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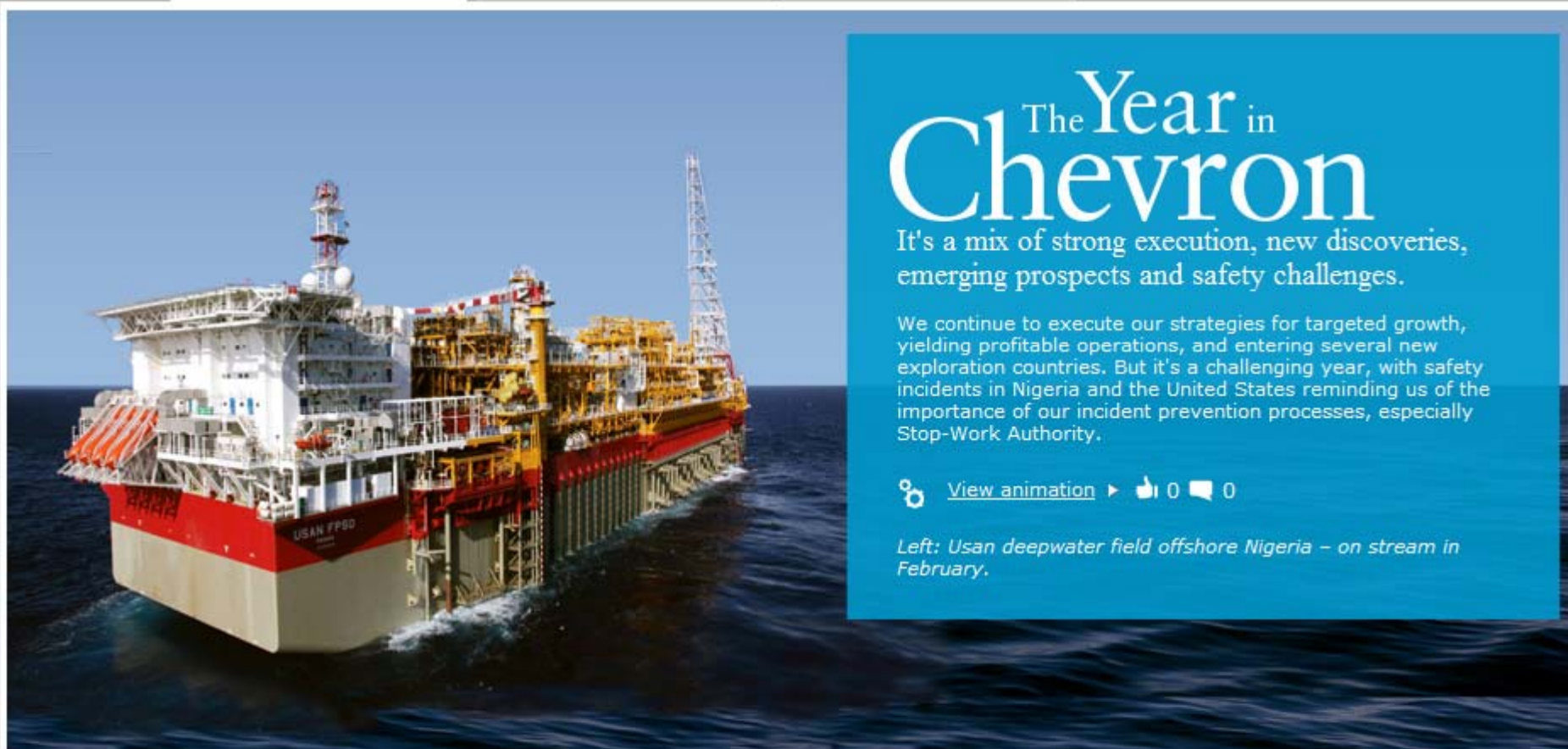
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The Year in Chevron

It's a mix of strong execution, new discoveries, emerging prospects and safety challenges.

We continue to execute our strategies for targeted growth, yielding profitable operations, and entering several new exploration countries. But it's a challenging year, with safety incidents in Nigeria and the United States reminding us of the importance of our incident prevention processes, especially Stop-Work Authority.

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Left: Usan deepwater field offshore Nigeria – on stream in February.



