John Randolph Haynes and Dora Haynes Foundation

University of Notre Dame

**Mr. Hernandez** has been Chairman, Chief Executive Officer, and President of Inter-Con Security Systems, Inc., a global provider of security services to local, state, federal, and foreign governments, utilities, and corporations, since 1986. He was Executive Vice President and Assistant General Counsel of Inter-Con from 1984 until 1986 and an associate of the law firm of Brobeck, Phleger & Harrison from 1980 until 1984.

**Skills and Qualifications**

**Business Leadership / Operations:** Three decades of service as CEO of Inter-Con Security Systems, Inc. Co-founder of Interspan Communications, a television broadcasting company.

**Finance:** Three decades of financial responsibility and experience at Inter-Con Security Systems, Inc. Audit committee member at McDonald s Corporation (chair) and Wells Fargo & Company. Chair of the finance committee and risk committee at Wells Fargo & Company. Former audit committee member at Great Western Financial Corporation, Nordstrom, Inc., and Washington Mutual, Inc.

**Global Business / International Affairs:** CEO of a company that conducts business worldwide. Director of companies with international operations.

**Government / Regulatory / Public Policy:** Trustee of the John Randolph Haynes Foundation, which has funded hundreds of important urban studies in education, transportation, local government elections, public safety, and other public issues. Former appointee and Commissioner and President of the Los Angeles Police Commission. Served on the U.S. National Infrastructure Advisory Committee.

**Legal:** Served as EVP and Assistant General Counsel of Inter-Con Security Systems. Former litigation associate of the law firm of Brobeck, Phleger & Harrison. Law degree from Harvard Law School.

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Jon M. Huntsman Jr.

**Former U.S. Ambassador to China and former Governor of Utah**

**Age:** 56

**Director Since:** January 2014

**Independent:** Yes

**Chevron Committees:**

- Board Nominating and Governance
- Public Policy

**Current Public Company Directorships:**

- Caterpillar, Inc.
- Ford Motor Company
- Hilton Worldwide Holdings Inc.

**Prior Public Company Directorships** (within last five years):

- Huntsman Corporation

**Other Directorships and Memberships**:

- Brookings Institution
- Carnegie Endowment for International Peace
- National Committee on U.S.-China Relations
- No Labels (Co-Chair)
- Ronald Reagan Presidential Foundation and Library
- University of Pennsylvania
- U.S. Naval Academy Foundation

**Governor Huntsman** has been Chairman of the Atlantic Council, a nonprofit that promotes leadership and engagement in international affairs, since 2014 and Chairman of the Huntsman Cancer Foundation, a nonprofit organization that financially supports research, education, and patient care initiatives at Huntsman Cancer Institute at the University of Utah, since 2012. He was a candidate for the Republican nomination for president of the United States in 2011. Governor Huntsman served as U.S. Ambassador to China from 2009 until 2011 and two consecutive terms as Governor of Utah from 2005 until 2009. Prior to his service as Governor, he served as U.S. Ambassador to Singapore, Deputy U.S. Trade Representative, and Deputy Assistant Secretary of Commerce for Asia. Between these appointments, Governor Huntsman was employed by Huntsman Corporation, a global manufacturer and marketer of differentiated chemicals, in various capacities, including Vice Chairman, and as Chairman and Chief Executive Officer of Huntsman Holdings Corporation, until his resignation in 2005.

**Skills and Qualifications**

**Business Leadership / Operations:** Served eight years as Vice Chairman of Huntsman Corporation and Chairman and CEO of Huntsman Holdings Corporation.

**Environmental Affairs:** As Governor of Utah, oversaw environmental policy, including signing the Western Climate Initiative, by which Utah joined with other U.S. state governments to pursue targets for reduced greenhouse gas emissions. Significant experience overseeing environmental practices and related matters as Vice Chairman of Huntsman Corporation and Chairman and CEO of Huntsman Holdings Corporation.

**Finance:** Former executive officer of Huntsman Corporation and Huntsman Holdings Corporation.

**Global Business / International Affairs:** Chairman of the Atlantic Council. Trustee of the National Committee on US-China Relations and of the Carnegie Endowment for International Peace. Former U.S. Ambassador to China. Former two-term Governor of Utah. Former U.S. Ambassador to Singapore, Deputy U.S. Trade Representative, and Deputy Assistant Secretary of Commerce for Asia. Founding director of the Pacific Council on International Policy. Current and former director of companies with international operations.

**Government / Regulatory / Public Policy:** Former two-term Governor of Utah. Former Deputy U.S. Trade Representative and Deputy Assistant Secretary of Commerce for Asia. Co-Chair of No-Labels, a nonprofit organization that works across political party lines to reduce gridlock and create policy solutions.

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ELECTION OF DIRECTORS

Charles W. Moorman IV

**Retired Chairman, Chief Executive Officer and President, Norfolk Southern Corporation**

**Age:** 64

**Director Since:** May 2012

**Independent:** Yes

**Chevron Committees:**

Audit (Chair) *audit committee financial expert*

**Current Public Company Directorships:**

Duke Energy

**Prior Public Company Directorships** (within last five years):

Norfolk Southern Corporation

**Other Directorships and Memberships:**

Hampton Roads Community Foundation

National Academy of Engineering

Nature Conservancy of Virginia (Chair)

University of Virginia Medical Center Operating Board

Virginia Business Council

**Mr. Moorman** is retired Chairman, Chief Executive Officer, and President of Norfolk Southern Corporation, a freight and transportation company. He served as Chairman of Norfolk Southern from 2006 until 2015, as Chief Executive Officer from 2004 until 2015, and President from 2004 until 2013. Prior to that, Mr. Moorman was Senior Vice President of Corporate Planning and Services from 2003 until 2004 and Senior Vice President of Corporate Services in 2003. Mr. Moorman joined Norfolk Southern in 1975.

**Skills and Qualifications**

**Business Leadership / Operations:** Served more than a decade as CEO of Norfolk Southern Corporation. Forty-year career with Norfolk Southern included numerous senior management and executive positions, with emphasis on operations.

**Environmental Affairs:** At Norfolk Southern Corporation, gained experience with environmental issues related to transportation of coal, automotive and industrial products. Serves as Virginia chapter chair of The Nature Conservancy, a global conservation organization. Served as a trustee of the Chesapeake Bay Foundation, whose mission is to protect the environmental integrity of the bay.

**Finance:** Former CEO of Fortune 500 company. More than three decades of financial responsibility and experience at Norfolk Southern Corporation.

**Government / Regulatory / Public Policy:** More than three decades of experience in the highly regulated freight and transportation industry.

**Science / Technology / Engineering:** Forty-year career with Norfolk Southern included numerous senior management and executive positions requiring expertise in engineering and technology. Norfolk Southern builds and maintains track and bridges, operates trains and equipment, and designs and manages complex information technology systems.

John G. Stumpf

**Chairman and Chief Executive Officer,**

**Wells Fargo & Company**

**Age:** 62

**Director Since:** May 2010

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance

Management Compensation

**Current Public Company Directorships:**

Target Corporation

Wells Fargo & Company

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

The Clearing House

Financial Services Roundtable

Federal Reserve Board Advisory Council (as appointed representative of the Federal

| | |
|---|---|
| | Reserve Bank of San Francisco) |

**Mr. Stumpf** has been Chairman since 2010 and Chief Executive Officer since 2007 of Wells Fargo & Company, a diversified, financial services company. He also served as President from 2005 to 2015. Mr. Stumpf was Group Executive Vice President of Community Banking from 2002 to 2005. In 2000, he led the integration of Wells Fargo s $23 billion acquisition of First Security Corporation. Beginning in 1982, Mr. Stumpf served in numerous executive capacities at Norwest Corporation, a diversified, financial services company, until its merger with Wells Fargo in 1998, at which time he became head of Wells Fargo s Southwestern Banking Group.

**Skills and Qualifications**

**Business Leadership / Operations:** More than nine years of service as CEO of Wells Fargo & Company. More than three decades of senior management and executive positions in banking and financial services.

**Environmental Affairs:** As Chairman and CEO of Wells Fargo & Company, has implemented several environmental initiatives. Wells Fargo ranked as the top financial services company in LEED certified square footage (2015). As CEO of a major financial services company, oversees environmental risk exposure of investment portfolio.

**Finance:** CEO of Fortune 500 company. More than three decades of financial responsibility and experience in the banking and financial services industry. Member of the Federal Reserve Board Advisory Council.

**Government / Regulatory / Public Policy:** More than three decades of experience in the highly regulated banking and financial services industry.

Ronald D. Sugar

**Retired Chairman and Chief Executive Officer, Northrop Grumman Corporation**

**Lead Director since:** 2015

**Age:** 67

**Director Since:** April 2005

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance (Chair)

Management Compensation

**Current Public Company Directorships:**

Air Lease Corporation

Amgen Inc.

Apple Inc.

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

Alliance College-Ready Public Schools

BeyondTrust

Boys & Girls Clubs of America

Los Angeles Philharmonic Association

National Academy of Engineering

UCLA Anderson School of Management Board of Visitors

University of Southern California

**Dr. Sugar** is a senior advisor to various businesses and organizations, including Ares Management LLC, a leading private investment firm; Bain & Company, a global consulting firm; Temasek Americas Advisory Panel, a private investment company based in Singapore; and the G100 Network and the World 50, peer-to-peer exchanges for current and former senior executives from some of the world s largest companies. He was previously Chairman and Chief Executive Officer from 2003 until his retirement in 2010 and President and Chief Operating Officer from 2001 until 2003 of Northrop Grumman Corporation, a global security and defense company. He joined Northrop Grumman in 2001, having previously served as President and Chief Operating Officer of Litton Industries, Inc., a developer of military products, and earlier as an executive of TRW Inc., a developer of missile systems and spacecraft.

**Skills and Qualifications**

**Business Leadership / Operations:** Served seven years as CEO of Northrop Grumman Corporation. Senior management and executive positions, including service as COO, at Northrop Grumman, Litton Industries, Inc., and TRW Inc.

**Environmental Affairs:** As Chairman, CEO, and President of Northrop Grumman Corporation, oversaw environmental assessments and remediations at shipyards and aircraft and electronics factories.

**Finance:** Former CEO of Fortune 500 company. More than three decades of financial responsibility and experience at Northrop Grumman, Litton Industries, Inc. and TRW Inc. Current audit committee chair at Apple Inc. and former audit committee chair at Chevron.

**Global Business / International Affairs:** Former CEO of Fortune 500 company with extensive international operations. Current and former director of companies with international operations.

**Government / Regulatory / Public Policy:** At Northrop Grumman Corporation, a key government contractor, oversaw development of weapons and other technologies. Appointed by President of the United States to the National Security Telecommunications Advisory Committee. Former director of World Affairs Council of Los Angeles.

**Science / Technology / Engineering:** Ph.D. in electrical engineering from the University of California at Los Angeles. Served in a variety of senior management and executive positions at Northrop Grumman, Litton Industries, Inc., and TRW Inc., requiring expertise in engineering and technology. Director at Amgen Inc., a biotechnology company; Apple Inc., a manufacturer and seller of, among other things, personal computers, mobile communication and media devices; and BeyondTrust, a global cybersecurity company.

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ELECTION OF DIRECTORS

Inge G. Thulin

**Chairman, President, and Chief Executive Officer, 3M Company**

**Age:** 62

**Director Since:** January 2015

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance

Management Compensation

**Current Public Company Directorships:**

3M Company

**Prior Public Company Directorships**

(within last five years):

The Toro Company

**Other Directorships and Memberships:**

The Business Council

Business Roundtable

Council on Foreign Relations

World Economic Forum, International Business Council

**Mr. Thulin** has been Chairman, President, and Chief Executive Officer of 3M Company, a diversified technology company, since 2012. He was Executive Vice President and Chief Operating Officer of 3M from 2011 until 2012, with responsibility for all of 3M s business segments and international operations. From 2004 until 2011, Mr. Thulin was Executive Vice President of International Operations. He joined 3M Sweden in 1979, working in sales and marketing, and has held numerous leadership positions in Asia Pacific, Europe, and the Middle East, and across multiple businesses.

***Skills and Qualifications***

**Business Leadership / Operations:** Four years of service as CEO of 3M Company. More than three decades of experience in senior management and executive positions at 3M Company, including responsibility for international operations.

**Environmental Affairs:** As Chairman, President, and CEO of 3M Company, oversees all aspects of 3M s environmental and sustainability policies and strategies, which include initiatives to address challenges like energy availability and security, raw material scarcity, human health, and environmental safety, education and development.

**Finance:** CEO of Fortune 500 company. More than three decades of financial responsibility and experience at 3M Company.

**Global Business / International Affairs:** Chairman, CEO, and President of Fortune 500 company with extensive international operations. At 3M Company, served as EVP for International Operations and Managing Director, 3M Russia. Member of the International Business Council of the World Economic Forum.

**Science / Technology / Engineering:** Has served in a variety of senior management and executive positions at 3M Company, requiring expertise in engineering and technology. 3M is a diversified technology company.

John S. Watson

**Chairman and Chief Executive Officer, Chevron Corporation**

**Age:** 59

**Director Since:** December 2009

**Independent:** No

**Chevron Committees:**

None

**Current Public Company Directorships:**

None

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

American Petroleum Institute

American Society of Corporate Executives

The Business Council

Business Roundtable

JPMorgan International Council

National Petroleum Council

University of California Davis Chancellor s Board of Advisors

**Mr. Watson** has been Chairman and Chief Executive Officer of Chevron since 2010. He was Vice Chairman from 2009 until 2010 and Executive Vice President of Strategy and Development from 2008 until 2009. From 2005 until 2008, Mr. Watson was President of Chevron International Exploration and Production Company, and from 2001 until 2005, he was Chief Financial Officer. In 1998, he was named Vice President with responsibility for strategic planning and mergers and acquisitions. Mr. Watson joined Chevron in 1980.

***Skills and Qualifications***

**Business Leadership / Operations:** Six years of service as CEO of Chevron. As Vice Chairman, responsible for business development, mergers and acquisitions, strategic planning, corporate compliance, policy, government and public affairs. More than three decades of experience in senior management and executive positions at Chevron.

**Environmental Affairs:** As CEO of Chevron, oversees all aspects of Chevron s environmental policies and strategies. Oversaw development of Chevron s four environmental principles (include the environment in decision making; reduce environmental footprint; operate responsibly; steward sites), Operational Excellence Management System (a standardized approach for achieving outstanding environmental performance), and Environmental, Social and Health Impact Assessment (ESHIA) process for capital projects within Chevron s operational control.

**Finance:** CEO of Fortune 500 company. Three decades of financial responsibility and experience at Chevron. Served as CFO. Led Chevron s integration effort following its successful acquisition of Texaco Inc.

**Global Business / International Affairs:** CEO of Fortune 500 company with extensive international operations. Served as EVP of Strategy and Development, and President of Chevron International Exploration and Production Company. Member of JPMorgan International Council.

**Government / Regulatory / Public Policy:** More than three decades of experience in highly regulated industry. As CEO of Chevron, oversees all aspects of Chevron s government, regulatory, and public policy affairs.

## Vote Required

Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director, in an uncontested election. Any shares not voted (whether by abstention or otherwise) will have no impact on the elections. If you are a street name stockholder and do not vote your shares, your bank, broker, or other holder of record cannot vote your shares at its discretion in these elections.

If the number of Director nominees exceeds the number of Directors to be elected a circumstance we do not anticipate the Directors shall be elected by a plurality of the shares present in person or by proxy at the Annual Meeting, or any adjournment or postponement thereof, and entitled to vote on the election of Directors.

## Your Board s Recommendation

Your Board recommends that you vote **FOR** the 11 Director nominees named in this Proxy Statement.

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## Director Compensation

### Overview

Our compensation for non-employee Directors is designed to be competitive with other large, global energy companies and other large, capital-intensive, international companies; to link rewards to business results and stockholder returns; and to align stockholder and Director interests through increased Director ownership of Chevron common stock. We do not have a retirement plan for non-employee Directors. Our executive officer is not paid additional compensation for service as a Director.

The Board Nominating and Governance Committee evaluates and recommends to the non-employee Directors of the Board the compensation for non-employee Directors, and the non-employee Directors of the Board set the compensation. Our executive officers have no role in determining the amount or form of non-employee Director compensation. The Committee may retain the services of an independent compensation consultant to assist the Committee with its work.

The non-employee Directors of the Board approved, effective as of the 2015 Annual Meeting, a $25,000 annual cash retainer for the independent Lead Director, in recognition of the Lead Director s additional duties and time commitment, as discussed in the  Corporate Governance  Board Leadership and Independent Lead Director  section of this Proxy Statement. For 2015, the non-employee Directors continued to receive a total annual compensation of $375,000 per Director, with 40 percent paid in cash (or stock options at the Director s election) and 60 percent paid in restricted stock units. Committee chairs receive an additional $15,000 in cash for their services.

Below, we describe the non-employee Directors  2015 annual compensation in more detail.

### Cash or Stock Options (at the Director s Election)

$150,000 annual cash retainer, paid in monthly installments beginning with the date the Director is elected to the Board.

$15,000 additional annual cash retainer for each Board committee chair and $25,000 additional annual cash retainer for the Lead Director, paid in monthly installments beginning with the date the Director becomes a committee chair and/or Lead Director.

Directors can elect to receive nonstatutory/nonqualified stock options instead of any portion of their cash compensation. Stock options are granted under the Chevron Corporation Non-Employee Directors  Equity

Compensation and Deferral Plan (NED Plan).

Directors can also elect to defer receipt of any portion of their cash compensation under the NED Plan.

### Restricted Stock Units

$225,000 of the annual compensation is paid in the form of restricted stock units (RSUs) that are granted on the date of the Annual Meeting of stockholders at which the Director is elected.

If a Director is elected to the Board between annual meetings, a prorated grant can be made.
RSUs are subject to forfeiture (except when the Director dies, reaches mandatory retirement age of 72, becomes disabled, changes primary occupation, or enters government service) until the earlier of 12 months or the day preceding the first Annual Meeting of stockholders following the date of the grant.

RSUs are paid out in shares of Chevron common stock unless the Director has elected to defer the payout until retirement under the NED Plan.

### Expenses and Charitable Matching Gift Program

Non-employee Directors are reimbursed for out-of-pocket expenses incurred in connection with the business and affairs of Chevron. Non-employee Directors are eligible to participate in Humankind, our charitable matching gift and

community involvement program, which is available to any employee, retiree, or Director. We will match contributions to eligible entities and grants for volunteer time, up to a maximum of $10,000 per year per employee or Director.

