

CHEVRON CORP
Form 10-Q
November 06, 2012
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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, 2012

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)

94-0890210
(I.R.S. Employer
Identification Number)

94583-2324
(Zip Code)

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

NONE

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

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

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, 2012

Common stock, \$.75 par value

1,957,181,104

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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 such as “anticipates,” “expects,” “intends,” “plans,” “targets,” “forecasts,” “projects,” “believes,” “seeks,” “schedules,” “estimates,” “budgets,” “outlook” and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some 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 chemical margins; 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 net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather 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 under 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 29 through 31 of the company’s 2011 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	
	2012	2011	2012	2011
	(Millions of dollars, except per-share amounts)			
Revenues and Other Income				
Sales and other operating revenues*	\$55,660	\$61,261	\$174,336	\$186,344
Income from equity affiliates	1,274	2,227	5,074	5,796
Other income	1,110	944	1,947	1,581
Total Revenues and Other Income	58,044	64,432	181,357	193,721
Costs and Other Deductions				
Purchased crude oil and products	33,982	37,600	106,807	113,560
Operating expenses	5,694	5,378	16,297	15,701
Selling, general and administrative expenses	1,352	1,115	3,542	3,415
Exploration expenses	475	240	1,371	830
Depreciation, depletion and amortization	3,370	3,215	9,859	9,598
Taxes other than on income*	3,239	3,544	9,125	12,948
Total Costs and Other Deductions	48,112	51,092	147,001	156,052
Income Before Income Tax Expense	9,932	13,340	34,356	37,669
Income Tax Expense	4,624	5,483	15,317	15,813
Net Income	5,308	7,857	19,039	21,856
Less: Net income attributable to noncontrolling interests	55	28	105	84
Net Income Attributable to Chevron Corporation	\$5,253	\$7,829	\$18,934	\$21,772
Per Share of Common Stock:				
Net Income Attributable to Chevron Corporation				
— Basic	\$2.71	\$3.94	\$9.69	\$10.93
— Diluted	\$2.69	\$3.92	\$9.62	\$10.86
Dividends	\$0.90	\$0.78	\$2.61	\$2.28
Weighted Average Number of Shares Outstanding (000s)				
— Basic	1,945,840	1,984,643	1,954,584	1,991,091
— Diluted	1,960,141	1,998,673	1,968,939	2,005,381
* Includes excise, value-added and similar taxes:	2,163	1,974	5,879	6,372

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	
	2012	2011	2012	2011
	(Millions of dollars)			
Net Income	\$5,308	\$7,857	\$19,039	\$21,856
Currency translation adjustment	10	(58	) 12	(7
Unrealized holding gain (loss) on securities:				
Net gain (loss) arising during period	8	1	7	(10
Derivatives:				
Net derivatives gain (loss) on hedge transactions	23	(4	) 26	(4
Reclassification to net income of net realized gain	(6	) (2	) (4	) (5
Income taxes on derivatives transactions	(5	) 2	(7	) 3
Total	12	(4	) 15	(6
Defined benefit plans:				
Actuarial loss:				
Amortization to net income of net actuarial loss	227	169	733	555
Actuarial gain (loss) arising during period	10	16	(33	) 71
Prior service cost:				
Amortization to net income of net prior service credits	(15	) (17	) (45	) (9
Defined benefit plans sponsored by equity affiliates	9	9	27	31
Income taxes on defined benefit plans	(87	) (65	) (252	) (225
Total	144	112	430	423
Other Comprehensive Gain, Net of Tax	174	51	464	400
Comprehensive Income	5,482	7,908	19,503	22,256
Comprehensive income attributable to noncontrolling interests	(55	) (28	) (105	) (84
Comprehensive Income Attributable to Chevron Corporation	\$5,427	\$7,880	\$19,398	\$22,172
See accompanying notes to consolidated financial statements.				

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CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	At September 30 2012	At December 31 2011
	(Millions of dollars, except per-share amounts)	
ASSETS		
Cash and cash equivalents	\$21,313	\$15,864
Time deposits	8	3,958
Marketable securities	261	249
Accounts and notes receivable, net	21,464	21,793
Inventories		
Crude oil and petroleum products	5,803	3,420
Chemicals	490	502
Materials, supplies and other	1,702	1,621
Total inventories	7,995	5,543
Prepaid expenses and other current assets	7,424	5,827
Total Current Assets	58,465	53,234
Long-term receivables, net	3,036	2,233
Investments and advances	23,505	22,868
Properties, plant and equipment, at cost	252,276	233,432
Less: Accumulated depreciation, depletion and amortization	119,524	110,824
Properties, plant and equipment, net	132,752	122,608
Deferred charges and other assets	4,466	3,889
Goodwill	4,640	4,642
Total Assets	\$226,864	\$209,474
LIABILITIES AND EQUITY		
Short-term debt	\$2,172	\$340
Accounts payable	22,989	22,147
Accrued liabilities	5,190	5,287
Federal and other taxes on income	4,051	4,584
Other taxes payable	1,267	1,242
Total Current Liabilities	35,669	33,600
Long-term debt	10,065	9,684
Capital lease obligations	99	128
Deferred credits and other noncurrent obligations	20,825	19,181
Noncurrent deferred income taxes	17,540	15,544
Reserves for employee benefit plans	8,444	9,156
Total Liabilities	92,642	87,293
Preferred stock (authorized 100,000,000 shares, \$1.00 par value, none issued)	—	—
Common stock (authorized 6,000,000,000 shares, \$.75 par value, 2,442,676,580 shares issued at September 30, 2012, and December 31, 2011)	1,832	1,832
Capital in excess of par value	15,422	15,156
Retained earnings	154,229	140,399

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Accumulated other comprehensive loss	(5,558) (6,022)
Deferred compensation and benefit plan trust	(282) (298)
Treasury stock, at cost (485,495,476 and 461,509,656 shares at September 30, 2012, and December 31, 2011, respectively)	(32,702	) (29,685)
Total Chevron Corporation Stockholders' Equity	132,941	121,382	
Noncontrolling interests	1,281	799	
Total Equity	134,222	122,181	
Total Liabilities and Equity	\$226,864	\$209,474	

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	
	2012	2011
	(Millions of dollars)	
Operating Activities		
Net Income	\$ 19,039	\$ 21,856
Adjustments		
Depreciation, depletion and amortization	9,859	9,598
Dry hole expense	518	