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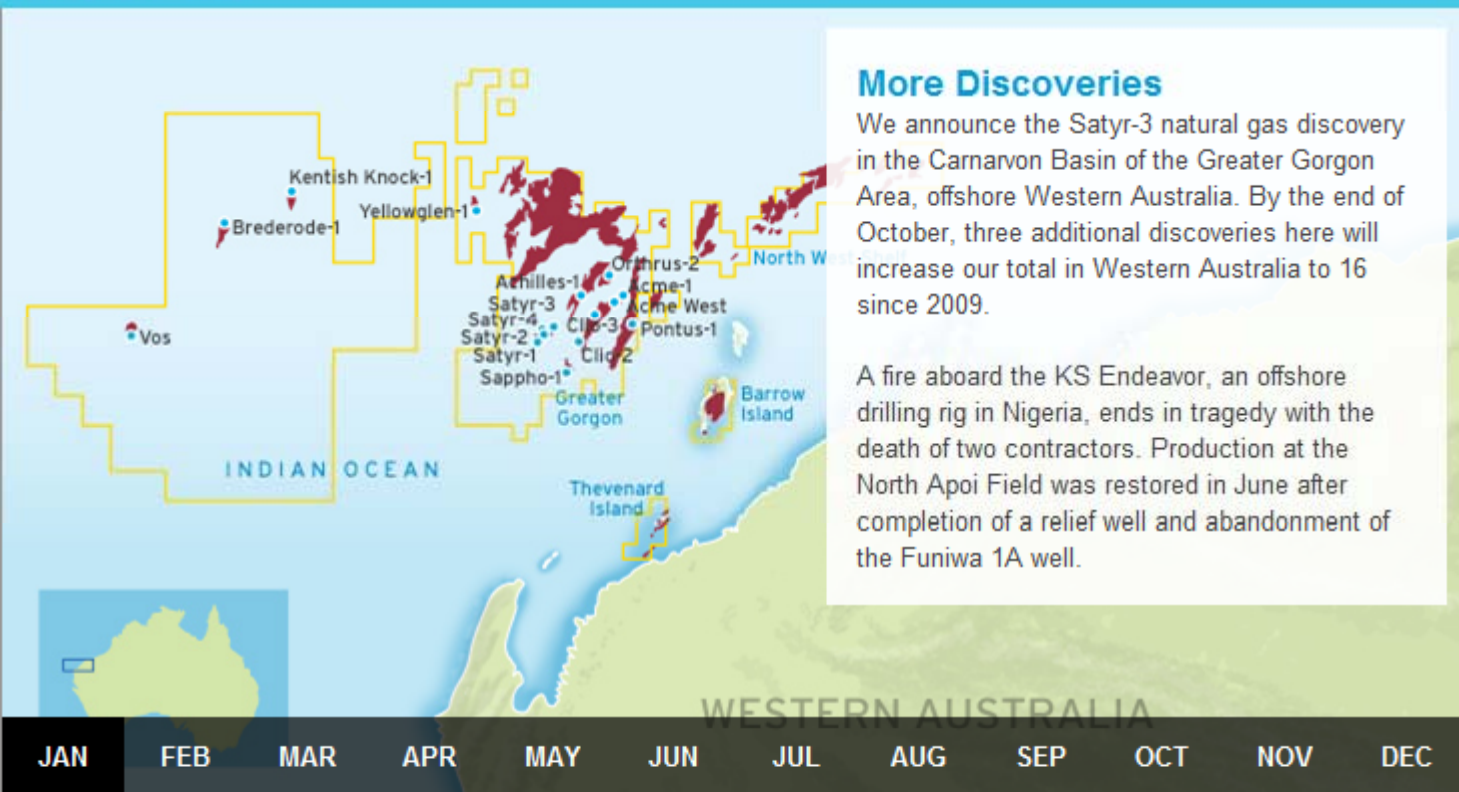