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DIRECTOR COMPENSATION

## Compensation During the Fiscal Year Ended December 31, 2015

The above-described choices available to Directors result in slight differences in reportable compensation, even though each Director was awarded the same amount (except for committee chairs, who received an additional $15,000 and the independent Lead Director, who received an additional $25,000 cash retainer). Specifically, two Directors Messrs. Hernandez and Thulin elected to receive stock options for all or a portion of their annual cash retainer.

The following table sets forth the compensation of our non-employee Directors for the fiscal year ended December 31, 2015. Mr. Thulin joined the Board on January 28, 2015, and Mr. Sharer did not stand for reelection on May 27, 2015, and their compensation was prorated accordingly.

| Name | Fees Earned or Paid in Cash | Stock Awards[(1)] | Option Awards[(2)] | All Other Compensation[(3)] | Total |
|---|---|---|---|---|---|
| Alexander B. Cummings Jr. | $ 146,667 | $ 225,000 | $ | $ 737 | $ 372,404 |
| Linnet F. Deily | $ 165,000[(4)] | $ 225,000 | $ | $ 10,737 | $ 400,737 |
| Robert E. Denham | $ 157,298[(4)(6)] | $ 225,000 | $ | $ 737 | $ 383,035 |
| Alice P. Gast | $ 150,000[(6)] | $ 225,000 | $ | $ 10,737 | $ 385,737 |
| Enrique Hernandez Jr. | $ | $ 225,000 | $ 165,000[(4)] | $ 10,737 | $ 400,737 |
| Jon M. Huntsman Jr. | $ 150,000 | $ 225,000 | $ | $ 14,337 | $ 389,337 |
| Charles W. Moorman IV | $ 157,702[(4)(6)] | $ 225,000 | $ | $ 10,737 | $ 393,439 |
| Kevin W. Sharer | $ 72,984[(6)] | $ | $ | $ 14,050 | $ 87,033 |
| John G. Stumpf | $ 150,000 | $ 225,000 | $ | $ 737 | $ 375,737 |
| Ronald D. Sugar | $ 177,836[(4)(5)(6)] | $ 225,000 | $ | $ 10,737 | $ 413,573 |
| Inge G. Thulin | $ 49,651[(6)(7)] | $ 298,356 | $ 150,000 | $ 681 | $ 498,688 |
| Carl Ware | $ 157,298[(4)] | $ 225,000 | $ | $ 737 | $ 383,035 |

(1) Amounts reflect the grant date fair value for restricted stock units granted in 2015 under the NED Plan. We calculate the grant date fair value of these awards in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718), for financial reporting purposes. The grant date fair value of these RSUs was $103.29 per unit, the closing price of Chevron common stock on May 26, 2015. For Mr. Thulin, includes a grant date fair value of $103.71 per unit, the closing price of Chevron common stock on January 28, 2015, the day he joined the Board and received a prorated grant of 707 RSUs for the compensation period covering January 28, 2015, through May 26, 2015. RSUs accrue dividend

equivalents, the value of which is factored into the grant date fair value. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions have been disregarded. RSUs are payable in Chevron common stock.

At December 31, 2015, the following Directors had the following number of shares subject to outstanding stock awards or deferrals:

| Name | Restricted Stock[(a)] | Stock Units[(a)] | Restricted Stock Units[(a)] | Stock Units From Director s Deferral of Cash Retainer[(b)] | Total |
|---|---|---|---|---|---|
| Alexander B. Cummings Jr. | | | 2,236 | | 2,236 |
| Linnet F. Deily | | 3,371 | 2,236 | | 5,607 |
| Robert E. Denham | 3,456 | 10,719 | 22,318 | 19,573 | 56,066 |
| Alice P. Gast | | | 4,191 | | 4,191 |
| Enrique Hernandez Jr. | | | 14,375 | 1,105 | 15,480 |
| Jon M. Huntsman Jr. | | | 2,236 | | 2,236 |
| Charles W. Moorman IV | | | 8,247 | 4,734 | 12,981 |
| Kevin W. Sharer | | | 20,082 | 12,512 | 32,594 |
| John G. Stumpf | | | 2,236 | | 2,236 |
| Ronald D. Sugar | 2,268 | 6,942 | 22,318 | 14,290 | 45,818 |
| Inge G. Thulin | | | 2,977 | 523 | 3,500 |
| Carl Ware | 7,274 | 19,054 | 22,318 | 451 | 49,097 |

(a) Non-employee Directors received awards of restricted stock and stock units from 2001 through 2006 and awards of RSUs beginning in 2007. Awards of restricted stock are fully vested and are settled in shares of Chevron common stock upon retirement. Awards of stock units are settled in shares of Chevron common stock in one to ten annual installments following the Director s retirement, resignation, or death. The terms of awards of RSUs are described above.

(b) Deferral elections must be made by December 31 in the year preceding the year in which the cash to be deferred is earned. Deferrals are credited, at the Director s election, into accounts tracked with reference to the same investment fund options available to participants in the Chevron Deferred Compensation Plan for Management Employees II, including a Chevron Common Stock Fund. Distribution of deferred amounts is in cash except for amounts valued with reference to the Chevron Common Stock Fund, which are distributed in shares of Chevron common stock. Distribution will be made in either one or 10 annual installments for compensation deferred after December 31, 2004, and distributions will be made in one to 10 annual installments for compensation deferred prior to January 1, 2005. Any deferred amounts unpaid at the time of a Director s death are distributed to the Director s beneficiary.

## DIRECTOR COMPENSATION

(2) For Directors electing stock options in lieu of all or a portion of the annual cash retainer, the stock options are granted on the date of the Annual Meeting of stockholders that the Director is elected. The stock options are exercisable for that number of shares of Chevron common stock determined by dividing the amount of the cash retainer subject to the election by the Black-Scholes value of a stock option on the date of grant. Elections to receive stock options in lieu of any portion of cash compensation must be made by December 31 in the year preceding the year in which the stock options are granted. The stock options have an exercise price based on the closing price of Chevron common stock on the date of grant.

Amounts reported here reflect the grant date fair value for stock options granted on May 27, 2015. The grant date fair value was determined in accordance with ASC Topic 718 for financial reporting purposes. The grant date fair value of each option is calculated using the Black-Scholes model. Stock options granted on May 27, 2015, have an exercise price of $103.11 and a grant date fair value of $12.91. The assumptions used in the Black-Scholes model to calculate this grant date fair value were: an expected life of 6.1 years, a volatility rate of 20.4 percent, a risk-free interest rate of 1.77 percent and a dividend yield of 3.69 percent. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions have been disregarded.

Messrs. Hernandez and Thulin both elected to receive all or a portion of their 2015 annual cash compensation in the form of stock options. The number of stock options granted in 2015 was 12,780 to Mr. Hernandez and 11,618 to Mr. Thulin. One-half of the stock options vests six months following the date of grant, and the remaining half vests on the earlier of 12 months or the day preceding the first Annual Meeting of stockholders following the date of grant. Stock options expire after 10 years.

At December 31, 2015, Ms. Deily had 1,456 outstanding and vested stock options, Mr. Hernandez had 51,054, and Mr. Thulin had 11,618 outstanding, vested and unvested stock options. Under the rules governing awards of stock options under the NED Plan, Directors who retire in accordance with Chevron s Director Retirement Policy have until 10 years from the date of grant to exercise any outstanding option.

(3) All Other Compensation for 2015 includes the following items:

| | Insurance[(a)] | Perquisites[(b)] | Charitable[(c)] |
|---|---|---|---|
| Alexander B. Cummings Jr. | $ 737 | $ | $ |
| Linnet F. Deily | $ 737 | $ | $ 10,000 |
| Robert E. Denham | $ 737 | $ | $ |
| Alice P. Gast | $ 737 | $ | $ 10,000 |
| Enrique Hernandez Jr. | $ 737 | $ | $ 10,000 |
| Jon M. Huntsman Jr. | $ 737 | $ 13,600 | $ |

| | | | | | | |
|---|---|---|---|---|---|---|
| Charles W. Moorman IV | $ | 737 | $ | | $ | 10,000 |
| Kevin W. Sharer | $ | 282 | $ | 13,768 | $ | |
| John G. Stumpf | $ | 737 | $ | | $ | |
| Ronald D. Sugar | $ | 737 | $ | | $ | 10,000 |
| Inge G. Thulin | $ | 681 | $ | | $ | |
| Carl Ware | $ | 737 | $ | | $ | |

(a) Amounts reflect the annualized premium for accidental death and dismemberment insurance coverage paid by Chevron.

(b) For Mr. Huntsman, reflects the aggregate incremental cost of personal use of Company aircraft. Generally, Directors are not permitted to use Company planes for personal use. On a very limited basis, the Chairman may authorize the personal use of Company aircraft if such use is in relation to or otherwise part of a trip that is business related or is in connection with a family emergency. For Mr. Sharer, reflects the aggregate incremental cost of retirement gifts.

(c) Amounts paid in 2015 by Chevron in the Director s name under Humankind, our charitable matching gift and grant for volunteer time program, to match donations made by the Directors in 2015.

(4) Amount includes the additional retainer for serving as a Board committee chair during 2015.

(5) Amount includes the additional retainer for serving as Lead Director during 2015.

(6) The Director has elected to defer some or all of the annual cash retainer under the NED Plan in 2015. None of the earnings under the NED Plan are above market or preferential.

(7) Mr. Thulin joined the Board on January 28, 2015.

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# Corporate Governance

## Overview

Chevron is governed by a Board of Directors and committees of the Board that meet throughout the year. Directors discharge their responsibilities at Board and committee meetings and through other communications with management. Your Board is committed to

corporate governance structures and practices that help Chevron compete more effectively, sustain its success, and build long-term stockholder value.

## Role of the Board of Directors

Your Board oversees and provides policy guidance on Chevron s business and affairs. It monitors overall corporate performance, the integrity of Chevron s financial controls, and the effectiveness of its legal compliance and enterprise risk management programs. Your Board oversees management and plans for the succession of key

executives. It also oversees Chevron s strategic and business planning process. This is generally a year-round process, culminating in Board reviews of Chevron s strategic plan, its business plan, the next year s capital expenditures budget, and key financial and operational indicators.

## Board Responsiveness to Stockholder Vote Proxy Access

In May 2015, stockholders voted in favor of a stockholder proposal recommending that the Board adopt a proxy access By-Law. In September 2015, the Board amended the By-Laws to provide for proxy access. The Board spent significant time evaluating how best to construct the By-Law to provide a meaningful stockholder right that contains measured provisions to limit the possibility that the access provision could be used in an abusive manner not in the best interests of the Company s stockholders as a whole. In striking what the Board believes is the appropriate balance, the Board took into account the views of the stockholder proposal proponent and the views of a large number of the Company s stockholders.

Immediately following receipt of the stockholder proposal in October 2014 and up to the 2015 Annual Meeting, management, and at times, the independent Lead Director, met with more than 20 investors, representing approximately 31 percent of Chevron s outstanding common stock, to understand investors views on proxy access. Following the Annual Meeting, the Board instructed management to continue to actively engage with stockholders to better understand the reasons for their vote and to obtain an understanding of

investors views on the various aspects of proxy access. Following the Annual Meeting, management met with the stockholder proposal proponent and more than 40 investors, including a majority of our top 10 investors, representing approximately 28 percent of Chevron s outstanding common stock.

Based in part on that feedback, the Board adopted a By-Law amendment that allows any stockholder (or any group of up to 20 stockholders) owning at least three percent of Chevron s outstanding common stock for at least three years to include a specified number of director nominees in our proxy materials for the annual meeting of stockholders. In these engagement meetings, investors overwhelmingly expressed support for the various provisions ultimately adopted by the Board, recognizing that proxy access is an important stockholder right, but also recognizing that the provisions adopted by the Board are important to protect stockholders from a small group using the right for a special interest purpose that is not in the best interests of stockholders as a whole.

Following are some of the provisions discussed with stockholders.

Although the number of investors aggregating common stock ownership to meet the three percent ownership threshold is limited to 20 stockholders, the Board set a broad definition of stockholder , treating as one stockholder two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer, or (C) a group of investment companies , as such term is defined in the Investment Company Act of 1940 (such that a group of mutual funds held out as related for investor services are treated as one stockholder).

Ensuring that stockholders will have the ability to include at least two nominees, the number of nominees for each proxy season cannot exceed the greater of two nominees or 20 percent of the Board.

To ensure that the stockholders using proxy access have a real economic interest in the Company, the common stock ownership comprising the three percent ownership must be a net long position, meaning stockholders cannot borrow shares or include in the three percent shares subject to any option, warrant, forward contract, swap or other derivative instrument.

To ensure transparency of any control over a proxy access nominee, the nominee must disclose any agreement providing how the nominee, if elected, would vote on any matter.

The Board recognizes that being a nominee is an expensive and time-consuming effort and, as such, the Board did not prohibit nominees from receiving compensation for being an access nominee but did require that such compensation be disclosed. However, the Board believes strongly that once an individual is elected to the Board, each Director should receive the same compensation; thus, the Board prohibited compensation from a third party for serving on the Board.

Mindful of the disruption and confusion that can result from having multiple nominees from a contested election outside the proxy access process and nominees under the proxy access process, the Board provided that proxy access could not be used if a stockholder is concurrently conducting a contested election outside the proxy access process.

In order to ensure that meaningful nominees are included, if a nominee does not receive at least 25 percent of the vote, that nominee is not eligible for renomination at the following two annual meetings.

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CORPORATE GOVERNANCE

Additional information about proxy access can be found in our By-Laws, available on *www.chevron.com*, and in the Additional

Information Submission of Stockholder Proposals for 2017 Annual Meeting section of this Proxy Statement.

## Director Independence

Your Board has determined that each non-employee Director who served in 2015 and each current non-employee Director and non-employee Director nominee is independent in accordance with the NYSE Corporate Governance Standards and that no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

For a Director to be considered independent, the Board must determine that the Director does not have any material relationship with Chevron, other than as a Director. In making its determinations, the Board adheres to the specific tests for independence included in the NYSE Corporate Governance Standards. In addition, the Board has determined that the following relationships of Chevron Directors occurring within the last fiscal year are categorically immaterial to a determination of independence if the relevant transaction was conducted in the ordinary course of business:

- a director of another entity if business transactions between Chevron and that entity do not exceed $5 million or 5 percent of the receiving entity s consolidated gross revenues, whichever is greater;

- a director of another entity if Chevron s discretionary charitable contributions to that entity do not exceed $1 million or 2 percent of that entity s gross revenues, whichever is greater, and if the charitable contributions are consistent with Chevron s philanthropic practices; and

- a relationship arising solely from a Director s ownership of an equity or limited partnership interest in a party that engages in a transaction with Chevron as long as the Director s ownership interest does not exceed 2 percent of the total equity or partnership interest in that other party.

These categorical standards are contained in our Corporate Governance Guidelines, which are available on our website at *www.chevron.com* and are available in print upon request.

Ms. Deily and Messrs. Cummings, Denham, Hernandez, Huntsman, Moorman, Stumpf, Sugar, and Thulin are directors of for-profit entities with which Chevron conducts business in the ordinary course.

They, Dr. Gast, and Mr. Ware are also directors or trustees of, or similar advisors to, not-for-profit entities to which Chevron makes contributions. The Board has determined that all of these transactions and contributions were below the thresholds set forth in the first and second categorical standards described above (except as noted below) and are, therefore, categorically immaterial to the particular Director s independence.

The Board reviewed the following relationships and transactions that existed or occurred in 2015 that are not covered by the categorical standards described above:

For Mr. Cummings, the Board considered that in 2015, Chevron purchased products and services from The Coca-Cola Company, in the ordinary course of business, amounting to less than 0.033 percent of The Coca-Cola Company s most recently reported annual consolidated gross revenues, and The Coca-Cola Company purchased products and services from Chevron, in the ordinary course of business, amounting to less than 0.18 percent of Chevron s most recently reported annual consolidated gross revenues. During 2015, Mr. Cummings served as the Executive Vice President and Chief Administrative Officer of The Coca-Cola Company. The Board concluded that these transactions would not impair Mr. Cummings independence.

For Dr. Gast, the Board considered that in 2015, Chevron purchased services from Imperial College London amounting to less than 0.027 percent of Imperial College s most recently reported annual gross revenues. Dr. Gast is the President of Imperial College. The Board concluded that these transactions would not impair Dr. Gast s independence.

For Mr. Hernandez, the Board considered that in 2015, Chevron purchased services from Inter-Con Security Systems of Ghana Ltd., a subsidiary of Inter-Con Security Systems, Inc., in the ordinary course of business, amounting to less than one percent of Inter-Con s most recent annual consolidated gross revenues. Mr. Hernandez is Chairman, Chief Executive Officer and President and a significant stockholder of Inter-Con, a privately held business. The Board concluded that these transactions would not impair Mr. Hernandez s independence.

For Mr. Moorman, the Board considered that in 2015, Chevron purchased products and services from Norfolk Southern Corporation, in the ordinary course of business, amounting to less than 0.022 percent of Norfolk Southern s most recently reported annual consolidated gross revenues, and Norfolk Southern purchased products and services from Chevron, in the ordinary course of business, amounting to less than 0.019 percent of Chevron s most recently reported annual consolidated gross revenues. During 2015, Mr. Moorman served as the Chairman and Chief Executive Officer, and, upon retirement, the Executive Chairman of Norfolk Southern. The Board concluded that these transactions would not impair Mr. Moorman s independence.

For Mr. Stumpf, the Board considered that in 2015, Chevron utilized Wells Fargo & Company for commercial banking, brokerage, and other services, in the ordinary course of business, amounting to less than 0.013 percent of Wells Fargo s most recently reported annual consolidated gross revenues, and Wells Fargo paid to Chevron interest in connection with time deposits and similar transactions in the ordinary course of business, amounting to less than 0.010 percent of Chevron s most recently reported annual consolidated gross revenues. Mr. Stumpf is the Chairman and Chief Executive Officer of Wells Fargo. The Board concluded that these transactions would not impair Mr. Stumpf s independence.

For Mr. Thulin, the Board considered that in 2015, Chevron purchased products and services from 3M Company, in the ordinary course of business, amounting to less than 0.002 percent of 3M Company s most recently reported annual consolidated gross revenues, and 3M Company purchased products and services from Chevron, in the ordinary course of business, amounting to less than 0.001 percent of Chevron s most recently reported annual consolidated gross revenues. Mr. Thulin is the Chairman, President, and Chief Executive Officer of 3M Company. The Board concluded that these transactions would not impair Mr. Thulin s independence.

