



2017 annual funding notice chevron retirement plan

april 2018

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Benefit Plan Participant or Beneficiary,

The reporting requirements of the Pension Protection Act of 2006 (PPA) require that all participants of the Chevron Retirement Plan receive this Annual Funding Notice.

This notice covers the 2017 Plan Year for the Chevron Retirement Plan. Chevron Corporation, as the Sponsor and Administrator of the Plan, is required to provide you with this notice. This notice summarizes Plan asset, liability, funding and investment information in the format and language provided by the Department of Labor. It also includes general information about the Pension Benefit Guaranty Corporation (PBGC), a federal agency.

This Plan provides benefits to you from a trust fund that is separate from Chevron's assets. The trust is funded through company contributions and earnings on the trust fund. Over time, it is Chevron's responsibility to maintain the funding of the trust so that money will be available to pay your benefits after your employment ends.

A trustee — separate from Chevron — has custody over the trust's assets. These assets are managed by several different investment advisory companies. Chevron monitors the financial performance of the trust and ensures the availability of sufficient assets to meet benefit payment requirements.

Chevron is pleased to report that the Plan is funded well enough to provide benefits without being subject to certain restrictions imposed on other, underfunded plans. The information in this notice does not reflect Chevron's current financial position, and it doesn't show how well funded the Plan will be in the future.

U.S. Benefits

MAP-21, HATFA, and BBA 2015 supplement to annual funding notice of the chevron retirement plan for plan year beginning january 1, 2017, and ending december 31, 2017

This is a temporary supplement to your Annual Funding Notice. It is required by federal laws named Moving Ahead for Progress in the 21st Century Act (MAP-21), the Highway and Transportation Funding Act of 2014 (HATFA), and the Bipartisan Budget Act of 2015 (BBA 2015). These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, Chevron may contribute less money to the plan at a time when market interest rates are at or near historical lows.

(Table 1) Interest Rate Impact compares the impact of using interest rates based on the 25-year average (the "Adjusted Interest Rates") and interest rates based on a two-year average on the Plan's: (1) *Funding Target Attainment Percentage*, (2) *Funding Shortfall*, and (3) *Minimum Required Contribution*. The *Funding Target Attainment Percentage* of a plan is a measure of how well the plan is funded on a particular date. The *Funding Shortfall* of a plan is the amount by which liabilities exceed *Net Plan Assets*. The *Minimum Required Contribution* is the amount of money an employer is required by law to contribute to a plan in a given year. Table 1 shows this information determined with and without the adjusted interest rates to illustrate the effect of these federal laws. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

(Table 1) Interest Rate Impact

| | Plan Year Beginning 2017 | | Plan Year Beginning 2016 | | Plan Year Beginning 2015 | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | With Adjusted Interest Rates | Without Adjusted Interest Rates | With Adjusted Interest Rates | Without Adjusted Interest Rates | With Adjusted Interest Rates | Without Adjusted Interest Rates |
| Funding Target Attainment Percentage | 81.85% | 65.11% | 92.05% | 73.26% | 90.03% | 71.34% |
| Funding Shortfall | \$1,506,782,000 | \$3,640,125,000 | \$683,324,000 | \$2,889,529,000 | \$858,378,000 | \$3,113,857,000 |
| Minimum Required Contribution | \$666,182,000 | \$1,079,200,000 | \$552,902,000 | \$998,678,000 | \$568,966,000 | \$1,021,578,000 |

introduction

This notice includes important information about the funding status of your pension plan ("the Plan") and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes, and you are not required to respond in any way. This notice is for the plan year beginning January 1, 2017, and ending December 31, 2017 ("Plan Year"). Federal law requires the plan administrator to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2018 and ending on December 31, 2018, there are no expected events with material effects.

how well funded is your plan

Under federal law, the Plan must report how well it is funded by using a measure called the *Funding Target Attainment Percentage*. This percentage is obtained by dividing *Net Plan Assets* by *Plan Liabilities* on the *Valuation Date* for the Plan Year. In general, the higher the percentage, the better funded the plan. Your Plan's *Funding Target Attainment Percentage* for the Plan Year and each of the two preceding Plan Years is shown in Table 2, along with a statement of the value of the Plan's assets and liabilities for the same period.

(Table 2) Funding Target Attainment Percentage

| | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|
| 1. Valuation Date | January 1, 2017 | January 1, 2016 | January 1, 2015 |
| 2. Plan Assets | | | |
| a. Total Plan Assets | \$10,042,066,000 | \$10,979,736,000 | \$11,166,907,000 |
| b. Funding Standard Carryover Balance | \$0 | \$0 | \$0 |
| c. Prefunding Balance | \$3,246,102,000 | \$3,061,889,000 | \$3,412,851,000 |
| d. Net Plan Assets (a)-(b)-(c)=(d) | \$6,795,964,000 | \$7,917,847,000 | \$7,754,056,000 |
| 3. Plan Liabilities | \$8,302,746,000 | \$8,601,171,000 | \$8,612,434,000 |
| 4. At-Risk Liabilities | Not Applicable | Not Applicable | Not Applicable |
| 5. Funding Target Attainment Percentage | 81.85% | 92.05% | 90.03% |

plan assets and credit balances

Total Plan Assets is the value of the Plan's assets on the *Valuation Date* (see line 2 in Table 2). Credit balances were subtracted from *Total Plan Assets* to determine *Net Plan Assets* (line 2d) used in the calculation of the *Funding Target Attainment Percentage* in Table 2. While pension plans are permitted to maintain credit balances (also called "Funding Standard Carryover Balance" or "Prefunding Balance"; see 2b and c in Table 2) for funding purposes, they may not be taken into account when calculating a plan's *Funding Target Attainment Percentage*. A plan might have a credit balance, for example, if in a prior year an employer made contributions to the plan above the minimum level required by law. Generally, the excess contributions are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

plan liabilities

Plan Liabilities shown in line 3 of Table 2 are the liabilities used to determine the Plan's *Funding Target Attainment Percentage*. This figure is an estimate of the amount of assets the Plan needs on the *Valuation Date* to pay for promised benefits under the Plan.