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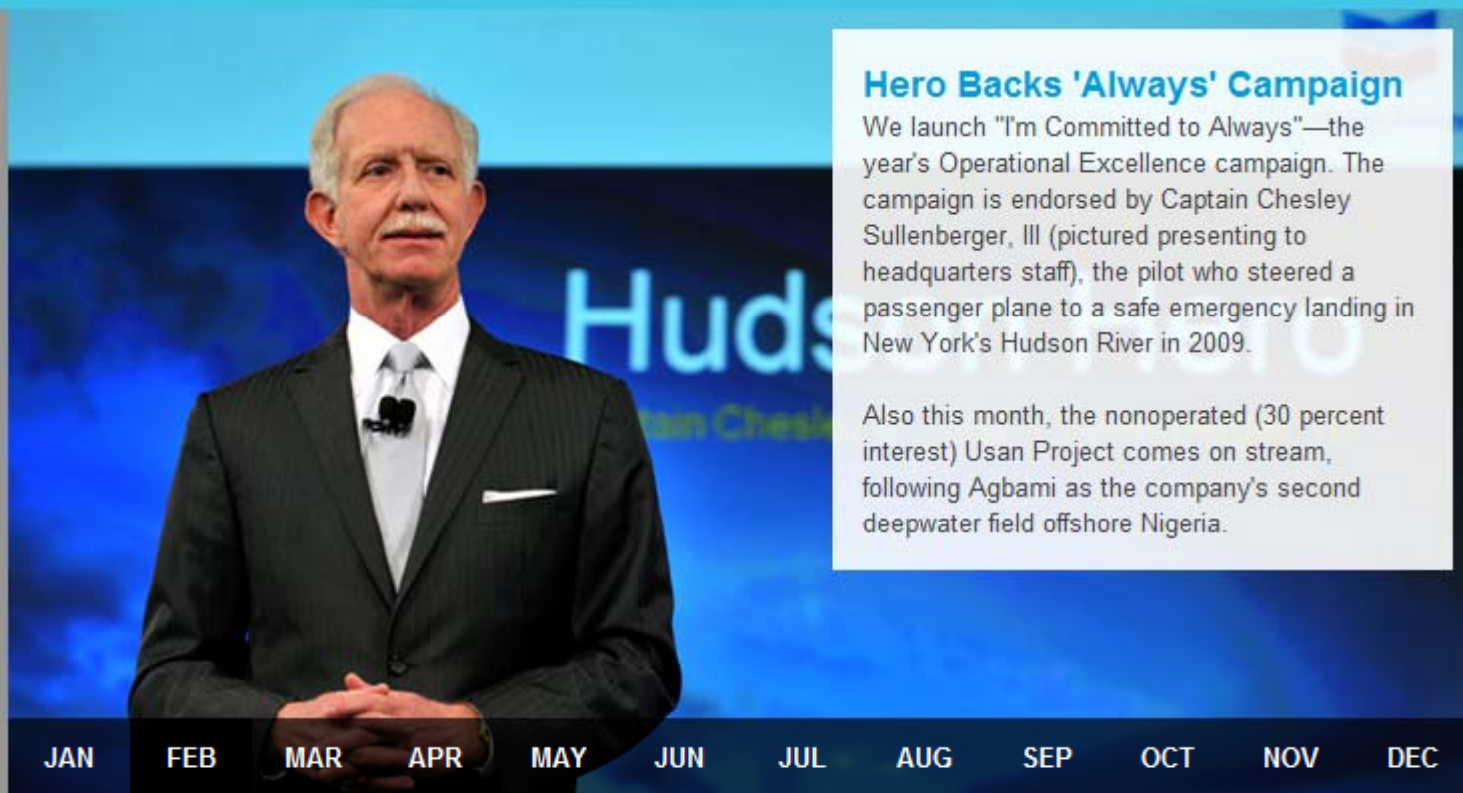


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Hero Backs 'Always' Campaign

We launch "I'm Committed to Always"—the year's Operational Excellence campaign. The campaign is endorsed by Captain Chesley Sullenberger, III (pictured presenting to headquarters staff), the pilot who steered a passenger plane to a safe emergency landing in New York's Hudson River in 2009.

Also this month, the nonoperated (30 percent interest) Usan Project comes on stream, following Agbami as the company's second deepwater field offshore Nigeria.

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Most Admired

Fortune magazine names us among the best when it comes to people management and social responsibility, among other categories in its annual "World's Most Admired Companies" list. Programs such as Horizons (a Nigeria class is pictured), which targets early-career employees, are part of our "most-admired" people development approach.

We begin drilling our first shale gas exploration well in China. It's part of Chevron's global pursuit of shale gas opportunities, with drilling under way in Poland and Canada this year. And we achieve first water injection at the Tahiti-2 project in the deepwater Gulf of Mexico – the deepest waterflood in history.

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Expansion in Singapore

A final investment decision is reached and construction begins on a project that will help double the original size of Oronite's additive facility on Jurong Island in Singapore, already the largest additive plant in the Asia-Pacific region. The expansion – scheduled to be completed in early 2014 – will increase supply chain flexibility and enable Downstream & Chemicals to focus on growing its additives and lubricants businesses in this key market.

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Drillship Opens Opportunity

The *Pacific Santa Ana* drillship arrives in the Gulf of Mexico, ready to drill its first well with breakthrough dual gradient drilling technology designed to cope with extreme pressure variations.

Also in May, we confirm the milestone of 4 billion barrels of oil production from our Block 0 concession offshore Angola. We sign agreements for delivery of Australia's Wheatstone LNG with Tohoku and, in June, with Tokyo Electric Power. As a result, more than 80 percent of Chevron's equity LNG is covered under long-term offtake agreements.