## Board Leadership and Independent Lead Director

Under Chevron s By-Laws, the positions of Chairman of the Board and Chief Executive Officer are separate positions that may be occupied by the same person at the discretion of the Board. Chevron s independent Directors select the Chairman of the Board annually. Thus, the Board has great flexibility to choose its optimal leadership structure depending upon Chevron s particular needs and circumstances and to organize its functions and conduct its business in the most effective manner.

Annually, the Board Nominating and Governance Committee conducts an assessment of Chevron s corporate governance structures and processes, which includes a review of Chevron s Board leadership structure and whether combining or separating the roles of Chairman and CEO is in the best interests of Chevron s stockholders. At present, Chevron s Board believes that it is in the stockholders best interests for the CEO, Mr. Watson, to also serve as Chairman of the Board. The Board believes that having Mr. Watson serve as Chairman fosters an important unity of leadership between the Board and management that is subject to effective oversight by the independent Lead Director and the other independent Directors. The Board believes that it benefits from the significant knowledge, insight, and perspective of Chevron and the energy industry that Mr. Watson has gained throughout his 35 years with Chevron. Our business is highly complex and our projects have long lead times, with many of our major capital projects taking more than 10 years from the exploration phase to first production. The Board believes that Mr. Watson s in-depth knowledge of the Company, coupled with his extensive industry expertise, makes him particularly qualified to lead discussions of the Board. Having Mr. Watson serve as Chairman also promotes better alignment of Chevron s long-term strategic development with its operational execution.

Significantly, the Board does not believe that combining the roles creates ambiguity about reporting relationships. Given the role of the independent Lead Director discussed below and the fact that the independent Directors, pursuant to their powers under the By-Laws, have affirmatively selected Mr. Watson for the positions of Chairman and CEO, annually set his compensation, and regularly evaluate his performance, the Board believes it is clear that Mr. Watson reports and is accountable to the independent Directors. Moreover, the Board does not believe that having the CEO also serve as Chairman inhibits the flow of information and interactions between the Board, management, and other Company personnel. To the contrary, the Board has unfettered access to management and other Company personnel, and the Board believes that having Mr. Watson in the roles of both Chairman and CEO facilitates the flow of information and communications between the Board and management, which enhances the Board s ability to obtain information and to monitor management.

Your Board recognizes the importance of independent Board oversight of the CEO and management, and has developed policies and procedures designed to ensure independent

oversight. In addition to conducting an annual review of the CEO s performance, the independent Directors meet in executive session at each Board meeting and discuss management s performance and routinely formulate guidance and feedback, which the independent Lead Director provides to the CEO and other members of management.

Further, when the Board selects the CEO to also serve as Chairman, the independent Directors annually select an independent Lead Director, currently Dr. Sugar. As described in the Board Leadership and Lead Director section of Chevron s Corporate Governance Guidelines, the Lead Director s responsibilities are to:

- chair all meetings of the Board in the Chairman s absence, including executive sessions;
- serve as liaison between the Chairman and the independent Directors;
- consult with the Chairman on and approve meeting agendas and schedules and information sent to the Board;
- consult with the Chairman on other matters pertinent to Chevron and the Board;
- call meetings of the independent Directors; and
- if requested by major stockholders, be available as appropriate for consultation and direct communication.

The Board routinely reviews the Lead Director s responsibilities to ensure that these responsibilities enhance its independent oversight of the CEO and management and the flow of information and interactions between the Board, management, and other Company personnel. In this respect, the Lead Director and Chairman collaborate closely on Board meeting schedules and agendas and information provided to the Board. These consultations and agendas and the information provided to the Board frequently reflect input and suggestions from other members of the Board and management. You can read more about these particular processes in the Board Agenda and Meetings section of Chevron s Corporate Governance Guidelines.

Any stockholder can communicate with the Lead Director or any of the other Directors in the manner described in the Communicating With the Board section of this Proxy Statement.

Also, as discussed in more detail in the Engagement section of this Proxy Statement, the Board encourages a robust investor engagement program. During these engagements, Board leadership is a frequent topic of discussion. In general, investors have overwhelmingly communicated to Chevron, including those that are philosophically opposed to combining the positions of Chairman and CEO, that they have minimal, if any, concerns about your Board and individual Directors and about its policies and leadership structure. More specifically, these investors have voiced confidence in the strong counterbalancing structure of the robust independent Lead Director role.

## Board Committees

Chevron s Board of Directors has four standing committees: Audit; Board Nominating and Governance; Management Compensation; and Public Policy. The Audit, Board Nominating and Governance, and Management Compensation Committees are each constituted and operated according to the independence and other requirements of the Securities Exchange Act of 1934, as amended (Exchange Act) and the New York Stock Exchange (NYSE) Corporate Governance Standards. In addition, each member of the Compensation Committee is an outside Director for purposes of Section 162(m) of the Internal Revenue

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Code of 1986, as amended, and each member of the Audit Committee is financially literate and, other than Dr. Gast, an audit committee financial expert, as such terms are defined under the Exchange Act and related rules and the NYSE Corporate Governance Standards.

Each committee is chaired by an independent Director who determines the agenda, the frequency and the length of the meetings and who has unlimited access to management,

information, and independent advisors, as necessary. Each non-employee Director generally serves on one or two committees. Committee members serve staggered terms, enabling Directors to rotate periodically to different committees. Four- to six-year terms for committee chairs facilitates rotation of committee chairs while preserving experienced leadership.

Each Committee is governed by a written charter that can be viewed on Chevron s website at *www.chevron.com* and is available in print upon request.

| Committees and Membership | Committee Functions |
|---|---|
| **Audit**<br><br>Charles W. Moorman IV, Chair<br><br>Alexander B. Cummings Jr.<br><br>Robert E. Denham<br><br>Alice P. Gast | Selects the independent registered public accounting firm for endorsement by the Board and ratification by the stockholders<br><br>Reviews reports of the independent registered public accounting firm and internal auditors<br><br>Reviews and approves the scope and cost of all services (including nonaudit services) provided by the independent registered public accounting firm<br><br>Monitors the effectiveness of the audit process and financial reporting<br><br>Reviews the adequacy of financial and operating controls |

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|---|---|
| | Monitors implementation and effectiveness of Chevron s compliance policies and procedures<br>Assists the Board in fulfilling its oversight of enterprise risk management, particularly financial risk<br>Evaluates the effectiveness of the Audit Committee |
| **Board Nominating and Governance**<br>Ronald D. Sugar, Chair<br>Linnet F. Deily<br>Jon M. Huntsman Jr.<br>John G. Stumpf<br>Inge G. Thulin | Evaluates the effectiveness of the Board and its committees and recommends changes to improve Board, Board committee, and individual Director effectiveness<br>Assesses the size and composition of the Board<br>Recommends prospective Director nominees<br>Reviews and approves non-employee Director compensation<br>Reviews and recommends changes as appropriate in Chevron s Corporate Governance Guidelines, Restated Certificate of Incorporation, By-Laws, and other Board-adopted governance provisions<br>Reviews stockholder proposals and recommends Board responses to proposals<br>Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with Chevron s corporate governance structures and processes<br>Evaluates the effectiveness of the Board Nominating and Governance Committee |

| | |
|---|---|
| **Management Compensation**<br><br>Enrique Hernandez Jr., Chair<br><br>Robert E. Denham<br><br>John G. Stumpf<br><br>Ronald D. Sugar<br><br>Inge G. Thulin<br><br>Carl Ware* | Conducts an annual review of the CEO s performance<br><br>Reviews and recommends to the independent Directors the salary and other compensation for the CEO<br><br>Reviews and approves salaries and other compensation for executive officers other than the CEO<br><br>Administers Chevron s executive incentive and equity-based compensation plans<br><br>Reviews Chevron s strategies and supporting processes for management succession planning, leadership development, executive retention, and diversity<br><br>Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with Chevron s compensation programs<br><br>Evaluates the effectiveness of the Management Compensation Committee |
| **Public Policy**<br><br>Linnet F. Deily, Chair<br><br>Enrique Hernandez Jr.<br><br>Jon M. Huntsman Jr.<br><br>Carl Ware* | Identifies, monitors, and evaluates domestic and international social, political, human rights, and environmental trends and issues that affect Chevron s activities and performance<br><br>Recommends to the Board policies, programs, and strategies concerning such issues<br><br>Recommends to the Board policies, programs, and practices concerning support of charitable, political, and educational organizations |

Reviews annually the policies, procedures, and expenditures for Chevron s political activities, including political contributions and direct and indirect lobbying

Reviews stockholder proposals and recommends Board responses to proposals

Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with the social, political, environmental, and public policy aspects of Chevron s business

Evaluates the effectiveness of the Public Policy Committee

* Mr. Ware will retire from the Board in 2016, effective as of the Annual Meeting.

## Board and Committee Meetings and Attendance

In 2015, your Board held six Board meetings, with each meeting including an executive session of independent Directors presided over by our independent Lead Director, and 23 Board committee meetings, which included ten Audit Committee, five Board Nominating and Governance Committee, four Management Compensation Committee, and four Public Policy Committee meetings. All current Directors attended 79 percent or more of the Board meetings and their Board committee meetings

during 2015. Chevron s policy regarding Directors attendance at the Annual Meeting, as described in the Board Agenda and Meetings section of Chevron s Corporate Governance Guidelines (available at *www.chevron.com*), is that all Directors are expected to attend the Annual Meeting, absent extenuating circumstances. All current Directors attended the 2015 Annual Meeting.

## Board and Committee Oversight of Risk

One of the many duties of your Board is to oversee Chevron s risk management policies and practices to ensure that the appropriate risk management systems are employed throughout the Company. Chevron faces a broad array of risks, including

market, operational, strategic, legal, political, and financial risks. The Board exercises its role of risk oversight in a variety of ways, including the following:

| | |
|---|---|
| **Board of Directors** | Monitors overall corporate performance, the integrity of financial and other controls, and the effectiveness of the Company s legal compliance and enterprise risk management programs, risk governance practices, and risk mitigation efforts, particularly with regard to those risks specified by the Company as Risk Factors in its Annual Report on Form 10-K<br>Oversees management s implementation and utilization of appropriate risk management systems at all levels of the Company, including operating companies, business units, corporate departments, and service companies<br>Reviews specific facilities and operational risks as part of visits to Company operations |

| | |
|---|---|
| | Reviews portfolio, capital allocation, and geopolitical risks in the context of the Board s annual strategy session and the annual business plan and capital budget review<br>Receives reports from management on and considers risk matters in the context of the Company s strategic, business, and operational planning and decision making<br>Receives reports from management on and routinely considers critical risk topics, including: operational, financial, geopolitical/legislative, strategic, geological, security, commodity trading, skilled personnel, capital project execution, civil unrest, legal, and technology/cybersecurity risk |
| **Audit Committee** | Assists the Board in fulfilling its oversight of financial risk exposures and implementation and effectiveness of Chevron s compliance programs<br>Discusses Chevron s policies with respect to financial risk assessment and financial risk management<br>Meets with Chevron s Chief Compliance Officer and representatives of Chevron s Compliance Policy Committee to receive information regarding compliance policies and procedures and internal controls<br>Meets with and reviews reports from Chevron s independent registered public accounting firm and internal auditors<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Board Nominating and Governance Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with the Company s governance structures and processes<br>Conducts an annual evaluation of the Company s governance practices with the help of the Corporate Governance department<br>Discusses risk management in the context of general governance matters, including, among other topics, Board and management succession planning, delegations of authority and internal approval processes, stockholder proposals and activism, and Director and officer liability insurance<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Management Compensation Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with Chevron s compensation programs and practices<br>Reviews the design and goals of Chevron s compensation programs and practices in the context of possible risks to Chevron s financial and reputational well-being<br>Reviews Chevron s strategies and supporting processes for management succession planning, leadership development, executive retention, and diversity<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Public Policy Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with the social, political, environmental, human rights, and public policy aspects of Chevron s business and the communities in which it operates<br>Discusses risk management in the context of, among other things, legislative and regulatory initiatives, safety and environmental stewardship, community relations, government and nongovernmental organization relations, and Chevron s reputation<br>Reports its discussions to the full Board for consideration and action when appropriate |

# CORPORATE GOVERNANCE

## Succession Planning and Leadership Development

Succession planning and leadership development are top priorities for your Board and management. Annually, the non-employee Directors review candidates for all senior management positions to ensure that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of candidates.

To assist the non-employee Directors, the CEO periodically provides them with an assessment of senior executives and their potential to succeed to the position of CEO, as well as perspectives on potential candidates for other senior management positions.

## Board and Committee Evaluations

Each year, your Board and its committees perform a rigorous self-evaluation. As required by Chevron s Corporate Governance Guidelines, the Board Nominating and Governance Committee oversees this process. The performance evaluations solicit anonymous input from Directors regarding the performance and effectiveness of the Board, the Board committees, and individual Directors and provide an opportunity for Directors to identify improvements. In addition, the independent Lead Director has individual conversations with each member of the Board, providing further opportunity for dialogue and improvement.

The Board Nominating and Governance Committee reviews the results and feedback from the evaluation process and makes recommendations for improvements as appropriate. The independent Lead Director leads a discussion of the evaluation results during an executive session of the Board and communicates relevant feedback to the Chairman and CEO. Your Board has successfully used this process to evaluate Board and committee effectiveness and identify opportunities to strengthen the Board.

## Corporate Governance Guidelines

Your Board has adopted Corporate Governance Guidelines to provide a transparent framework for the effective governance of Chevron. The Corporate Governance Guidelines are reviewed regularly and updated as appropriate. The full text of the Corporate Governance Guidelines can be found on our website at *www.chevron.com*. They address, among other topics:

the role of the Board

Board membership criteria

Director independence

the selection of new Directors

Board size

Director terms of office

the election of Directors

succession planning
Director retirement

Director compensation

stock ownership guidelines

communicating with the Board

Board leadership and the independent Lead Director

executive sessions chaired by the independent Lead Director

Board access to senior management

Board performance evaluations

Business Conduct and Ethics Code

We have adopted a code of business conduct and ethics for Directors, officers (including the Company s Chief Executive Officer, Chief Financial Officer, and Comptroller), and employees, known as the Business Conduct and Ethics Code. The code is available on our website at *www.chevron.com* and is available in print upon request. We will post any amendments to the code on our website.

## Engagement

Your Board believes that fostering long-term and institution-wide relationships with stockholders and maintaining their trust and goodwill is a core Chevron objective. Chevron conducts extensive engagements with key stockholders. These engagements routinely cover governance, compensation, social, safety, environmental, human rights, and other current and emerging issues to ensure that the Board and management understand and address the issues that are important to our stockholders.

In an effort to continuously improve Chevron s governance processes and communications, Chevron has developed and follows an Annual Engagement Plan and Process to systematically identify and plan its engagements and to proactively address important issues. The Annual Engagement Plan and Process is supervised by an Engagement Steering Committee, which is composed of senior executive officers. The Engagement Steering Committee meets periodically to discuss engagement efforts and key issues and trends.

Since Chevron s last Annual Meeting, an engagement team consisting of senior executives, subject matter experts on governance, compensation, and environmental and social issues, and, when appropriate, our independent Lead Director, conducted more than 40 in-depth discussions with stockholders representing more than 28 percent of Chevron s common stock outstanding. In some cases, we had multiple discussions with our stockholders as the Board considered and implemented Proxy Access. In addition, our engagement team met with many of the stockholders who submitted proposals for inclusion in our Proxy Statement to discuss their concerns and areas of agreement and disagreement. Chevron gained valuable feedback during these engagements, and this feedback was shared with the Board and its relevant committees. For more information about these engagements, see the Board Leadership and Independent Lead Director and Compensation Discussion and Analysis sections of the Proxy Statement.

## Communicating With the Board

The Board Nominating and Governance Committee reviews interested-party communications, including stockholder inquiries directed to non-employee Directors. The Corporate Secretary and Chief Governance Officer compiles the communications, summarizes lengthy or repetitive communications, and regularly summarizes the communications received, the responses sent, and further disposition, if any. All communications are available to the Directors.

Interested parties wishing to communicate their concerns or questions about Chevron to the independent Lead Director or any other non-employee Directors may do so by mail addressed to the Lead Director or Non-employee Directors, c/o Office of the Corporate Secretary and Chief Governance Officer, 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324 or by email to *corpgov@chevron.com.*

Related Person Transactions

**Review and Approval of Related Person Transactions**

It is our policy that all employees and Directors must avoid any activity that is in conflict with, or has the appearance of conflicting with, Chevron s business interests. This policy is included in our Business Conduct and Ethics Code. Directors and executive officers must inform the Chairman and the Corporate Secretary and Chief Governance Officer when confronted with any situation that may be perceived as a conflict of interest. In addition, at least annually, each Director and executive officer completes a detailed questionnaire specifying any business relationship that may give rise to a conflict of interest.

Your Board has charged the Board Nominating and Governance Committee to review related person transactions as defined by U.S. Securities and Exchange Commission (SEC) rules. The Committee has adopted guidelines to assist it with this review. Under these guidelines, all executive officers, Directors, and Director nominees must promptly advise the Corporate Secretary and Chief Governance Officer of any proposed or actual business and financial affiliations involving themselves or their immediate family members that, to the best of their knowledge after reasonable inquiry, could reasonably be expected to give rise to a reportable related person transaction. The Corporate Secretary and Chief Governance Officer will prepare a report summarizing

any potentially reportable transactions, and the Committee will review these reports and determine whether to approve or ratify the identified transaction. The Committee has identified the following categories of transactions that are deemed to be preapproved by the Committee, even if the aggregate amount involved exceeds the $120,000 reporting threshold identified in the SEC rules:

- compensation paid to an executive officer if that executive officer s compensation is otherwise reported in our Proxy Statement or if the executive officer is not an immediate family member of another Chevron executive officer or Director;

- compensation paid to a Director for service as a Director if that compensation is otherwise reportable in our Proxy Statement;

- transactions in which the related person s interest arises solely as a stockholder and all stockholders receive the same benefit on a pro-rata basis;

- transactions involving competitive bids (unless the bid is awarded to a related person who was not the lowest bidder or unless the bidding process did not involve the use of formal procedures normally associated with our competitive bidding procedures);

- transactions involving services as a common or contract carrier or public utility in which rates or charges are fixed by law;

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- transactions involving certain banking-related services under terms comparable with similarly situated transactions;

- transactions conducted in the ordinary course of business in which our Director s interest arises solely because he or she is a director of another entity and the transaction does not exceed $5 million or 5 percent (whichever is greater) of the receiving entity s consolidated gross revenues for that year;

- charitable contributions by Chevron to an entity in which our Director s interest arises solely because he or she is a director, trustee, or similar advisor to the entity and the contributions do not exceed, in the aggregate, $1 million or 2 percent (whichever is greater) of that entity s gross revenues for that year; and

- transactions conducted in the ordinary course of business and our Director s interest arises solely because he or she owns an equity or limited partnership interest in the entity and the transaction does not exceed 2 percent of the total equity or partnership interests of the entity.

