

CHEVRON CORP
Form 10-Q
November 06, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 2015

or

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

Commission file number 001-00368

Chevron Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

6001 Bollinger Canyon Road,
San Ramon, California

(Address of principal executive offices)

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

NONE

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

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

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

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

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

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

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

Class	Outstanding as of September 30, 2015
Common stock, \$.75 par value	1,882,036,704

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

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

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing crude oil and natural gas prices; changing refining, marketing and chemicals margins; the company’s ability to realize anticipated cost savings and expenditure reductions; actions of competitors or regulators; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the inability or failure of the company’s joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company’s business, production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather, cyber threats and terrorist acts, other natural or human factors, or crude oil production quotas that might be imposed by the Organization of Petroleum Exporting Countries; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant investment or product changes required by existing or future environmental statutes, regulations and litigation; the potential liability resulting from other pending or future litigation; the company’s future acquisition or disposition of assets and gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading “Risk Factors” on pages 22 through 24 of the company’s 2014 Annual Report on Form 10-K. In addition, such results could be affected by general domestic and international economic and political conditions. Other unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

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FINANCIAL INFORMATIONItem 1. Consolidated Financial Statements
CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	(Millions of dollars, except per-share amounts)			
Revenues and Other Income				
Sales and other operating revenues*	\$32,767	\$51,822	\$101,911	\$158,383
Income from equity affiliates	1,195	1,912	3,765	5,543
Other income	353	945	3,554	1,956
Total Revenues and Other Income	34,315	54,679	109,230	165,882
Costs and Other Deductions				
Purchased crude oil and products	17,447	30,741	55,181	95,408
Operating expenses	5,592	6,403	17,064	18,713
Selling, general and administrative expenses	1,026	1,122	3,140	3,126
Exploration expenses	315	366	1,982	1,475
Depreciation, depletion and amortization	4,268	3,948	15,637	11,920
Taxes other than on income*	2,883	3,236	9,174	9,422
Total Costs and Other Deductions	31,531	45,816	102,178	140,064
Income Before Income Tax Expense	2,784	8,863	7,052	25,818
Income Tax Expense	727	3,236	1,787	9,980
Net Income	2,057	5,627	5,265	15,838
Less: Net income attributable to noncontrolling interests	20	34	90	68
Net Income Attributable to Chevron Corporation	\$2,037	\$5,593	\$5,175	\$15,770
Per Share of Common Stock:				
Net Income Attributable to Chevron Corporation				
— Basic	\$1.09	\$2.97	\$2.77	\$8.35
— Diluted	\$1.09	\$2.95	\$2.76	\$8.29
Dividends	\$1.07	\$1.07	\$3.21	\$3.14
Weighted Average Number of Shares Outstanding (000s)				
— Basic	1,868,444	1,880,915	1,867,560	1,887,778
— Diluted	1,872,420	1,896,492	1,875,193	1,902,698
* Includes excise, value-added and similar taxes:	\$1,800	\$2,116	\$5,642	\$6,182

See accompanying notes to consolidated financial statements.

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CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
	(Millions of dollars)			
Net Income	\$2,057	\$5,627	\$5,265	\$15,838
Currency translation adjustment	(16	) (19	) (35	) (49
Unrealized holding (loss) gain on securities:				
Net (loss) gain arising during period	(18	) (4	) (24	) 4
Derivatives:				
Net derivatives loss on hedge transactions	—	—	—	(66
Reclassification to net income of net realized gain	—	—	—	(17
Income tax benefit on derivatives transactions	—	—	—	29
Total	—	—	—	(54
Defined benefit plans:				
Actuarial loss:				
Amortization to net income of net actuarial and settlement losses	204	125	548	350
Prior service cost:				
Amortization to net income of net prior service costs	5	6	19	19
Defined benefit plans sponsored by equity affiliates	7	6	34	18
Income tax expense on defined benefit plans	(80	) (55	) (232	) (147
Total	136	82	369	240
Other Comprehensive Gain, Net of Tax	102	59	310	141
Comprehensive Income	2,159	5,686	5,575	15,979
Comprehensive income attributable to noncontrolling interests	(20	) (34	) (90	) (68
Comprehensive Income Attributable to Chevron Corporation	\$2,139	\$5,652	\$5,485	\$15,911

See accompanying notes to consolidated financial statements.

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CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	At September 30 2015	At December 31 2014
	(Millions of dollars, except per-share amounts)	
ASSETS		
Cash and cash equivalents	\$ 12,933	\$ 12,785
Time deposits	—	8
Marketable securities	306	422
Accounts and notes receivable, net	14,240	16,736
Inventories		
Crude oil and petroleum products	4,048	3,854
Chemicals	439	467
Materials, supplies and other	2,377	2,184
Total inventories	6,864	6,505
Prepaid expenses and other current assets	5,476	5,776
Total Current Assets	39,819	42,232
Long-term receivables, net	2,436	2,817
Investments and advances	26,710	26,912
Properties, plant and equipment, at cost	340,558	327,289
Less: Accumulated depreciation, depletion and amortization	153,153	144,116
Properties, plant and equipment, net	187,405	183,173
Deferred charges and other assets	6,593	6,299
Goodwill	4,588	4,593
Assets held for sale	898	—
Total Assets	\$ 268,449	\$ 266,026
LIABILITIES AND EQUITY		
Short-term debt	\$ 6,580	\$ 3,790
Accounts payable	15,307	19,000
Accrued liabilities	5,062	5,328
Federal and other taxes on income	2,039	2,575
Other taxes payable	1,156	1,233
Total Current Liabilities	30,144	31,926
Long-term debt	29,210	23,960
Capital lease obligations	86	68
Deferred credits and other noncurrent obligations	23,129	23,549
Noncurrent deferred income taxes	21,869	21,920
Noncurrent employee benefit plans	8,073	8,412
Total Liabilities	112,511	109,835
Preferred stock (authorized 100,000,000 shares, \$1.00 par value, none issued)	—	—
Common stock (authorized 6,000,000,000 shares; \$0.75 par value; 2,442,676,580 shares issued at September 30, 2015, and December 31, 2014)	1,832	1,832
Capital in excess of par value	16,254	16,041
Retained earnings	184,167	184,987
Accumulated other comprehensive loss	(4,549) (4,859

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Deferred compensation and benefit plan trust	(240) (240)
Treasury stock, at cost (560,639,876 and 563,027,772 shares at September 30, 2015, and December 31, 2014, respectively)	(42,552) (42,733)
Total Chevron Corporation Stockholders' Equity	154,912	155,028	
Noncontrolling interests	1,026	1,163	
Total Equity	155,938	156,191	
Total Liabilities and Equity	\$268,449	\$266,026	

See accompanying notes to consolidated financial statements.

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CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30	
	2015	2014
	(Millions of dollars)	
Operating Activities		
Net Income	\$5,265	\$15,838
Adjustments		
Depreciation, depletion and amortization	15,637	11,920
Dry hole expense	1,265	