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Well Connected

Chevron is selected by *U.S. News* as one of the country's "Most Connected" energy companies. We're commended for our "NASA-style mission control centers," better known in Chevron as i-field™.

We obtain a 50 percent working interest in two exploratory blocks offshore Suriname, a new-country entry and on a trend with new deepwater discoveries in the region. And we add Lithuania and continue to work with the government of the Ukraine, extending our search for natural gas from shale in Europe.

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Global Moves

In another new country entry this year, we announce completion of a deal to acquire interests in two blocks in the Kurdistan region of Iraq. We enter front-end engineering and design on the U.K. Rosebank oil and gas project West of Shetland (pictured). Our U.S. refining network is strengthened by the progress of the Pascagoula refinery's high-viscosity crude project, which allows running heavy crudes from the Boscan Field in Venezuela and Peregrino in Brazil. And we confirm the investment decision in the Lianzi Field, our first operated asset in the Republic of Congo.

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Safety Stand-Down Ordered

Chairman and CEO John Watson calls for a companywide safety stand-down following a fire at a Richmond Refinery crude unit. Fortunately, no one is seriously injured, but overall production is curtailed. The fire "is a reminder that we must do better," says Watson in his August letter to employees. He exercises his Stop-Work Authority and directs "every part of our company to conduct a personal and process safety stand-down by the end of September." A stand-down meeting at Saudi Arabian Chevron is pictured.

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Hello Sierra Leone

In another new-country entry, we gain exploration rights in two deepwater blocks offshore Sierra Leone, underscoring our strong regional interest in the area's geology. We also acquire 246,000 acres in the Delaware Basin in New Mexico, part of the Permian Basin.

This month, our largest investors and Wall Street security analysts visit the Gorgon and Wheatstone projects in Western Australia. Earlier, a major project milestone is achieved with the arrival on Barrow Island of the first of the large process equipment modules for the liquefied natural gas plant (pictured).

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Fuel for Thought

The Chevron Fuel Your School program runs this month. The program connects us with local communities in the United States and supports K-12 public schools. By teaming up with our Chevron- and Texaco-branded retailer network and DonorsChoose.org, a national education charity, we are funding up to \$5 million toward eligible K-12 public school classroom projects in nine markets throughout the United States.

As joint venture partner, we announce sanctioning of the Starfish Field natural gas development project offshore Trinidad and Tobago.

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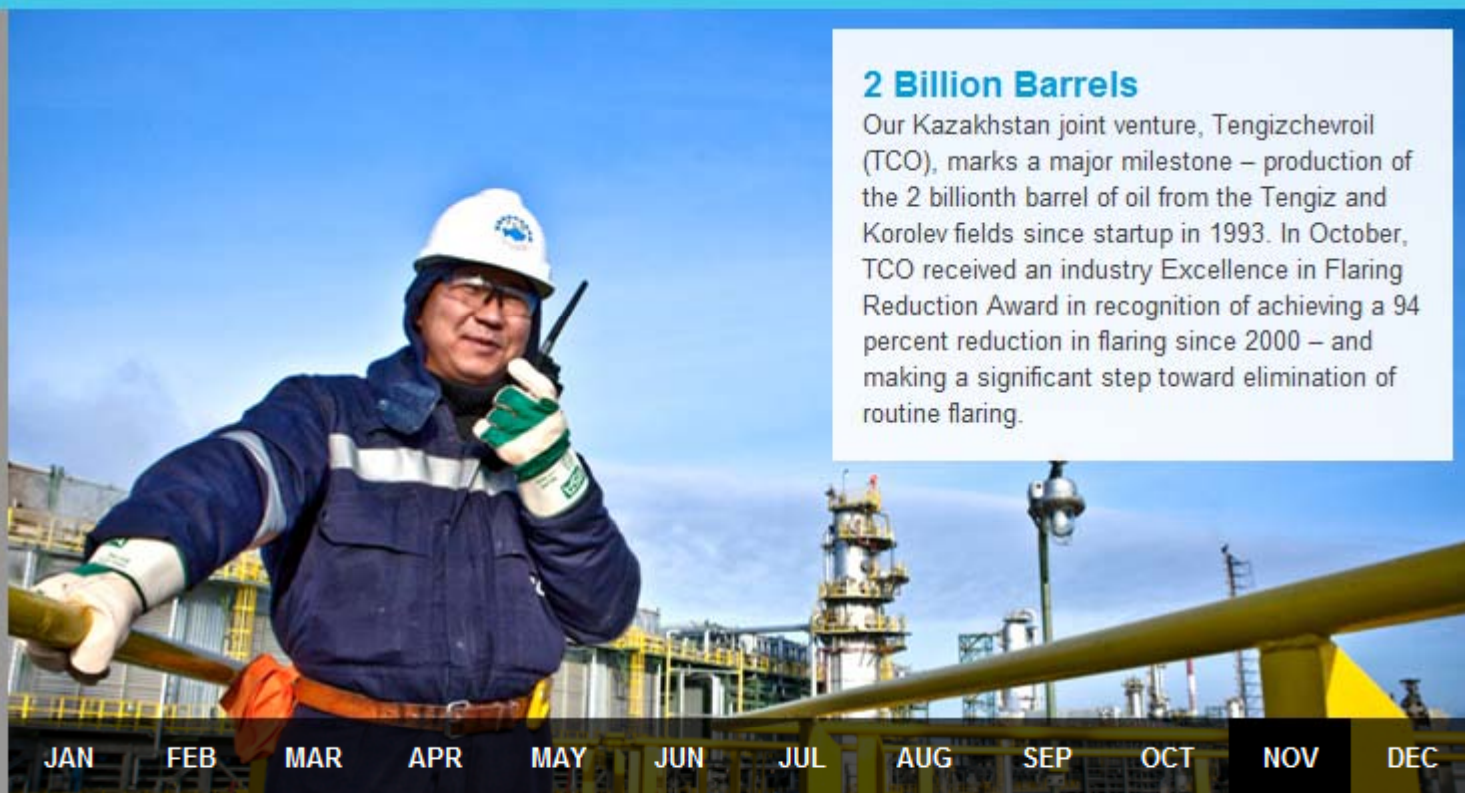