year-end assets and liabilities

The asset values in Table 2 are measured as of the first day of the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values are market values and are measured as of the last day of the Plan Year. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2017, the fair market value of the Plan's assets was \$9,856,855,000. On this same date, the Plan's liabilities, determined using market rates, were \$10,264,638,000.

participant information

The total number of participants in the Plan as of the Plan's Valuation Date was 75,523. Of this number, 23,553 were active participants, 28,143 were retired or separated from service and receiving benefits, and 23,827 were retired or separated from service and entitled to future benefits.

funding and investment policies

One hundred percent (100%) of the Plan's assets are held in master trust investment accounts that are part of the Chevron Master Pension Trust (the "Master Trust"). In accordance with the Master Trust's investment policy, the Master Trust's assets were generally allocated among the categories of investments in Table 3, as of the end of the Plan Year. These allocations represent percentages of total assets.

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. Chevron's funding policy is to contribute no less frequently than annually an amount that is at least equal to the minimum contribution required by law. Chevron may, at its discretion, contribute amounts in excess of the *Minimum Required Contribution*.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to invest pension fund assets in a broadly diversified set of asset classes based on asset allocation guidelines set by the Investment Committee. Chevron monitors investment fund manager performance and processes to ensure alignment with the Plan's guiding principles, and investments are closely managed to ensure the availability of sufficient assets to meet benefit payment requirements.

As of the end of the Plan Year, the Plan's assets were allocated as follows:

(Table 3) Asset Allocations

| Asset Allocations | Percentage |
|-----------------------------------|-------------------|
| Stocks | 55% |
| Investment grade debt instruments | 26% |
| High-yield debt instruments | 5% |
| Real estate | 11% |
| Other | 3% |

right to request a copy of the annual report

Pension plans must file annual reports called the *Form 5500* with the U.S. Department of Labor that contains financial and other information about the Plan. Copies of the annual reports are available from the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1515, Washington, D.C., 20210, or by calling 202-693-8673 to request a copy. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. You may also obtain a copy of the Plan's annual report by making a written request to the Plan Administrator at the address at the end of this notice. Annual reports do not contain personal information, such as the amount of your accrued benefits. If you are seeking information regarding your accrued benefits under the Plan, contact the Plan Administrator identified under "where to get more information."

summary of PBGC rules governing termination of single-employer plans

If a plan is terminated, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a *standard termination* but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life, or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your Plan Administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state's law.

Second, if the plan is not fully funded, the employer may apply for a *distress termination*. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

benefit payments guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called "vested benefits") are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that the PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2018, the maximum guarantee is \$5,420.45 per month, or \$65,045.40 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, and the bankruptcy proceeding began on or after September 16, 2006, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65; the maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees *basic benefits* earned before a plan is terminated, which include:

- Pension benefits at normal retirement age.
- Most early retirement benefits.
- Annuity benefits for survivors of plan participants.
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- The PBGC does not guarantee benefit increases and new benefits that have been in place for less than one year. Those that have been in place for less than five years are only partly guaranteed.
- The PBGC does not guarantee early retirement payments that are greater than payments at normal retirement age. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- The PBGC does not guarantee benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the "General FAQs about PBGC" on PBGC's website at www.pbgc.gov/general/faqs. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "where to get more information."

corporate and actuarial information on file with PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor's controlled group) falls below 80 percent (other triggers may also apply). The sponsor of the Plan, Chevron Corporation, or a member of its controlled group, was subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for monitoring and other purposes.

where to get more information

For more information about this notice, you may write to the Plan Administrator at:

Chevron Corporation
6001 Bollinger Canyon Road
Room H1268
San Ramon, CA 94583-2324

You may also contact the Human Resources Service Center by phone at 1-888-825-5247.

More information about Plan provisions or how the Plan works is available in the *Retirement Plan (Hired Before 1/1/2008)* and *Retirement Plan (Hired on or After 1/1/2008)* summary plan descriptions, available on the internet at hr2.chevron.com or by calling 1-888-825-5247.

For identification purposes, the official Plan number is 006 and the Plan Sponsor's employer identification number (EIN) is 94-0890210.

For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov or call PBGC toll-free at 1-800-400-7242. TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-800-400-7242.

disclosure statement and disclaimer

This Annual Funding Notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of Plan Liabilities, reported values of Plan assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500). Subsequently, such results will change only by amendment of the Annual Report for the Plan Year. See the "Right to Request a Copy of the Annual Report" section for information about how to obtain a copy of the Annual Report. The Plan Sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any changes, including but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of Plan amendments or any other events or circumstances occurring after this notice is provided.

Chevron Human Resources Service Center

P.O. Box 18012

Norfolk, VA 23501