The Committee reviews all relevant information, including the amount of all business transactions involving Chevron and the entity with which the Director or executive officer is associated, and determines whether to approve or ratify the transaction. A Director will abstain from decisions regarding transactions involving that Director or his or her family members.

**Related Person Transaction**

An immediate family member of Mr. Jay Johnson, Executive Vice President, Upstream, was employed by Chevron in 2015. Mr. Johnson s son, Samuel W. Johnson, received compensation consisting of approximately $71,000 in salary and annual bonus and approximately $133,000 in customary employee benefits, including expatriate benefits. These amounts reflect compensation that is consistent with the total compensation provided to other employees of the same level with similar responsibilities. Mr. Johnson s son left Chevron in mid-2015.

The Board Nominating and Governance Committee has reviewed and ratified this transaction under the standards described above.

## Board Nominating and Governance Committee Report

The Board Nominating and Governance Committee (the Committee) is responsible for recommending to the Board the qualifications for Board membership, identifying, assessing, and recommending qualified Director candidates for the Board s consideration, assisting the Board in organizing itself to discharge its duties and responsibilities, and providing oversight of Chevron s corporate governance practices and policies, including an effective process for stockholders to communicate with the Board. The Committee is composed entirely of independent Directors as defined by the NYSE Corporate Governance Standards and operates under a written charter. The Committee s charter is available on Chevron s website at *www.chevron.com* and is available in print upon request.

The Committee s role in and process for identifying and evaluating prospective Director nominees, including nominees recommended by stockholders, is described in the Election of Directors section of this Proxy Statement. In addition, the Committee makes recommendations to the Board concerning Director independence, Board committee assignments, committee chairs, Audit Committee financial experts, and the financial literacy of Audit Committee members. The Committee also reviews the process and the results of the annual performance evaluations of the Board, Board committees, and individual Directors.

The Committee regularly reviews trends and recommends best practices, initiates improvements, and plays a leadership role in maintaining Chevron s strong corporate governance structures and practices. Among the practices the Committee believes demonstrate the Company s commitment to strong corporate governance are the following:

annual election of all Directors;

supermajority of independent Directors;

majority vote standard for the election of Directors in uncontested elections, coupled with a Director resignation policy;

annual election of the Chairman of the Board by independent Directors;
annual election of an independent Lead Director by independent Directors;

annual performance assessment of the Board, Board committees, and individual Directors;

Director retirement policy;

annual succession planning sessions;

confidential stockholder voting policy;

minimum stockholding requirements for Directors and executive officers;

review and approval or ratification of related person transactions as defined by SEC rules;

policy to obtain stockholder approval of any stockholder rights plan;

proxy access;

right of stockholders to call for a special meeting; and

no supermajority voting provisions in the Restated Certificate of Incorporation or By-Laws.

Stockholders can find additional information concerning Chevron s corporate governance structures and practices in Chevron s Corporate Governance Guidelines, By-Laws, and Restated Certificate of Incorporation, copies of which are available on Chevron s website at *www.chevron.com* and are available in print upon request.

*Respectfully submitted on March 29, 2016, by members of the Board Nominating and Governance Committee of your Board:*

Ronald D. Sugar, Chair

Linnet F. Deily

Jon M. Huntsman Jr.

John G. Stumpf

Inge G. Thulin

## Management Compensation Committee Report

The Management Compensation Committee (the Committee) of Chevron has reviewed and discussed with management the Compensation Discussion and Analysis beginning on page 28 of this Proxy Statement. Based on such review and discussion, the Committee recommended to the Board of Directors of the Corporation that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Corporation s Annual Report on Form 10-K.

*Respectfully submitted on March 29, 2016, by members of the Management Compensation Committee of your Board:*

Enrique Hernandez Jr., Chair

Robert E. Denham

John G. Stumpf

Ronald D. Sugar

Inge G. Thulin

Carl Ware

## Audit Committee Report

**Roles and Responsibilities.** The Audit Committee (the Committee) assists your Board in fulfilling its responsibility to provide independent, objective oversight of Chevron s financial reporting and internal control processes. The Committee s charter can be viewed on Chevron s website at *www.chevron.com* and is available in print upon request.

Management is responsible for preparing Chevron s financial statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP), and for developing, maintaining, and evaluating disclosure controls and procedures and internal control over financial reporting.

The Company s independent registered public accounting firm PricewaterhouseCoopers LLP (PwC) is responsible for expressing an opinion on the conformity of Chevron s financial statements with U.S. GAAP and on the effectiveness of Chevron s internal control over financial reporting.

**Required Disclosures and Discussions.** In discharging its oversight role, the Committee reviewed and discussed with management and PwC the audited financial statements for the year ended December 31, 2015, as contained in the 2015 Annual Report on Form 10-K, and management s and PwC s evaluation of Chevron s internal control over financial reporting. The Committee routinely met privately with PwC and discussed issues deemed significant by PwC. The Committee has discussed with

PwC the matters required to be discussed by Auditing Standard No. 16, Communications With Audit Committees, as adopted by the Public Company Accounting Oversight Board (PCAOB).

In addition, the Committee discussed with PwC its independence from Chevron and Chevron s management; received the written disclosures and the letter required by applicable requirements of the PCAOB regarding PwC s communications with the Committee concerning independence; and considered whether the provision of nonaudit services was compatible with maintaining PwC s independence.

**Committee Recommendation.** In reliance on the reviews and discussions outlined above, the Committee recommended to your Board that the audited financial statements be included in Chevron s Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the U.S. Securities and Exchange Commission.

*Respectfully submitted on February 24, 2016, by the members of the Audit Committee of your Board:*

Charles W. Moorman IV, Chair

Alexander B. Cummings Jr.

Robert E. Denham

Alice P. Gast

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## Board Proposal to Ratify PricewaterhouseCoopers LLP as Independent Auditor for 2016

*(Item 2 on the Proxy Card)*

### Auditor Review and Engagement

The Audit Committee (the Committee) is responsible for the appointment, compensation, retention, and oversight of the independent registered public accounting firm that audits Chevron s financial statements and internal control over financial reporting. The Committee has selected PricewaterhouseCoopers LLP (PwC) as Chevron s independent registered public accounting firm for 2016, and your Board has endorsed this appointment.

The Committee annually reviews PwC s performance and independence in deciding whether to retain PwC or engage a different independent registered public accounting firm. In the course of these reviews, the Committee considers, among other things:

- the quality and efficiency of PwC s historical and recent audit plans and performance on the Chevron audit;
- PwC s capability and expertise in handling the breadth and complexity of Chevron s worldwide operations;
- PwC s expertise in and knowledge of the global oil and gas industry and its network of partners and managers in Chevron s key areas of operation;
- the desired balance of PwC s experience and fresh perspective occasioned by mandatory audit partner rotation and PwC s periodic rotation of other audit management;
- external data on audit quality and performance, including recent Public Company Accounting Oversight Board (PCAOB) reports on PwC and its peer firms;
- the appropriateness of PwC s fees for audit and nonaudit services;
- the quality and candor of PwC s communications with the Committee and management;
- PwC s independence and objectivity; and
- PwC s tenure as our independent registered public accounting firm, including the benefits of having a long-tenured auditor, and controls and processes that help safeguard PwC s independence.

The Committee believes that PwC s tenure as Chevron s independent registered public accounting firm confers distinct benefits, including:

**Enhanced audit quality.** Through many years of experience with Chevron, PwC has gained significant institutional knowledge of and
a deep expertise regarding Chevron s global business and operations, accounting policies and practices, and internal control over financial reporting.

**Effective audit plans and efficient fee structures.** PwC s extensive knowledge of Chevron s business and control framework enables them to design effective audit plans that cover key risk areas while capturing cost efficiencies in audit scope and internal control testing.

**Maintaining continuity avoids disruption.** Bringing on a new auditor, without reasonable cause, would require extensive education and a significant period of time for the new auditor to reach a comparable level of knowledge and familiarity with Chevron s business and control framework. Many of the efficiencies gained over the course of Chevron s relationship with PwC could be lost.

The Committee believes that any concerns with PwC s tenure are mitigated by the Committee s strong independence controls, specifically:

**Thorough Committee oversight.** The Committee s oversight includes frequent private meetings with PwC, a comprehensive annual evaluation by the Committee in determining whether to engage PwC, and a Committee-directed process for selecting the lead engagement partner.

**Robust preapproval policies and procedures and limits on nonaudit services**. The Committee must preapprove all audit and nonaudit services, including the type of services to be provided and the estimated fees related to those services. Categories of permissible nonaudit services are limited to those not affecting PwC s independence or otherwise not barred by regulation.

**Strong internal PwC independence procedures**. PwC conducts periodic internal quality reviews of its audit work and rotates lead partners every five years.

**Strong regulatory framework**. PwC is an independent registered public accounting firm and is subject to PCAOB inspections, Big 4 peer reviews, and PCAOB and SEC oversight.

Based on this evaluation, the Committee believes that PwC is independent and that it is in the best interests of Chevron and its stockholders to retain PwC as Chevron s independent registered public accounting firm for 2016.

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## PwC s Fees and Services

PwC audited Chevron s consolidated financial statements and effectiveness of internal control over financial reporting during the years ended December 31, 2015 and 2014. During these periods, PwC provided both audit and nonaudit services. Aggregate fees for professional services rendered to Chevron by PwC for the years ended December 31, 2015 and 2014, were as follows (millions of dollars):

| Services Provided | 2015 | 2014 |
|---|---|---|
| Audit | $ 27.9 | $ 27.2 |
| Audit Related | $ 1.4 | $ 1.6 |
| Tax | $ 1.0 | $ 1.1 |
| All Other | $ 0.6 | $ 0.6 |
| **TOTAL** | **$ 30.9** | **$ 30.5** |

The Audit fees for the years ended December 31, 2015 and 2014, were for the audits of Chevron s consolidated financial statements, statutory and subsidiary audits, issuance of consents, assistance with and review of documents filed with the U.S. Securities and Exchange Commission, and the audit of the effectiveness of internal control over financial reporting.

The Audit Related fees for the years ended December 31, 2015 and 2014, were for assurance and related services for employee benefit plan audits, due diligence related to asset portfolio optimization, accounting consultations and attest services that

are not required by statute or regulation, and consultations concerning financial accounting and reporting standards.

Tax fees for the years ended December 31, 2015 and 2014, were for services related to tax compliance, including the preparation of tax returns and claims for refund, and tax advice, including assistance with tax audits and appeals.

All Other fees for the years ended December 31, 2015 and 2014, included services rendered for software licenses, subscriptions, benchmark studies and surveys.

## Audit Committee Preapproval Policies and Procedures

All 2015 audit and nonaudit services provided by PwC were preapproved by the Committee. The nonaudit services that were preapproved by the Committee were also reviewed to ensure compatibility with maintaining PwC s independence and compliance with SEC and other rules and regulations.

The Committee has implemented preapproval policies and procedures related to the provision of audit and nonaudit

services. Under these procedures, the Committee preapproves both the type of services to be provided by PwC and the estimated fees related to these services.

Throughout the year, the Committee reviews any revisions to the estimates of audit and nonaudit fees initially approved.

### PwC s Attendance at the Annual Meeting

Representatives of PwC will be present at the Annual Meeting. They will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions.

### Vote Required

This proposal is ratified if the number of shares voted FOR exceeds the number of shares voted AGAINST. Any shares not voted on this proposal (whether by abstention or otherwise) will have no impact on this proposal. If you are a street name stockholder and do not vote your shares, your bank, broker, or other holder of record can vote your shares at its discretion on this proposal.

### Your Board s Recommendation

Your Board recommends that you vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as Chevron s independent registered public accounting firm.

# Executive Compensation

## Compensation Discussion and Analysis (CD&A)

### A Message to Our Stockholders

**Dear Chevron Stockholder,**

Chevron is proud to be part of your portfolio and the Management Compensation Committee (MCC) thanks you for your continued support. The MCC is composed solely of independent Directors. It is our responsibility to design and execute competitive compensation programs that further the interests of stockholders and demonstrate strong pay-for-performance. It is also our responsibility to ensure that your views on executive compensation are heard and considered.

The industry in which Chevron operates is highly complex, competitive and volatile because of commodity cycles. The long lead times on projects and decades-long productive asset lives require a management team that is aligned with stockholder interests and capable of delivering today, while ensuring the Company is poised to capture value for our stockholders in the future. Our intent is to have compensation programs that not only drive strong alignment with investors, but also are competitive within the industry to attract, motivate, and retain top-tier talent.

This CD&A describes a strong alignment between the Company s demonstrated performance and our Named Executive Officer (NEO) compensation outcomes. Chevron s absolute and relative performance declined in 2015, in large part due to lower commodity prices. This deterioration has resulted in a lower corporate rating in the annual incentive program and reduced projected values for the NEOs outstanding equity-based long-term incentive awards, a compensation pattern that parallels the results that you, our stockholders, have seen in your investment this past year. On average, our active employee NEOs annual incentive payments decreased 22 percent from 2014 to 2015. Additionally, as of December 31, 2015 our CEO s cumulative realizable compensation over the past three years is tracking at 55 percent less than its original intended target value (considering salary, annual incentive and long-term incentive awards).

Overall, the MCC remains committed to the continued alignment of compensation with performance on behalf of stockholders. We believe that Chevron s compensation programs are appropriately designed to retain the talent that will drive long-term value creation for the stockholders.

Sincerely,

Management Compensation Committee

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## Objectives of Our Executive Compensation Program

The overarching objective of our executive compensation program is to attract and retain seasoned management who will deliver long-term stockholder value. Our success is driven by our people.

The global energy business is the largest industry in the world and is very competitive. It is also highly complex and volatile because of commodity cycles. The lead times and project life spans in our business are generally very long. The development cycle of a major capital project, from exploration to first production, can be 10 years or longer. Equally important, the productive life spans of our assets can be several decades in most cases and in excess of 100 years for some assets.

Accordingly, our compensation programs have been designed to fit a career employment model and reward employees for performance against near-term and long-term goals. This reflects the fact that the productive life of our asset base spans generations of employees and that the development cycles of many current investment projects are longer than an NEO s tenure in a particular executive position.

In 2015, the sharp decline in commodity prices and economic uncertainty continued to negatively impact the industry as a whole and Chevron in particular due to our higher weighting than peers of both the Upstream business segment (versus Downstream) and of liquids production (versus natural gas production). Despite this challenging environment, our management and employees remain committed to deliver strong long-term stockholder returns absolute and relative to our industry peers. The stock performance graph that follows shows how an investment in Chevron common stock would have performed versus an equal investment in either the S&P 500 Index or a hypothetical peer group portfolio of BP, ExxonMobil, Royal Dutch Shell, and Total equity securities over a five-year period ending December 31, 2015.

The comparison includes the reinvestment of all dividends and is adjusted for stock splits, if any. The relative weightings of the constituent equity securities for this hypothetical peer group portfolio match the relative market capitalizations of BP, ExxonMobil, Royal Dutch Shell, and Total as of the beginning of the measurement period.

## Our Pay Philosophy

Our compensation programs have been designed with several important values and objectives in mind. These include:

- ensuring strong alignment of the interests of our stockholders, the Company, and our employees;

paying for performance;

rewarding career employees;

paying competitively, across all salary grades and across all geographies;

applying compensation program rules in a manner that is internally consistent; and

being metrics-driven and properly balanced in our emphasis on short-term and long-term objectives and our use of measures based on absolute performance, relative performance against industry peers, historical performance, and progress on key business initiatives.

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## EXECUTIVE COMPENSATION

### Stockholder Engagement

As described in the Corporate Governance Engagement section of this Proxy Statement, your Board believes that fostering long-term relationships with stockholders and maintaining their trust and goodwill is a core Chevron objective. Chevron conducts extensive engagements with its key stockholders and follows an Annual Engagement Plan and Process to systematically plan engagements and proactively address important issues. Among the issues routinely discussed in these engagements are Chevron s executive compensation practices.

As measured by the results of our annual say-on-pay votes and feedback received during engagements, stockholders have generally expressed strong support for Chevron s executive compensation practices. Since stockholders first voted on say-on-pay at Chevron in 2011, an average of 95 percent of votes cast have been cast in favor. Even so, based on feedback from stockholders received during our engagements this past year, we have identified additional opportunities to strengthen our disclosure and further highlight our pay-for-performance framework. The MCC believes the additional disclosure will further clarify the link between management s and stockholders interests.

| WHAT WE HEARD | WHAT WE VE DONE |
|---|---|
| Overall positive feedback regarding the changes we made to the 2015 CD&A disclosures and desire to continue keeping it clear and simple. | We ve kept the basic format of our CD&A and streamlined certain sections by removing duplication. We also looked to simplify charts and graphs where possible. |
| Requests for more disclosure around the metrics used in the annual incentive and how the MCC determines incentive payouts. | The MCC strongly believes that it should determine Chevron s annual incentive plan payments based on the absolute and relative Company performance as measured by the broad arrays of metrics described in this CD&A. Various sections of this CD&A (see pages 38-41) have been updated to illustrate the strong linkage between 2015 performance and annual incentive payout. |
| Requests for more disclosure between NEO | Expanded our individual performance highlights to |

| | |
|---|---|
| performance and the annual incentive payout. | explain specific contributions by each NEO and the linkage to Chevron Incentive Plan (CIP) payout (see pages 40 and 41). |
| Requests for more information about how Chevron s Long-Term Incentive Plan (LTIP) aligns with long-term valuation creation for stockholders. | Provided examples of how the LTIP aligns NEO compensation with performance for the stockholder (see page 33). |

At the Annual Meeting, the Company will hold its annual say-on-pay vote. The MCC will consider the results of the vote and continue to solicit feedback from stockholders on Chevron s executive compensation practices as part of Chevron s Annual Engagement Plan and Process.

## Best-Practice Features

Embedded in our overall compensation program are additional features that strengthen the links between the interests of our NEOs and those of our stockholders.

| WHAT WE DO | WHAT WE DO NOT DO |
|---|---|
| ü **Stock ownership guidelines,** for the CEO, five times base salary; Executive Vice Presidents, and Chief Financial Officer, four times base salary; Vice President and General Counsel, two times base salary | û **No excessive perquisites,** all with a specific business rationale |
| ü **Deferred accounts** are inaccessible until a minimum of one year following termination | û **No individual Supplemental Executive Retirement Plans** |
| ü **Clawback provisions** in the CIP, LTIP, Deferred Compensation Plan, Retirement Restoration Plan, and Employee Savings Investment Plan-Restoration Plan for misconduct | û **No stock option repricing,** reloads, or exchanges without stockholder approval |
| ü **Significant CEO pay at risk** (90 percent) | û **No loans or purchases of Chevron equity securities on margin** |
| ü **Thorough assessment of Company and individual performance** | û **No transferability of equity securities** (except in the case of death or a qualifying court order) |

| | |
|---|---|
| ü **Robust succession planning process** with Board review twice a year | û **No stock options granted below fair market value** |
| ü **MCC composed entirely of independent Directors** | û **No hedging or pledging of Chevron equity securities** |
| ü **Independent compensation consultant,** hired by and reporting directly to the MCC | û **No change-in-control agreements** for NEOs |
| ü **MCC has discretion to reduce performance share payouts** | û **No tax gross-ups** for NEOs |
| ü **CIP and certain LTIP awards (i.e., performance-based compensation) intended to qualify for deduction** under Section 162(m) of Internal Revenue Code | û **No golden parachutes or golden coffins** for NEOs |
| ü **Annual assessment of incentive compensation risks** | |

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EXECUTIVE COMPENSATION

## Pay-for-Performance Framework

As described above, one of the important values and objectives of our compensation programs is that pay should be linked to Company and individual performance. To support this objective, the majority of executive pay is at-risk and composed of awards that are directly tied to Company and individual performance that drives stockholder value over the long term.

## Components of Compensation

The material components of our executive compensation program and their purposes and key characteristics are summarized in the following chart.

## Emphasis on Compensation Components That Are Tied to Performance

The MCC believes that a majority of an executive s pay should be composed of awards that are directly tied to Company and individual performance and considers all elements of pay together when setting awards. For this reason, an executive s compensation is paid principally in the form of LTIP awards and CIP awards.

The majority of the LTIP awards derive value directly from the Company s common stock price appreciation, which is, in most respects, a reflection of Company performance, and therefore directly linked to stockholder returns. Stock option awards can be rendered worthless if the Company s common stock price does not appreciate prior to expiration of the stock options. Performance share awards can be rendered worthless if Chevron ranks last in relative total shareholder return (TSR) for any given

three-year period as compared with the TSR of each company in our LTIP Performance Share Peer Group (i.e., BP, ExxonMobil, Royal Dutch Shell, and Total). Restricted stock units can deteriorate markedly in value from the grant date if Chevron performs poorly and its common stock price falls. Therefore, for the NEOs to earn the originally intended target compensation, Chevron must show sustained competitive performance and Chevron s stockholders must be rewarded with competitive TSR results.

CIP awards are also tied to Company and individual performance. For example, the Committee has complete discretion to severely restrict, and even score at zero, the Corporate Performance Rating and the Individual Performance Factor for CIP awards.

## Significant Pay at Risk

Approximately 90 percent of the total direct compensation (base salary, CIP and LTIP) delivered to our CEO and 85 percent delivered to our other NEOs is at risk. By at risk, we mean there is no guarantee that executives will actually realize the originally intended target compensation values. This at risk feature

demonstrates management s alignment with stockholders interests. In 2015, the portion of Mr. Watson s total compensation that was at risk, along with those of the other NEOs, is illustrated as follows:

## CEO Realizable Pay

To illustrate the strong link between executive compensation and Company and individual performance, the following charts compare the CEO s target compensation and realizable pay as of December 31, 2015, for compensation opportunities awarded to him in 2013, 2014, and 2015.

(1) Target Value at Award Date reflects: (i) base salary at year end, (ii) target CIP award, and (iii) intended grant date value of LTIP awards (60 percent stock options and 40 percent performance shares).

(2) Realizable Value at 12/31/15 reflects: (i) paid base salary during the calendar year; (ii) the actual CIP award earned for that year, and (iii) the actual prevailing LTIP value at 12/31/15. For stock options: reflects that none of the past three awards is currently in the money , with exercise prices of $116.45 (2013); $116.00 (2014) and $103.71 (2015) relative to Chevron s common stock price at 12/31/15 of $89.96. For (i) 2014 and 2015 performance shares: reflect 12/31/15 TSR rank versus the LTIP Performance Share Peer Group and associated performance modifier multiplied by Chevron s common stock price at 12/31/15 ($89.96) and (ii) for the 2013 performance shares: the amount earned and paid at 100 percent (median Peer Group ranking) using the 20-day average trailing price of Chevron common stock at 12/31/15 ($89.93).

The MCC believes the charts above demonstrate the CEO s realizable compensation is significantly aligned with stockholder value creation, specifically common stock price appreciation and relative TSR performance. In each of the three years shown, the realizable value of Mr. Watson s compensation package as of December 31, 2015, is significantly less than the target value at award date, due primarily to a December 31, 2015, common stock price ($89.96) that was below the fair value price on the date of grant of the stock options and the performance shares. The realizable values he may ultimately earn will match or exceed targets only when Chevron s common stock price increases and relative TSR improves.

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## EXECUTIVE COMPENSATION

### Use of Peer Groups

We are always competing for the best talent with our direct industry peers and with the broader market. Accordingly, the MCC regularly reviews the market data, pay practices, and compensation ranges among both industry and non-industry peers to ensure that we continue to offer a reasonable and competitive executive pay program each year. Our core peer group has had very few changes over the years. Throughout this Compensation Discussion and Analysis, we refer to three distinct peer groups, as described below.

| Peer Group | Description | Purpose | Source |
|---|---|---|---|
| **Oil Industry Peer Group**<br><br>(13 companies) | Represents companies with substantial U.S. or global operations that most nearly approximate the size, scope, and complexity of our business or segments of our business. | To understand how each NEO s total compensation compares with the total compensation for reasonably similar industry-specific positions at these companies. | Gathered from the Oil Industry Job Match Survey, an annual survey published by Towers Watson, and from these companies public disclosures. |
| **Non-Oil Industry Peer Group**<br><br>(22 companies) | Represents companies of significant financial and operational size and that have, among other things, global operations, significant assets and capital requirements, long-term project investment cycles, extensive technology portfolios, an emphasis on engineering and technical skills, and extensive distribution channels. | To periodically compare our overall compensation practices (and those of the oil and energy industry, generally) against a broader mix of non-oil companies that are similar to Chevron in size, complexity, and scope of operations. | Gathered from the Total Compensation Measurement Database, a proprietary source of compensation and data analysis developed by Aon Hewitt. |
| **LTIP Performance Share Peer Group**<br><br>(4 companies) | BP, ExxonMobil, Royal Dutch Shell, and Total. | To compare our total shareholder return over a three-year period to determine the payout value, if any, of performance share awards under our Long-Term Incentive Plan. | Gathered from the Oil Industry Job Match Survey, an annual survey published by Towers Watson, and from these companies public disclosures. |

**Oil Industry Peer Group (in order of decreasing market capitalization)**

| **Company Name** | **Company Ticker** | **Market Cap ($ Millions) 12/31/2015** | **Sales and Other Operating Revenues ($ Millions)[1] FY2015** | **Net Income ($ Millions) FY2015** |
|---|---|---|---|---|
| ExxonMobil Corporation | XOM | 324,501 | 236,810 | 16,150 |
| Chevron Corporation | CVX | 169,308 | 122,566 | 4,587 |

| | | | | |
|---|---|---|---|---|
| Royal Dutch Shell plc | RDSA | 145,239 | 264,960 | 1,939 |
| BP plc | BP | 95,880 | 222,894 | (6,482) |
| ConocoPhillips | COP | 57,645 | 29,564 | (4,428) |
| Occidental Petroleum Corporation | OXY | 51,636 | 12,480 | (7,829) |
| Phillips 66 | PSX | 43,635 | 85,195 | 4,227 |
| Valero Energy Corporation | VLO | 34,047 | 87,804 | 3,990 |
| Marathon Petroleum Corporation | MPC | 27,631 | 64,359 | 2,852 |
| Anadarko Petroleum Corporation | APC | 24,686 | 9,486 | (6,692) |
| Hess Corporation | HES | 13,729 | 6,636 | (3,056) |
| Devon Energy Corporation | DVN | 13,152 | 12,642 | (14,454) |
| Tesoro Corporation | TSO | 12,686 | 28,150 | 1,540 |
| Marathon Oil Corporation | MRO | 8,527 | 5,522 | (2,204) |

(1) Excludes excise, value-added and similar taxes.

The Oil Industry Peer Group companies most similar to Chevron in size, complexity, geographic reach, business lines, and location of operations are BP, ExxonMobil, Royal Dutch Shell. These companies are key competitors for stockholder investments within the larger global energy sector. We also compete for stockholder interest with smaller companies, including the larger

independent exploration and production companies (ConocoPhillips, Occidental, Anadarko, etc.) and the larger independent refining and marketing companies (Valero, Tesoro, etc.). We compete with all of these companies for executive talent.

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**Non Oil Industry Peer Group (in order of decreasing market capitalization)**

| Company Name | Company Ticker | Market Cap ($ Millions) 12/31/2015 | Sales and Other Operating Revenues ($ Millions)[1] FY2015 | Net Income ($ Millions) FY2015 |
|---|---|---|---|---|
| General Electric Company | GE | 293,990 | 105,729 | (6,126) |
| Johnson & Johnson | JNJ | 284,220 | 70,074 | 15,409 |
| AT&T, Inc. | T | 211,690 | 146,801 | 13,345 |
| Pfizer Inc. | PFE | 199,281 | 48,851 | 6,960 |
| Verizon Communications Inc. | VZ | 188,063 | 131,620 | 17,879 |
| Chevron Corporation | CVX | 169,308 | 122,566 | 4,587 |
| Intel Corporation | INTC | 162,570 | 55,355 | 11,420 |
| Merck & Co. Inc. | MRK | 147,555 | 39,498 | 4,442 |
| Pepsico, Inc. | PEP | 145,569 | 63,056 | 5,452 |
| International Business Machines Corporation | IBM | 133,507 | 79,878 | 13,190 |
| The Boeing Company | BA | 96,873 | 96,114 | 5,176 |
| 3M Company | MMM | 92,751 | 30,274 | 4,833 |
| Honeywell International Inc. | HON | 79,821 | 38,581 | 4,768 |
| Lockheed Martin Corporation | LMT | 66,729 | 46,132 | 3,605 |
| The Dow Chemical Company | DOW | 59,645 | 48,778 | 7,685 |
| Ford Motor Co. | F | 55,918 | 140,566 | 7,373 |
| Duke Energy Corporation | DUK | 49,140 | 23,063 | 2,816 |
| Caterpillar Inc. | CAT | 39,569 | 44,147 | 2,102 |
| Northrop Grumman Corporation | NOC | 34,436 | 23,526 | 1,990 |
| American Electric Power Co., Inc. | AEP | 28,600 | 16,329 | 2,047 |
| HP Inc.[2] | HPQ | 21,215 | 102,994 | 4,554 |
| International Paper Company | IP | 15,629 | 22,365 | 938 |
| Alcoa Inc. | AA | 12,931 | 22,534 | (322) |

(1) Excludes excise, value-added and similar taxes.

(2) HP Inc. s fiscal year ends on October 31. Accordingly, market capitalization reflects October 31, 2015, shares outstanding and December 31, 2015, stock price. Sales and Other Operating Revenues and Net Income both reflect the fiscal year ended October 31, 2015.

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EXECUTIVE COMPENSATION

## How Compensation Is Determined

## Named Executive Officers

| Chevron s Named Executive Officers, or NEOs |
| --- |
| John S. Watson, Chairman and Chief Executive Officer |
| Patricia E. Yarrington, Vice President and Chief Financial Officer |
| James W. Johnson, Executive Vice President, Upstream* |
| Michael K. Wirth, Executive Vice President, Midstream and Development** |
| R. Hewitt Pate, Vice President and General Counsel |
| George L. Kirkland, Former Vice Chairman and Executive Vice President, Upstream* |

* Mr. Johnson was appointed to Executive Vice President, Upstream in June 2015 upon the retirement of Mr. Kirkland.

** During 2015, Mr. Wirth was Executive Vice President, Downstream & Chemicals. Effective January 1, 2016, he was appointed to Executive Vice President, Midstream and Development.

## Base Salary

Base salary is a fixed, competitive component of pay based on responsibilities, skills, and experience. Base salaries are reviewed periodically in light of market practices and changes in responsibilities.

## How the CEO s Base Salary Is Determined

The MCC s independent consultant reviews and reports to the MCC on the relationship of Mr. Watson s base salary to that of his peers in our Oil Industry and Non-Oil Industry Peer Groups. The MCC does not have a predetermined target or range within the Oil Industry Peer Group or Non-Oil Industry Peer Group as an objective for Mr. Watson s base salary. Instead, the MCC takes into account the data provided by the MCC s independent

consultant, the relative size, scope, and complexity of our business, Mr. Watson s performance, and the aggregate amount of Mr. Watson s compensation package. After considering these elements, the MCC makes a recommendation to the independent Directors, and the independent Directors determine Mr. Watson s base salary.

## How the Other NEOs Base Salaries Are Determined

For our other NEOs, base salary is a function of two things: (i) the NEO s assigned base salary grade and (ii) individual qualitative considerations, such as individual performance, experience, skills, competitive positioning, retention objectives, and leadership responsibilities relative to other NEOs.

Each NEO is assigned a base salary grade. Each grade has a base salary minimum, midpoint, and maximum that constitutes the salary range for that grade, except for the CEO position, which does not have a salary grade range. Salary grades and the appropriate salary ranges are determined through market

surveys of positions of comparable level, scope, complexity, and responsibility. The MCC annually reviews the base salary grade ranges and may approve changes in the ranges based on business or market conditions. The MCC made no changes to any of the NEO salary grade ranges for 2015 compensation.

Mr. Watson makes recommendations to the MCC as to the base salaries for each of our other NEOs. The MCC makes base salary determinations for all NEOs, and the independent Directors of the Board review and ratify the determinations.

## Adjustments in 2015 Base Salaries

The MCC adjusted our NEOs base salaries in 2015 as follows:

| NEO | Position | 2014 Base Salary | 2015 Base Salary | Adjustment for 2015 |
|---|---|---|---|---|
| John S. Watson | Chairman and Chief Executive Officer | $ 1,836,000 | $ 1,863,500 | 1.5% |
| Patricia E. Yarrington | Vice President and Chief Financial Officer | $ 1,050,000 | $ 1,059,500 | 0.9% |
| James W. Johnson | Executive Vice President, Upstream | $ 856,000 | $ 960,000 | 12.1% |
| Michael K. Wirth | Executive Vice President, Midstream and Development | $ 1,069,200 | $ 1,085,000 | 1.5% |
| R. Hewitt Pate | Vice President and General Counsel | $ 850,000 | $ 874,000 | 2.8% |
| George L. Kirkland | Former Vice Chairman and Executive Vice President, Upstream | $ 1,525,000 | $ 1,550,000(1) | 1.6% |

(1) Mr. Kirkland s actual base salary paid in 2015 was $767,708 due to his retirement in June of 2015.

The MCC determined that these adjustments were appropriate based upon a review of each NEO s experience, expertise and performance in his or her role.

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EXECUTIVE COMPENSATION

## Chevron Incentive Plan (CIP)

The CIP is designed to recognize annual performance achievements. Annual operating, financial, and health, environment and safety results figure prominently into this assessment, along with demonstrated progress on key business initiatives. The CIP also recognizes individual leadership. The CIP is delivered as an annual cash bonus based on a percentage of base salary and makes up approximately 12 percent of the CEO s annual compensation and 15 percent of all other NEOs annual target compensation in 2015. The CIP award calculation is consistent across more than 55,000 CIP-eligible Chevron employees, with the award target varying by pay grade. The award is calculated as follows:

| Base Salary | x | Award Target | x | Corporate Performance Rating | x | Individual Performance Factor |
|---|---|---|---|---|---|---|
| | | À | | À | | À |
| | | Before the beginning of each performance year, the MCC establishes a CIP Award Target for each NEO, which is based on a percentage of the NEO s base salary. | | After the end of the performance year, the MCC sets the Corporate Performance Rating. This rating reflects the MCC s overall assessment of the Company s performance for that year, based on a range of measures used to evaluate performance against plan in four broad categories: | | The MCC also takes into account individual performance. This is largely a personal leadership dimension, recognizing the individual effort and initiative expended and demonstrated progress on key business initiatives during the course of the year. |
| | | The MCC sets target awards with reference to the median award of our Oil Industry Peer Group. All individuals in the same salary grade have the same target, which provides internal equity and consistency. | | Financial | | The CEO recommends to the MCC an Individual Performance Factor for each NEO other than himself. |
| | | | | Health, Environment, and Safety | | The MCC determines the final Individual Performance Factor for each NEO and the CEO. |
| | | | | | | See pages 40-41 for an explanation of the MCC s decision for each NEO. |

Operating Performance

Milestones and Commercial

The MCC has discretion on weighting the categories and on weighting the measures within each category. Performance is viewed across multiple parameters (absolute results; results versus plan; results versus Oil Industry Peer Group and/or general industry; performance trends over time), and distinctions are made between the controllable and noncontrollable aspects of the measures.

With these measures as the foundation, the MCC determines the Corporate Performance Rating. The minimum Corporate Performance Rating is zero (i.e., no bonus payout), and the maximum is 200 percent.

For 2015, the MCC set the Corporate Performance Rating at 80 percent. See the discussion on pages 38-40 for the rationale of MCC s decision.

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EXECUTIVE COMPENSATION

## 2015 CIP Results Corporate Performance Rating

Our annual performance measures are reviewed in comparison with prior years, current-year plans, and the results of our Oil Industry Peer Group. The MCC also reviews actual annual cash award payments for the prior year for Chevron and our Oil Industry Peer Group, compared with actual business performance for Chevron and for our Oil Industry Peer Group. This comparison assures that our process for determining the Corporate Performance Rating is consistent with our Oil Industry Peer Group and that actual awards are consistent with both Chevron performance and performance relative to our peers. The MCC reviews performance in four broad categories, which are assigned a weighting. Each category contains multiple performance measures that reinforce the importance of both short-term and

long-term performance. The MCC continues to believe that discretion is a critical component in Chevron s executive compensation program. With this, the MCC has discretion on weighting the categories and on weighting the measures within each category. The energy business is complex and dynamic. A strictly formulaic, metric-based incentive program does not have the flexibility to respond to a rapid change in operating environment and commodity price. In addition, it could have the unintended consequence of encouraging executives to focus on achieving near-term metrics at the expense of long-term value creation as well as damage our ability to keep employees motivated and retained.

| Category | Weight | Key Performance Measures |
|---|---|---|
| Financial | 40% | Earnings/ Earnings per Share<br>Return on Capital Employed<br>Total Shareholder Return (one, three, and five years) |
| Health, Environment, and Safety | 20% | Process Safety<br>Personal Safety<br>Environmental Performance |
| Operating Performance | 25% | Operating Expenses<br>Segment Earnings per Barrel<br>Production<br>Reserves |

| | | |
|---|---|---|
| | | Asset Utilization Rates |
| Milestones and Commercial | 15% | Major Capital Projects |
| | | Commercial Transactions |

The MCC has the discretion to adjust the cash payout of performance downward if it determines that business or economic considerations warrant such an adjustment.

The category weightings and key performance measures against the business plan are agreed to with the Board and the MCC at the beginning of each performance year. Mid-year and end-of-year reviews by the Board and MCC assess progress against this balanced set of performance measures. The key performance measures are described in detail in the next below.

The Corporate Performance Rating influences compensation outcomes for more than 55,000 employees worldwide. Therefore,

in setting the overall corporate rating, the MCC also takes into account the need to provide competitive overall compensation not only for the NEOs, but also for the employee base as a whole.

The MCC set a Corporate Performance Rating of 80 percent for 2015. This overall rating is based on the following assessment of Chevron s 2015 performance.

## 2015 Performance

Low commodity prices made this year challenging for Chevron and for the entire oil and gas industry, which has reported reduced earnings across the sector. We have responded by reducing operating and capital spending, leveraging efficiencies, prioritizing activities, selling non-strategic assets and right sizing the workforce. We had one of our best years on virtually every measure of personal safety, process safety, and petroleum spills.

In Downstream, we reported record earnings and achieved strong utilization rates across the refineries network. We realized significant proceeds from divestment of non-strategic assets, primarily from the sale of our 50 percent interest in Caltex Australia Limited. We also made significant progress on important reliability and growth investments at the Singapore and Richmond refineries as well as in Chevron-Phillips Chemical LLC, the Company s 50 percent-owned affiliate.

In Upstream, earnings were hit hard by low crude oil and natural gas prices at a time when several major capital projects are under construction. We are focused on completing those projects while also reducing capital spending and operating expenses. In 2015, we started up the Lianzi, Moho Nord and Agbami-3 projects in West Africa and progressed the Gorgon, Wheatstone and Chuandongbei projects.

Below we highlight the Company s performance both in the four broad categories that form the basis of CIP award decisions and as compared with our LTIP Performance Share Peer Group (BP, ExxonMobil, Royal Dutch Shell, and Total). In the graphs that follow, earnings have been adjusted to exclude externally disclosed, significant items or activities that are not representative of underlying business operations, such as gains or losses associated with divestitures, asset impairments, and restructurings. We present a reconciliation of these non Generally Accepted

Accounting Principles (GAAP) financial measures to their most directly comparable GAAP financial measures in Appendix A to this Proxy Statement.

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## Financial Highlights

Reported earnings of $4.6 billion and 2.5 percent ROCE in 2015, compared to $19.2 billion in earnings and 10.9 percent ROCE in 2014.

Most peer companies reported lower earnings, with declines largely attributable to a nearly 50 percent drop in crude oil prices as well as asset impairments and other write-downs necessitated by low prices.
Ranked 4th on adjusted earnings per share, with ranking adversely affected by a higher weighting than peers of both the Upstream business segment (versus Downstream) and of liquids production (versus natural gas production).

**Reported Earnings[1]**

| Company Name | 2014 ($ Millions) | 2015 ($ Millions) | Change ( 14 vs 15) |
|---|---|---|---|
| Total S.A. | 4,244 | 5,087 | 20% |
| ExxonMobil Corporation | 32,520 | 16,150 | -50% |
| Chevron Corporation | 19,241 | 4,587 | -76% |
| Royal Dutch Shell plc | 14,874 | 1,939 | -87% |
| BP plc | 3,780 | -6,482 | -271% |

Reduced operating expenses and capital expenditures $9 billion from 2014 to 2015.

Led peer group in Total Shareholder Returns for 10-year holding period; ranked 2nd over the five-year period.

Extended record of consecutive annual per share dividend increases to 28 years.

## Health, Environment, and Safety Highlights

One of our best years in overall Operational Excellence performance.

Best year in preventing significant incidents that could have corporate level impact.

An industry leader in Total Recordable Incident Rate and Days Away From Work Rate for five consecutive years.

Record low Days Away from Work Rate and Motor Vehicle Crash Rate.

Petroleum spill volume matched 2014 record low.

## Operating Performance Highlights

Upstream adjusted earnings per barrel were $2.06, reflecting an 88 percent decline versus 2014.

Continued to be among industry leaders in Upstream cash margins and production costs per barrel.

Increased net oil-equivalent production by 2 percent compared with 2014.

Achieved a 107 percent reserves replacement ratio for 2015, 94 percent for the three-year period, and 113 percent for the five-year period.
Achieved one of our best years in terms of Downstream facility utilization and reliability.

Significantly increased lead over peers on Downstream adjusted earnings per barrel.

Posted an adjusted Downstream and Chemicals return on capital employed of 23.5 percent in 2015.

(1) LTIP Performance Share Peer Group used for comparison.

(2) Chevron Adjusted Earnings represent Reported Earnings less adjustments for certain non-recurring items, except foreign exchange. Earnings of competitors are adjusted on a consistent basis as Chevron to exclude certain non-recurring items based on publicly available information.

## EXECUTIVE COMPENSATION

### Milestones and Commercial Highlights

During 2015, we had a number of operational successes.

In Upstream, we achieved first production from the Lianzi Field, located in a unitized offshore zone between the Republic of Congo and the Republic of Angola; Moho Nord, our deepwater development offshore the Republic of the Congo; and Agbami 3, off the coast of the central Niger Delta region. We also ramped up Jack/St. Malo and Tubular Bells in the U.S. Gulf of Mexico. We achieved start-up of Train 1 at our Gorgon LNG project in March 2016 and reached several important construction milestones at our Wheatstone LNG project. We also achieved start-up of Train 1 at our Chuandongbei project in China in January 2016. Since 2014, production has increased 30 percent in our shale and tight resource developments in the Permian Basin, Argentina, and Canada.

In Downstream, we achieved the best mechanical availability at operated refineries since 2002 as well as strong utilization rates across the network. We realized significant proceeds from divestment of non-strategic assets, primarily from the sale of our 50 percent interest in Caltex Australia Limited. We also made significant progress on important reliability and growth investments including construction of a gasoline desulfurization facility and a cogeneration plant at the Singapore Refinery (50 percent-owned), and received remaining regulatory approvals to complete the modernization of the Richmond, California, refinery. Chevron-Phillips Chemical LLC, the Company s 50 percent-owned affiliate, began commercial operations of its 100,000-metric-ton-per-year expansion of normal alpha olefins capacity at the Cedar Bayou, Texas, complex and advanced construction of its new ethane cracker and two polyethylene units in Texas.

### CIP Awards for 2015 Performance Year

The MCC and independent Directors of the Board assessed corporate and individual performance in making CIP awards based on 2015 performance.

As described above, performance is assessed against key performance measures on historical and relative competitive performance of the Company against our Oil Industry Peer

Group. In the MCC s and the independent Directors assessment, the following CIP awards demonstrate the crucial connection between pay and performance, reinforce management s accountability for the full spectrum of operating results, and support the objective of attracting and retaining seasoned management who will deliver long-term stockholder value.

2015 CIP Results Individual Performance Highlights

| NEO | Performance Highlights |
|---|---|
| John S. Watson | Significant action to improve earnings and cash flow in response to low commodity price<br><br>Operating expenses and capital spending were reduced $9 billion in 2015 from 2014; confirmed strategic direction for further spend reductions in 2016 and for cash flow neutrality in 2017<br><br>28th consecutive increase in dividend payouts on Chevron s common stock<br><br>Best year overall in personal safety, process safety and spill performance<br><br>Collaboratively worked with the Board and Executive team to set organizational strategies and objectives that balance short-term price pressure and long-term stockholder value creation |
| Patricia E. Yarrington | Continued excellence in cash, balance sheet and other risk management efforts to position Company for success under low cost environment<br><br>Outstanding internal controls performance<br><br>Highly effective in engaging and building relationships with investors and finance communities |
| James W. Johnson | Excellent operational performance strong health, environment and safety performance; two percent increase in net oil-equivalent production compared to 2014; 107 percent reserve replacement ratio<br><br>Significant effort in reducing capital spending and operating expenses in response to sharp decline in commodity prices, Upstream earnings and cash flow<br><br>Achieved several major capital project milestones<br><br>Identified and began implementation on key opportunities to improve project execution<br><br>Increased responsibility and seamless leadership transition of Company s Upstream operations |
| Michael K. Wirth | Best Downstream performance year ever, with $7.6 billion earnings<br><br>Significantly increased lead over peers on Downstream adjusted earnings per barrel<br><br>Improved refinery reliability, allowing capture of earnings and cash flow benefits in a favorable margin environment<br><br>Continued strong leadership in reshaping the Downstream portfolio through strategic asset sales<br><br>Achieved major milestones on petrochemical investments |
| R. Hewitt Pate | Exceptional progress on international cases and other major litigation matters |

Demonstrated strong functional leadership and continued success in case resolution

Continued high-quality support of major commercial activity and significant transactions, including mitigating risks and maximizing deal value capture

## 2015 CIP Results

Mr. Watson received an award of $2,450,000. This amount reflects the amount of his base salary ($1,863,500) multiplied by his CIP Award Target percentage of 150 percent multiplied by the Corporate Performance Rating of 80 percent, resulting in an award of $2,236,200. The remaining $213,800 of Mr. Watson s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Ms. Yarrington received an award of $1,025,600. This amount reflects the amount of her base salary ($1,059,500) multiplied by her CIP Award Target percentage of 110 percent multiplied by the Corporate Performance Rating of 80 percent, resulting in an award of $932,360. The remaining $93,240 of Ms. Yarrington s award is attributable to the MCC s and independent Directors assessment of her individual performance, as described above.

Mr. Johnson received an award of $985,300. This amount reflects the amount of his base salary ($960,000) multiplied by his CIP Award Target percentage of 120 percent multiplied by the Corporate Performance Rating of 80 percent, resulting in an award of $921,600. The remaining $63,700 of Mr. Johnson s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Mr. Wirth received an award of $1,092,300. This amount reflects the amount of his base salary ($1,085,000) multiplied by his CIP Award Target percentage of 110 percent multiplied by the Corporate Performance Rating of 80 percent, resulting in an award of $954,800. The remaining $137,500 of Mr. Wirth s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Mr. Pate received an award of $748,100. This amount reflects the amount of his base salary ($874,000) multiplied by his CIP Award Target percentage of 100 percent multiplied by the Corporate Performance Rating of 80 percent, resulting in an award of $699,200. The remaining $48,900 of Mr. Pate s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Mr. Kirkland received an award of $790,400. This amount reflects the MCC s and independent Directors assessment of his individual performance, a proration of his base salary earned until retirement, Corporate Performance Rating of 80 percent, and his CIP Award Target percentage of 130 percent.

## Long-Term Incentive Plan (LTIP)

The key objective of our LTIP awards is to encourage performance that drives stockholder value over the long term. LTIP awards give our NEOs a meaningful equity stake in the business, an equity stake that vests over time. The amount of an NEO s LTIP award at grant time is determined by the MCC with input from its independent compensation consultant, using Oil

Industry Peer Group compensation comparisons. The objective is to ensure that Chevron is competitive against the Oil Industry Peer Group on total compensation (cash plus equity), after allowing for appropriate distinctions based on size, scale, scope, and job responsibilities. Our LTIP awards typically consist of two equity components:

| **Component** | **Weight** | **How It Works** |
|---|---|---|
| Stock Options[1] | 60% | Strike price is equal to the closing common stock price on the grant date.<br>Options vest and become exercisable one-third per year, based on continued service for the first three years, and expire 10 years after the grant date.<br>Gain realized depends on the common stock price at the exercise date compared with the strike price.<br>Actual number of stock options granted is determined by dividing 60 percent of the value of the NEO s LTIP award by actual Black-Scholes option value. |
| Performance Shares[2] | 40% | Payout is dependent on Chevron s total shareholder return (TSR) over a three-year period, compared with our LTIP Performance Share Peer Group.<br>Payout can vary from zero to 200 percent of the cash value of the target number of shares, depending on this relative TSR ranking. The MCC in its judgment can apply negative discretion.<br>Payout of 200 percent is earned only if Chevron s TSR is better than all of our LTIP Performance Share Peer Group.<br>Payout of zero percent is earned if Chevron s TSR is last relative to all of our LTIP Performance Share Peer Group.<br>Actual number of shares granted is determined by dividing 40 percent of the value of the NEO s LTIP award by Chevron s grant date common stock price.<br>Payment is made in cash. |

1 We report the value of each NEO s 2015 stock option exercises in the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement.

2 We report the value of each NEO s 2013 performance share payout in the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement.

From time to time, the Board may approve the grant of restricted stock units in recognition of strong performance as well as to incent continued employment. Recipients will not recognize any value from a grant of RSUs unless they stay with the Company through the vesting dates of awards.

Based on comparisons of equity compensation plans across the industry, the MCC considers Chevron s LTIP to be among the most performance-oriented in the industry. To have value, stock options require appreciation in Chevron s common stock price. Performance shares have value only if Chevron achieves TSR greater than or equal to that of at least one peer in our LTIP

Performance Share Peer Group, as described above. Restricted stock units can deteriorate markedly in value from the grant date if Chevron performs poorly. As shown earlier in the analysis of the CEO s realizable compensation (see page 33), these equity awards align compensation extremely well with overall shareholder return.

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EXECUTIVE COMPENSATION

### A Closer Look at LTIP Awards: Why a Mix of 60 Percent Stock Options and 40 Percent Performance Shares?

As described in the chart in the previous section, long-term incentive awards are typically awarded as 60 percent stock options and 40 percent performance shares. This combination provides a balance of awards, which the MCC believes appropriately serves both performance incentive and executive retention objectives. The 60/40 split of stock options and performance shares serves a retention objective in that it diversifies grant-recipient compensation risks. Performance shares have value based on Company performance relative to peers. They also provide some level of performance incentive even during periods of adverse equity market conditions, provided the Company performs favorably against its peers. Stock options have value when absolute stock prices rise, but do not retain value if macroeconomic or industry-specific conditions force an overall decline in equity values, irrespective of individual company performance results.

With stock options and performance shares as key compensation elements, our NEOs are:

- fully aligned with the economic interests of our stockholders, on both a medium- and long-term time horizon;
- significantly leveraged, from an ultimate compensation standpoint, to Chevron s common stock price performance; and
- rewarded based on a balance between relative (performance shares) and absolute (stock options) pay-for-performance measures.

The average hold time prior to exercising stock options is approximately six years for our LTIP population, and seven years for our NEOs, reinforcing the long-term focus of our senior leaders on achieving sustainable, superior performance. Although stock options make up more than half of the potential value of an individual s LTIP grant, the MCC believes our performance award structure should also focus on relative performance against our competitors and should not be tied solely to equity market fluctuations that can be driven by macro factors completely unrelated to the energy industry and Company performance.

**Term of LTIP Awards**

### A Closer Look at Performance Shares: Why Total Shareholder Return (TSR)?

The MCC continues to believe that TSR is the best overall pay-for-performance measure to align our NEOs performance with stockholder interests. TSR is the standard metric for stockholders to use in measuring Company performance because it easily allows for meaningful comparisons of our performance relative to other companies within our same industry, and it also allows for easy comparison with our stockholders other investment alternatives. It is objectively determined by third-party market participants independent of the Company s judgment.

The MCC believes that Company performance on other measures operational and financial, as well as short-term and long-term is ultimately reflected in TSR results. Thus, over time, TSR offers the best indication of sustained performance across a number of important measures. It is also the measure that encourages the Company to adopt strategies and execute against those strategies to sustain its performance against key

industry competitors and against the broader market. Finally, TSR as an incentive metric is not vulnerable, as other financial metrics can be, to actions that optimize short-term gains at the expense of long-term value creation.

The value of the performance share payout depends on how our TSR ranks relative to that of our LTIP Performance Share Peer Group over a three-year performance period. TSR combines common stock price appreciation and dividends paid to show the total return to stockholders, expressed as an annualized percentage. The calculation assumes that dividends are reinvested in additional shares. The three-year period reflects an extended ownership period consistent with a long-term investor.

Depending on our TSR rank compared with that of our LTIP Performance Share Peer Group, the payout is calculated as follows:

| Our Relative TSR Rank | Payout as a Percentage of Target |
|---|---|
| 1 | 200% |
| 2 | 150% |
| 3 | 100% |
| 4 | 50% |
| 5 | 0% |

Performance share payouts reported in the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement relate to performance shares granted in January 2013. For the three-year performance period ending December 31, 2015, Chevron ranked third in TSR among the five companies in the LTIP Performance Share Peer Group. This resulted in a payout of 100 percent of target.

The MCC has discretion to adjust the cash payout of performance shares downward if it determines that business or economic considerations warrant such an adjustment.

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Performance shares awarded in January 2015 are not eligible for payout (if any) until expiration of the three-year performance period on December 31, 2017.

Additional details about performance share payouts can be found in the footnotes to the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement.

## 2015 LTIP Grants

In the Summary Compensation Table and the Grants of Plan-Based Awards in Fiscal Year 2015 table in this Proxy Statement, we report the value and terms of the following LTIP awards granted in early 2015 to each NEO.

Each year the MCC determines an intended grant-date value of LTIP awards for the CEO and other NEOs. For the CEO, the MCC relies on input from our independent compensation consultant and the compensation comparison data, focusing on data from the Oil Industry Peer Group. The MCC also considers the CEO s demonstrated performance and the Company s size, scope, and complexity relative to the comparison companies.

For the other NEOs, the intended grant-date values are largely a function of the NEO s salary grade. At the beginning of the performance year, the MCC sets an annual LTIP award target value for each salary grade as a multiple of salary, referencing median incentive opportunities awarded to executives in similar positions at companies in the Oil Industry Peer Group. Individual NEO awards may vary from the corresponding salary grade target based on Company, organization, or individual performance. Mr. Watson proposes LTIP awards for the NEOs other than himself based on the information above and his assessment of Company, organization, and individual officer performance. In January 2015, the MCC approved the following LTIP awards to the CEO and other NEOs.

| NEO | Intended Grant Date Value | Stock Options* | Performance Shares* | RSUs |
|---|---|---|---|---|
| John S. Watson | $15,322,000 | 662,000 | 59,100 | |
| Patricia E. Yarrington | $ 3,810,000 | 164,600 | 14,700 | |
| James W. Johnson | $ 5,334,300 | 164,600 | 14,700 | 14,700 |
| Michael K. Wirth | $ 5,334,300 | 164,600 | 14,700 | 14,700 |
| R. Hewitt Pate | $ 4,060,000 | 125,300 | 11,200 | 11,180 |

| | | | |
|---|---|---|---|
| George L. Kirkland** | $ 6,500,000 | 280,800 | 25,100 |

* The number of awarded stock options and performance shares was determined based on the Company s common stock price on January 28th, 2015, an actual Black Scholes value for stock options, and a performance share factor of 100 percent equal to target performance. As these inputs may vary from those used for financial reporting, the Intended Grant Date Values shown above may not match the values presented in the Summary Compensation Table or the Grants of Plan Based Awards Table in this Proxy Statement.

** Mr. Kirkland will not realize any value from his 2015 stock option and performance share grants. They were cancelled following his June 2015 retirement, in accordance with LTIP rules that provide for forfeiture of grants held for less than one year following the grant date.

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EXECUTIVE COMPENSATION

## Retirement Programs and Other Benefits

NEOs, like all other employees, have retirement programs and other benefits as part of their overall compensation package at Chevron. We believe that these programs and benefits:

- support our long-term investment cycle;
- complement our career employment model; and
- encourage retention and long-term employment.

### Retirement Programs

All of our employees, including our NEOs, have access to retirement programs that are designed to enable them to accumulate retirement income. The defined benefit (pension) and defined contribution (401(k) savings) plans allow highly compensated employees to receive the same benefits they would have earned without the IRS limitations on qualified retirement plans under the Employee Retirement Income and Security Act. The deferred compensation plan allows eligible employees to defer salary, CIP and LTIP awards.

| Plan Name | Plan Type | How It Works | What s Disclosed |
|---|---|---|---|
| Chevron Retirement Plan (CRP) | Qualified Defined Benefit (IRS §401(a)) | Participants are eligible for a pension benefit when they leave the Company as long as they meet age, service, and other provisions under the plan. | In the Summary Compensation Table and Pension Benefits Table in this Proxy Statement, we report the change in pension value in 2015 and the present value of each NEO s accumulated benefit under the CRP. The increase in pension value is not a current cash payment. It represents the increase in the value of the NEOs pensions, which are paid only after retirement. |
| Chevron Retirement Restoration Plan (RRP) | Nonqualified Defined Benefit | Provides participants with retirement income that cannot be paid from the CRP due to IRS limits on compensation and benefits.[1] | In the Pension Benefits Table and accompanying narrative in this Proxy Statement, we describe how the RRP works and present the current value of each NEO s accumulated benefit under the RRP. |
| Employee Savings Investment Plan | Qualified Defined | Participants who contribute a percentage of their annual | In the footnotes to the Summary Compensation Table in this Proxy Statement, |

| | | | |
|---|---|---|---|
| (ESIP) | Contribution (IRS §401(k)) | compensation (i.e., base salary and CIP award) are eligible for a Company-matching contribution, up to annual IRS limits.[2] | we describe Chevron s contributions to each NEO s ESIP account. |
| Employee Savings Investment Plan Restoration Plan (ESIP-RP) | Nonqualified Defined Contribution | Provides participants with an additional Company-matching contribution that cannot be paid into the ESIP due to IRS limits on compensation and benefits.[3] | In the footnotes to the Nonqualified Deferred Compensation Table in this Proxy Statement, we describe how the ESIP-RP works. In the Summary Compensation Table and Nonqualified Deferred Compensation Table , we present Chevron s contributions to each NEO s ESIP-RP account. |
| Deferred Compensation Plan (DCP) | Nonqualified Defined Contribution | Participants can defer up to:<br><br>90 percent of CIP awards and LTIP performance share awards; and<br><br>40 percent of base salary above the IRS limit (IRS §401(a)(17)) for payment after retirement or separation from service. | In the Nonqualified Deferred Compensation Table in this Proxy Statement, we report the aggregate NEO deferrals and earnings in 2015. |

(1) Employees whose compensation exceeds the limits established by the IRS for covered compensation and benefit levels. The 2015 IRS annual compensation limit was $265,000.

(2) Participants who contribute at least 2 percent of their annual compensation to the ESIP receive a Company-matching contribution of 8 percent (or 4 percent if they contribute 1 percent). The annual limit for both employer and employee contributions to a qualified defined contribution plan was $53,000 in 2015.

(3) Participants who contribute at least 2 percent of their annual compensation to the Deferred Compensation Plan receive a Company-matching contribution of 8 percent of their base salary that exceeds the IRS annual compensation limit.

### Benefit Programs

The same health and welfare programs, including post-retirement health care, that are broadly available to our employees on U.S. payroll also apply to NEOs, with no other special programs except executive physicals (as described below under Perquisites).

### Perquisites

Perquisites for NEOs are limited and consist principally of financial counseling fees, executive physicals, home security, and the aggregate incremental costs to Chevron for personal use of Chevron automobiles and aircraft. The MCC periodically reviews our policies with respect to perquisites. In the Summary Compensation Table in this Proxy Statement, we report the value of each NEO s perquisites for 2015.

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## Compensation Governance

The MCC works very closely with its independent compensation consultant, Meridian Compensation Partners LLC, and management to examine pay and performance matters throughout the year, carefully assessing pay based on progress against business plans, individual performance and contributions, as well as Chevron s performance relative to industry peers. The MCC then applies its judgment to make its decisions. The MCC solicits input from the CEO concerning the performance and

compensation of other NEOs. The CEO does not participate in discussions about his own pay; any proposed change to the compensation of the CEO is approved by the MCC and ratified by the independent Directors of the Board.

A complete description of the MCC s authority and responsibility is provided in its charter, which is available on our website at *www.chevron.com* and in print upon request.

## Independent Executive Compensation Advice

The MCC retains an independent compensation consultant Meridian Compensation Partners LLC to assist it with its duties. Meridian was engaged by the MCC in mid-2014, following a comprehensive Request for Proposal process and subsequent screening and selection. The MCC has the exclusive right to select, retain, and terminate Meridian, as well as to approve any fees, terms, and other conditions of its service. Meridian and its lead consultant report directly to the MCC, but when directed to do so by the MCC, they work cooperatively with Chevron s management to develop analyses and proposals for the MCC. Meridian provides the following services to the MCC:

- Education on executive compensation trends within and across industries;
- Development of compensation philosophy and guiding principles and recommendations concerning compensation levels;
- Selection of compensation comparator groups; and
- Identification and resolution of technical issues associated with executive compensation plans, including tax, legal, accounting, and securities regulations.

Meridian does not provide any services to the Company. The MCC is not aware that any work performed by Meridian raised any conflicts of interest.

## Compensation Risk Management

The MCC annually undertakes a risk assessment of Chevron s compensation programs to ensure these programs are appropriately designed and do not motivate individuals or groups to take risks that are reasonably likely to have a material adverse effect on the Company. Following its most recent comprehensive review of the design, administration, and controls of these programs, the MCC was satisfied that Chevron s programs are well structured with strong governance and oversight mechanisms in place to minimize and mitigate potential risks.

## Stock Ownership Guidelines

We require our NEOs to hold prescribed levels of Chevron common stock, further linking their interests with those of our stockholders.

| **Position** | **Ownership Requirements** |
|---|---|
| CEO | Five times base salary |
| Executive Vice Presidents, and Chief Financial Officer | Four times base salary |
| All other executive officers | Two times base salary |

Executives have five years to attain their stock ownership guideline. Based upon our 250 day trailing average stock price ending December 31, 2015 ($96.25), our CEO had a stock ownership base-salary multiple of 8.3, and all other NEOs had an average stock ownership base-salary multiple of 5.3. The MCC believes these ownership levels provide adequate focus on our long-term business model.

## Employment, Severance, or Change-in-Control Agreements

In general, we do not maintain employment, severance, or change-in-control agreements with our NEOs. Upon retirement or separation from service for other reasons, NEOs are entitled to certain accrued benefits and payments generally available to other employees. We describe these benefits and payments in the Pension Benefits Table, the Nonqualified Deferred Compensation Table and the Potential Payments Upon Termination or Change-in-Control table in this Proxy Statement.

In February 2012, Mr. Pate and Chevron entered into an agreement relating solely to the vesting of Mr. Pate s outstanding equity awards, if any, if Mr. Pate s employment is terminated for any reason on or after August 1, 2019. We describe the effect of this agreement in the footnotes to the Benefits and Payments Upon Termination for Any Reason Other Than for Misconduct table in this Proxy Statement.

## Compensation Recovery Policies

The CIP, LTIP, Chevron Deferred Compensation Plan for Management Employees, Chevron Retirement Restoration Plan, and Employee Savings Investment Plan-Restoration Plan include provisions permitting us to claw back certain amounts of compensation awarded to an NEO at any time after June 2005 if an NEO engages in certain acts of misconduct, including, among other things: embezzlement; fraud or theft; disclosure of confidential information or other acts that harm our business, reputation, or employees; misconduct resulting in Chevron having to prepare an accounting restatement; or failure to abide by post-termination agreements respecting confidentiality, noncompetition, or nonsolicitation.

## Tax Gross-Ups

We do not pay tax gross-ups to our NEOs.

## Tax Deductibility of NEO Compensation

We have structured our CIP and certain LTIP awards with the intention of meeting the requirements for deductibility under Section 162(m) of the Internal Revenue Code, which permits Chevron to deduct certain compensation paid to our CEO and other three most highly paid executives (excluding our Chief Financial Officer) if such compensation in excess of $1 million is performance-based. Although the MCC considers the deductibility of the compensation of our executives, in order to maintain flexibility and retain and motivate our executive officers, it does not require all compensation to be deductible. The portion of the base salaries in excess of $1 million for our covered officers are not deductible; however, the MCC considers these salaries to be in the best interests of Chevron and its stockholders.

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Executive Compensation

## Summary Compensation Table

The following table sets forth the compensation of our named executive officers, or NEOs, for the fiscal year ending December 31, 2015, and for the fiscal years ending December 31, 2014, and December 31, 2013, if they were NEOs in those years. The primary components of each NEO s compensation are also described in our Compensation Discussion and Analysis in this Proxy Statement.

| d Position | Year | Salary ($)(1) | Stock Awards ($)(2) | Option Awards ($)(3) | Non-Equity Incentive Plan Compensation ($)(4) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5) | All Other Compensation ($)(6) | |
|---|---|---|---|---|---|---|---|---|
| on, | 2015 | $ 1,855,479 | $ 5,484,480 | $ 9,195,180 | $ 2,450,000 | $ 2,805,467 | $ 245,281 | $ 22 |
| | 2014 | $ 1,825,500 | $ 4,816,500 | $ 8,586,240 | $ 3,100,000 | $ 7,364,392 | $ 277,785 | $ 25 |
| and | | | | | | | | |
| | 2013 | $ 1,770,833 | $ 5,807,790 | $ 9,228,960 | $ 3,200,000 | $ 3,777,809 | $ 231,911 | $ 24 |
| ngton, | 2015 | $ 1,056,729 | $ 1,364,160 | $ 2,286,294 | $ 1,025,600 | $ 1,556,120 | $ 90,964 | $ 7 |
| | 2014 | $ 1,035,417 | $ 1,107,795 | $ 2,246,400 | $ 1,309,800 | $ 3,981,814 | $ 100,131 | $ 9 |
| *dent and Chief* | | | | | | | | |
| *Officer* | 2013 | $ 979,583 | $ 1,668,195 | $ 2,521,440 | $ 1,366,200 | $ 1,368,897 | $ 78,825 | $ 7 |
| son, | 2015 | $ 929,667 | $ 2,888,697 | $ 2,286,294 | $ 985,300 | $ 1,639,327 | $ 226,413 | $ 8 |
| *Vice President,* | | | | | | | | |
| ch, | 2015 | $ 1,080,392 | $ 2,888,697 | $ 2,286,294 | $ 1,092,300 | $ 675,731 | $ 100,426 | $ 8 |
| | 2014 | $ 1,063,600 | $ 1,107,795 | $ 2,246,400 | $ 1,526,400 | $ 2,414,629 | $ 128,417 | $ 8 |
| *Vice President,* | | | | | | | | |
| *n and* | | | | | | | | |
| *ent* | 2013 | $ 1,035,417 | $ 1,546,072 | $ 2,278,260 | $ 1,222,500 | $ 178,937 | $ 140,828 | $ 6 |
| | 2015 | $ 867,000 | $ 2,198,838 | $ 1,740,417 | $ 748,100 | $ 266,880 | $ 84,216 | $ 5 |
| | 2014 | $ 842,708 | $ 2,012,495 | $ 1,622,400 | $ 1,071,000 | $ 230,483 | $ 105,548 | $ 5 |
| *dent* | | | | | | | | |
| *ral Counsel* | 2013 | $ 812,167 | $ 1,260,414 | $ 1,897,200 | $ 953,400 | $ 145,100 | $ 82,448 | $ 5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| land, | 2015 | $ 767,708 | $ 2,329,280 | $ 3,900,312 | $ 790,400 | $ 1,195,879 | $ 858,863 | $ 9 |
| | 2014 | $ 1,503,125 | $ 2,042,196 | $ 3,644,160 | $ 2,184,500 | $ 2,627,964 | $ 141,872 | $ 12 |
| *ice Chairman* | | | | | | | | |
| *tive Vice* | | | | | | | | |
| *Upstream*(7) | 2013 | $ 1,435,417 | $ 2,725,775 | $ 3,655,080 | $ 2,200,000 | $ 899,106 | $ 144,656 | $ 11 |

(1) Reflects actual salary earned during the fiscal year covered. Compensation is reviewed after the end of each year, and salary increases, if any, are generally effective April 1 of the following year. The following table reflects the annual salary rate and effective date for the years in which each person was an NEO and the amounts deferred under the Deferred Compensation Plan for Management Employees II (DCP).

| **Name** | **Salary Effective Date** | **Salary** | **Total Salary Deferred Under the DCP** |
|---|---|---|---|
| J.S. Watson | April 2015 | $ 1,863,500 | $ 185,548 |
| | April 2014 | $ 1,836,000 | $ 182,550 |
| | April 2013 | $ 1,800,000 | $ 177,083 |
| P.E. Yarrington | April 2015 | $ 1,059,500 | $ 15,835 |
| | April 2014 | $ 1,050,000 | $ 15,508 |
| | April 2013 | $ 1,000,000 | $ 14,492 |
| J.W. Johnson | April 2015 | $ 960,000 | $ 13,293 |
| M.K. Wirth | April 2015 | $ 1,085,000 | $ 16,308 |
| | April 2014 | $ 1,069,200 | $ 16,072 |
| | April 2013 | $ 1,050,000 | $ 15,608 |
| R.H. Pate | April 2015 | $ 874,000 | $ 104,040 |
| | April 2014 | $ 850,000 | $ 101,125 |
| | April 2013 | $ 825,000 | $ 97,460 |
| G.L. Kirkland | April 2015 | $ 1,550,000 | $ 10,054 |
| | April 2014 | $ 1,525,000 | $ 24,862 |
| | April 2013 | $ 1,450,000 | $ 23,608 |

EXECUTIVE COMPENSATION

We explain the amount of salary and non-equity incentive plan compensation in proportion to total compensation in our Compensation Discussion and Analysis Pay-for-Performance Framework Significant Pay at Risk.

(2) Amounts for each fiscal year reflect the aggregate grant date fair value of performance shares and restricted stock units (RSUs) granted under the Long-Term Incentive Plan of Chevron Corporation (LTIP) on January 28, 2015. We calculate the grant date fair value of these awards in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718), as described in Note 21, Stock Options and Other Share-Based Compensation, to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2015. RSUs (when granted as part of annual LTIP award cycle each January) and performance shares do not accrue dividends or dividend equivalents. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions for awards have been disregarded.

For performance shares granted on January 28, 2015, the per-share grant date fair value was $92.80. We use a Monte Carlo approach to calculate estimated grant date fair value. To derive estimated grant date fair value per share, this valuation technique simulates total shareholder return (TSR) for the Company and our LTIP Performance Share Peer Group (BP, ExxonMobil, Royal Dutch Shell and Total) using market data for a period equal to the term of the performance period, correlates the simulated returns within the peer group to estimate a probable payout value, and discounts the probable payout value using a risk-free rate for Treasury bonds having a term equal to the performance period. Performance shares are paid in cash, and the cash payout, if any, is based on market conditions at the end of the performance period (January 2015 through December 2017). Payout is calculated in the manner described in Footnote 2 to the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement.

For Mr. Johnson, Mr. Wirth and Mr. Pate, the 2015 amount also includes the aggregate grant date fair value of RSUs granted under the LTIP on January 28, 2015. The per-unit grant date fair value of the restricted stock units was $103.71, the closing price of Chevron common stock on the grant date. RSUs are paid in cash upon vesting and are payable following the third annual anniversary of the grant date. Total payout will be based on the Chevron common stock closing price on the vesting date.

Mr. Kirkland will not realize any value from his 2015 performance share grant, which was cancelled following his June 2015 retirement, in accordance with LTIP rules that provide for forfeiture of grants held for less than one year following the grant date.

The material terms of performance shares and RSUs granted in 2015 are described in the Grants of Plan-Based Awards in Fiscal Year 2015 and Outstanding Equity Awards at 2015 Fiscal Year-End tables in this Proxy

Statement.

(3) Amounts for each fiscal year reflect the aggregate grant date fair value of nonstatutory/nonqualified stock options granted under the LTIP on January 28, 2015. The per-option grant date fair value was $13.89. We calculate the grant date fair value of these stock options in accordance with ASC Topic 718, as described in Note 21, Stock Options and Other Share-Based Compensation, to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2015. Stock options do not accrue dividends or dividend equivalents. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions for awards have been disregarded. The material terms of stock options granted in 2015 are described in the Grants of Plan-Based Awards in Fiscal Year 2015 and Outstanding Equity Awards at 2015 Fiscal Year-End tables in this Proxy Statement.

Mr. Kirkland will not realize any value from his 2015 stock option grant, which was cancelled following his June 2015 retirement, in accordance with LTIP rules that provide for forfeiture of grants held for less than one year following the grant date.

(4) 2015 amounts reflect Chevron Incentive Plan (CIP) awards for the 2015 performance year that were awarded in April 2016. The following NEOs elected to defer portions of their awards to the DCP as follows: Mr. Watson, 25 percent, or $612,500; Ms. Yarrington, 1 percent, or $10,256; Mr. Wirth, 90 percent, or $983,070; and Mr. Pate, 25 percent, or $187,025. See Compensation Discussion and Analysis How Compensation Is Determined Chevron Incentive Plan (CIP) for a detailed description of CIP awards.

(5) 2015 amounts represent the aggregate change in the actuarial present value of the NEO s pension value for the Chevron Retirement Plan (CRP) and the Chevron Retirement Restoration Plan (RRP) from January 1, 2015, through December 31, 2015, expressed as a lump sum. (The Deferred Compensation Plan for Management Employees and Deferred Compensation Plan for Management Employees II (both, the DCP) and ESIP Restoration Plan (ESIP-RP) do not pay above-market or preferential earnings and are not represented in this table.) For purposes of this disclosure, we have used the same amounts required to be disclosed in the Pension Benefits Table in this Proxy Statement. Mr. Kirkland retired effective June 16, 2015, and his actual CRP value at retirement was $2,138,561 and the value of his RRP on December 31, 2015, before reduction for taxes, was $32,492,431, a change of $18,533 and $1,177,346 from the CRP and RRP values reported in the 2015 Proxy Statement.

2015 changes in the actuarial present value of an NEO s pension value are attributable to four factors.

**Increases in highest average earnings (HAE).**

For Messrs. Watson, Johnson, Wirth and Kirkland and Ms. Yarrington, HAE is the highest consecutive 36-month average base salary and CIP awards. For Mr. Pate, HAE is the highest five-year average base salary and CIP awards.

**Interest and discount rate assumptions used to estimate the value of the benefit.**

Generally, a higher interest rate produces a lower pension value, and a lower interest rate produces a higher pension value. The lump sum interest rates for determining the actuarial present values of the pension benefit are based on the Pension Protection Act of 2006 lump sum interest rates, and such rates are higher than last year s rates. In addition, this year s discount rate, 4 percent, is higher than last year s discount rate, 3.7 percent.

**An additional year of age.**

Being a year older generally results in an increase in pension values due to a shorter discount period from the assumed retirement age to current age. For all of the NEOs (except for Mr. Kirkland, who attained age 60 in 2010 and for whom the discount no longer applies because there is no period of time from the assumed retirement age to his current age), the discount period from the assumed retirement age to current age was shorter as of December 31, 2015.

**An additional year of benefit service earned in 2015.**

All of the NEOs except Mr. Kirkland worked for a full year in 2015, and their pension benefits increased because they earned an additional year of benefit service. For Mr. Pate, the impact of an additional year of service is larger relative to the other NEOs since he has significantly fewer years of service.

The following table provides a breakdown of the percent change in the NEO s pension values:

| | | Factors | | | |
|---|---|---|---|---|---|
| **Name** | **Total Percent Change in Pension Value, Jan. to Dec. 2015[a]** | **Higher HAE** | **Change in Interest Rate and Discount Rate Assumptions** | **One Year Older** | **One Additional Year of Service** |
| J.S. Watson | 8% | 0% | 0% | 5% | 3% |
| P.E. Yarrington | 9% | 1% | 1% | 4% | 3% |
| J.W. Johnson | 18% | 12% | -2% | 5% | 3% |
| M.K. Wirth | 6% | 2% | -4% | 5% | 3% |
| R.H. Pate | 36% | 14% | -2% | 4% | 20% |
| G.L. Kirkland | 3% | 0% | 4% | -2% | 1% |

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(a) Calculated as follows: (actuarial present value of accumulated benefit at December 31, 2015 (reported in the Pension Benefits Table in this Proxy Statement) actuarial present value of accumulated benefit at December 31, 2014 (reported in the Pension Benefits Table in last year s Proxy Statement)) / actuarial present value of accumulated benefit at December 31, 2014 (reported in the Pension Benefits Table in last year s Proxy Statement). For Mr. Kirkland, who retired in June 2015, the actuarial present value at December 31, 2015 was replaced with his actual Chevron Retirement Plan value at retirement and his Retirement Restoration Plan value at December 31, 2015.

Additional information concerning the present value of benefits accumulated by our NEOs under these defined benefit retirement plans is included in the Pension Benefits Table in this Proxy Statement.

(6) All Other Compensation for 2015 includes the following items but excludes other arrangements that are generally available to our salaried employees on the U.S. payroll and do not discriminate in scope, terms, or operation in favor of our NEOs, such as our relocation, medical, dental, disability, and group life insurance programs.

| | J.S. Watson | P.E. Yarrington | J.W. Johnson | M.K. Wirth | R.H. Pate | G.L. Kirkland |
|---|---|---|---|---|---|---|
| ESIP Company Contributions[a] | $ 21,200 | $ 21,200 | $ 21,200 | $ 21,200 | $ 21,200 | $ 21,200 |
| ESIP-RP Company Contributions[a] | $ 127,238 | $ 63,338 | $ 53,173 | $ 65,231 | $ 48,160 | $ 40,217 |
| Unused Vacation Payout [b] | $ | $ | $ | $ | $ | $ 758,084 |
| Perquisites[c] | | | | | | |
| Financial Counseling | $ 19,305 | $ | $ 14,128 | $ 13,563 | $ 13,563 | $ 8,613 |
| Motor Vehicles[d] | $ 5,308 | $ | $ | $ | $ | $ 931 |
| Corporate Aircraft[e] | $ 63,915 | $ | $ | $ | $ | $ |
| Residential Security[f] | $ 2,237 | $ | $ 137,912 | $ 432 | $ 1,293 | $ |
| Executive Physical[g] | $ | $ 6,426 | $ | $ | $ | $ |
| Other[h] | $ | $ | $ | $ | $ | $ 29,818 |
| **TOTAL, ALL OTHER COMPENSATION** | **$ 239,203** | **$ 90,964** | **$ 226,413** | **$ 100,426** | **$ 84,216** | **$ 858,863** |

(a) The Employee Savings Investment Plan (ESIP) is a tax-qualified defined contribution plan open to employees on the U.S. payroll. The Company provides a matching contribution of 8 percent of annual compensation when an employee contributes 2 percent of annual compensation or 4 percent if they contribute 1 percent. Employees may also choose to contribute an amount above 2 percent, but none of the amount above 2 percent is matched. The Company match up to IRS limits ($265,000 of income in 2015) is made to the qualified ESIP account. For amounts above the IRS limit, the executive can elect to have 2 percent of base pay directed into the DCP, and the Company will match those funds with a contribution to the nonqualified ESIP-RP. Company contributions to the ESIP-RP are described further in the Nonqualified Deferred Compensation Table of this Proxy Statement.

(b) Reflects the amount of Mr. Kirkland s accrued vacation balance as of his retirement date, which is required to be paid upon termination of employment.

(c) Items deemed perquisites are valued on the basis of their aggregate incremental cost to the Company. We do not provide tax gross-ups to our NEOs for any perquisites. Except in the case of motor vehicles (footnote (d)) and corporate aircraft (footnote (e)), aggregate incremental cost is the same as actual cost.

(d) Aggregate incremental cost reflects the sum of (i) annual lease value multiplied by the percentage of mileage attributable to personal use and (ii) the cost of fuel for mileage attributable to personal use.

(e) Generally, executives are not allowed to use Company planes for personal use. For security reasons, the CEO has been requested to use a Company plane in most instances of travel, including instances of travel deemed personal. On a very limited basis, the CEO may authorize the personal use of a Company plane by other persons if, for example, it is in relation to and part of a trip that is otherwise business-related or it is in connection with a personal emergency. Aggregate incremental cost was determined by multiplying the operating hours attributable to personal use by the average estimated direct operating costs and the addition of crew costs for overnight lodging, meals and other fees, as applicable.

(f) Reflects actual costs of development and installation of a security system for Mr. Johnson s residence following a home security assessment in 2015, and home security, monitoring and maintenance for Messrs. Watson, Wirth and Pate.

(g) For Ms. Yarrington, includes travel-related costs of airfare and lodging.

(h) Reflects the value of gifts presented to Mr. Kirkland upon his retirement.

(7) Mr. Watson is also a Director of the Company, as was Mr. Kirkland prior to his June 2015 retirement. They do not receive any additional compensation for their Director service.

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EXECUTIVE COMPENSATION

## Grants of Plan-Based Awards in Fiscal Year 2015

The following table sets forth information concerning the grants of non-equity and equity incentive plan awards to our named executive officers, or NEOs, in 2015. Non-equity incentive plan awards are made under our Chevron Incentive Plan (CIP), and equity incentive plan awards (performance shares, stock options and restricted stock unit awards) are made under our Long-Term Incentive Plan of Chevron Corporation (LTIP). These awards are also described in our Compensation Discussion and Analysis in this Proxy Statement.

| | | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) | | | Estimated Future Payouts Under Equity Incentive Plan Awards(2) | | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercise or Base Price of Option Awards | Gran Da Fa Valu of Stoc an Optio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| me | Award Type | Grant Date | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | (#)(3) | (#)(4) | ($/Sh)(5) | Awards( |
| . Watson | CIP | | | $ 2,795,250 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 14,775 | 59,100 | 118,200 | | | | $ 5,484,48 |
| | Options | 1/28/2015 | | | | | | | | 662,000 | $ 103.71 | $ 9,195,18 |
| . Yarrington | CIP | | | $ 1,165,450 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 3,675 | 14,700 | 29,400 | | | | $ 1,364,16 |
| | Options | 1/28/2015 | | | | | | | | 164,600 | $ 103.71 | $ 2,286,29 |
| /. Johnson | CIP | | | $ 1,152,000 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 3,675 | 14,700 | 29,400 | | | | $ 1,364,16 |
| | Options | 1/28/2015 | | | | | | | | 164,600 | $ 103.71 | $ 2,286,29 |
| | RSUs | 1/28/2015 | | | | | | | 14,700 | | | $ 1,524,53 |
| K. Wirth | CIP | | | $ 1,193,500 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 3,675 | 14,700 | 29,400 | | | | $ 1,364,16 |
| | Options | 1/28/2015 | | | | | | | | 164,600 | $ 103.71 | $ 2,286,29 |
| | RSUs | 1/28/2015 | | | | | | | 14,700 | | | $ 1,524,53 |
| I. Pate | CIP | | | $ 874,000 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 2,800 | 11,200 | 22,400 | | | | $ 1,039,36 |
| | Options | 1/28/2015 | | | | | | | | 125,300 | $ 103.71 | $ 1,740,41 |
| | RSUs | 1/28/2015 | | | | | | | 11,180 | | | $ 1,159,47 |
| . Kirkland | CIP | | | $ 2,015,000 | | | | | | | | |
| | Perf Shares | 1/28/2015 | | | | 6,275 | 25,100 | 50,200 | | | | $ 2,329,28 |

| | | | | |
|---|---|---|---|---|
| Options | 1/28/2015 | 280,800 | $ 103.71 | $ 3,900,31 |

(1) The CIP is an annual incentive plan that pays a cash award for performance and is paid in April following the performance year. See our Compensation Discussion and Analysis How Compensation Is Determined Chevron Incentive Plan (CIP) for a detailed description of CIP awards, including the criteria for determining the amounts payable. Target is a dollar value based on a percentage of the NEO s base salary set by the Management Compensation Committee prior to the beginning of the performance year. Actual 2015 performance-year awards granted in March 2016 and paid in April 2016 are reported in the Summary Compensation Table in the Non-equity Incentive Plan Compensation column. Under the CIP, there is no threshold or maximum award.

(2) Reflects performance shares granted under the LTIP. See our Compensation Discussion and Analysis How Compensation Is Determined Long-Term Incentive Plan (LTIP) for a detailed description of performance share awards, including the criteria for determining the cash amounts payable. Target is the number of performance shares awarded in 2015. If there is a payout, threshold represents the lowest possible payout (25 percent of the grant) and Maximum reflects the highest possible payout (200 percent of the grant). Performance shares are paid out in cash, and the cash payout, if any, will occur at the end of the three-year performance period (January 2015 through December 2017). Payout is calculated in the manner described in Footnote 2 to the Option Exercises and Stock Vested in Fiscal Year 2015 table in this Proxy Statement. Performance share awards do not accrue dividends or dividend equivalents.

Mr. Kirkland will not realize any value from his 2015 performance share grant, which was cancelled upon his June 2015 retirement, in accordance with LTIP rules that provide for forfeiture of grants held for less than one year following the grant date.

(3) Reflects RSUs granted under the LTIP. See our Compensation Discussion and Analysis How Compensation is Determined Long-Term Incentive Plan (LTIP) for a detailed description of RSU awards. RSUs are paid in cash upon vesting and the payout will occur following the third annual anniversary of the grant date. Total payout will be based on the Chevron common stock closing price on the vesting date multiplied by the number of vested RSUs. RSUs (when granted as part of annual LTIP award cycle each January) do not accrue dividends or dividend equivalents.

(4) Reflects nonstatutory/nonqualified stock options granted under the LTIP. See our Compensation Discussion and Analysis How Compensation Is Determined Long-Term Incentive Plan (LTIP) for a description of stock option awards. Stock options have a 10-year term and vest at the rate of 33.33 percent per year, with vesting occurring on the first, second, and third annual anniversary of the grant date. The value of stock options realized upon exercise is determined by multiplying the number of stock options by the difference between the fair market value at the time of exercise and the exercise price of the stock options. Stock option awards do not accrue dividends or dividend equivalents.

Mr. Kirkland will not realize any value from his 2015 stock option grant, which was cancelled upon his June 2015 retirement, in accordance with LTIP rules that provide for forfeiture of grants held for less than one year following the grant date.

(5) The exercise price is the closing price of Chevron common stock on the grant date.

(6) We calculate the grant date fair value of each award in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718) and as described in Footnotes 2 and 3 to the Summary Compensation Table in this Proxy Statement.

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EXECUTIVE COMPENSATION

## Outstanding Equity Awards at 2015 Fiscal Year-End

The following table sets forth information concerning the outstanding equity incentive awards at December 31, 2015, for each of our named executive officers, or NEOs.

| | Option Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name[1] | Grant Date of Option Awards | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable[2] | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($)[3] | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[4] | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[5] |
| J.S. Watson | 1/28/2015 | | 662,000 | $ 103.71 | 1/28/2025 | | | 59,100 | $ 7,974,954 |
| | 1/29/2014 | 114,666 | 229,334 | $ 116.00 | 1/29/2024 | | | 50,000 | $ 6,747,000 |
| | 1/30/2013 | 251,333 | 125,667 | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 420,000 | | $ 107.73 | 1/25/2022 | | | | |
| | 1/26/2011 | 340,000 | | $ 94.64 | 1/26/2021 | | | | |
| | 1/27/2010 | 340,000 | | $ 73.70 | 1/27/2020 | | | | |
| | 3/25/2009 | 170,000 | | $ 69.70 | 3/25/2019 | | | | |
| | 3/26/2008 | 112,000 | | $ 84.96 | 3/26/2018 | | | | |
| | 3/28/2007 | 125,000 | | $ 74.08 | 3/28/2017 | | | | |
| P.E. Yarrington | 1/28/2015 | | 164,600 | $ 103.71 | 1/28/2025 | | | 14,700 | $ 1,983,618 |
| | 1/29/2014 | 30,000 | 60,000 | $ 116.00 | 1/29/2024 | | | 11,500 | $ 1,551,810 |
| | 1/30/2013 | 68,666 | 34,334 | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 105,000 | | $ 107.73 | 1/25/2022 | | | | |
| | 1/26/2011 | 132,000 | | $ 94.64 | 1/26/2021 | | | | |
| | 1/27/2010 | 135,000 | | $ 73.70 | 1/27/2020 | | | | |
| | 3/25/2009 | 130,000 | | $ 69.70 | 3/25/2019 | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 3/26/2008 | 39,000 | | $ 84.96 | 3/26/2018 | | | | |
| J.W. Johnson | 1/28/2015 | | 164,600 | $ 103.71 | 1/28/2025 | 14,700(6) | $ 1,322,412 | 14,700 | $ 1,983,618 |
| | 1/29/2014 | 30,000 | 60,000 | $ 116.00 | 1/29/2024 | | | 11,500 | $ 1,551,810 |
| | 1/30/2013 | 51,666 | 25,834 | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 78,000 | | $ 107.73 | 1/25/2022 | | | | |
| | 1/26/2011 | 38,000 | | $ 94.64 | 1/26/2021 | | | | |
| | 1/27/2010 | 38,000 | | $ 73.70 | 1/27/2020 | | | | |
| | 3/25/2009 | 19,000 | | $ 69.70 | 3/25/2019 | | | | |
| | 3/26/2008 | 31,000 | | $ 84.96 | 3/26/2018 | | | | |
| | 3/28/2007 | 13,000 | | $ 74.08 | 3/28/2017 | | | | |
| M.K. Wirth | 1/28/2015 | | 164,600 | $ 103.71 | 1/28/2025 | 14,700(6) | $ 1,322,412 | 14,700 | $ 1,983,618 |
| | 1/29/2014 | 30,000 | 60,000 | $ 116.00 | 1/29/2024 | | | 11,500 | $ 1,551,810 |
| | 3/27/2013 | 2,000 | 1,000 | $ 120.19 | 3/27/2023 | | | | |
| | 1/30/2013 | 60,000 | 30,000 | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 105,000 | | $ 107.73 | 1/25/2022 | | | | |
| | 1/26/2011 | 132,000 | | $ 94.64 | 1/26/2021 | | | | |
| | 1/27/2010 | 135,000 | | $ 73.70 | 1/27/2020 | | | | |
| | 3/25/2009 | 130,000 | | $ 69.70 | 3/25/2019 | | | | |
| | 3/26/2008 | 112,000 | | $ 84.96 | 3/26/2018 | | | | |
| | 3/28/2007 | 125,000 | | $ 74.08 | 3/28/2017 | | | | |
| R.H. Pate | 1/28/2015 | | 125,300 | $ 103.71 | 1/28/2025 | 11,180(6) | $ 1,005,753 | 11,200 | $ 1,511,328 |
| | 1/29/2014 | | | | | | | | |