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2 Billion Barrels

Our Kazakhstan joint venture, Tengizchevroil (TCO), marks a major milestone – production of the 2 billionth barrel of oil from the Tengiz and Korolev fields since startup in 1993. In October, TCO received an industry Excellence in Flaring Reduction Award in recognition of achieving a 94 percent reduction in flaring since 2000 – and making a significant step toward elimination of routine flaring.

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Stepping Up the Fight

On World AIDS Day, Dec. 1, we launch a campaign that reasserts our company's commitment to fighting HIV/AIDS. Earlier this year, we announced a partnership initiative with Pact, mothers2mothers, Global Fund and the Business Leadership Center to aggressively combat crisis-level mother-to-child transmission of HIV in Angola, Nigeria and South Africa. This partnership is part of the \$20 million commitment made by Chevron in June 2011 at the United Nations High Level Meeting on AIDS to support the global plan to eliminate new HIV infections among children by 2015 and keep their mothers alive.

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10 Things You Should Do to Develop Your Career

New hires and seasoned employees can all benefit by setting goals and taking advantage of the right tools.

Wherever you work, whatever you do, you have the most control over your development by defining your goals and by using the resources and processes available to you. Here are 10 things you should do to develop your career.

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- 1 Get the right blend of experience.
- 2 Make it a shared experience.
- 3 Determine your vision of success.
- 4 Make a plan to fulfill your career aspirations.
- 5 Be accountable – and measure your achievement.
- 6 Listen to – and act on – feedback.
- 7 Find a mentor – and some kindred spirits.
- 8 Put your skills, experience and knowledge into the system.
- 9 Join a network – or several.
- 10 Build your knowledge - keep on learning.

► Useful Links

1 Get the right blend of experience.



You'll most likely need to focus on a combination of things in order to develop a successful career. You may be surprised that you won't learn everything in a classroom and that on-the-job experience is the fastest way to develop your skills. Try

to include a mixed approach to learning that also includes learning from others.

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► Useful Links

2 Make it a shared experience.



that will enable you to get more out of Chevron – and will ensure the company gets the best from you.

You're in charge of your own success at Chevron – but you're not on your own. Your supervisor should be a partner in your career journey. He or she can help you build your experiences and guide you to the many tools and processes

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3 Determine your vision of success.



Start by asking yourself some searching questions: What does success look like for me? How do my skills, performance and experience fit my definition of success? With that clear vision, it's easier to develop a plan. Follow through on your

plan with actions, and keep asking, How did I do? It's a cycle: adjust your actions, or shift your plan a bit as you go.

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Useful Links

4 Make a plan to fulfill your career aspirations.



Everyone should have a Career Development Plan (CDP). There's a formal career development process in Chevron to help you. Be sure to fill out your CDP form – but don't do it alone. Consult with your supervisor and others who can help focus on the kinds of experience you'll need to further develop your skills – and achieve your goals.

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5 Be accountable – and measure your achievement.



Our Performance Management Process (PMP) is the best way for you to set out your performance goals and check your progress against them. PMP is about taking accountability for your progress. Make sure you have measurable objectives that you can deliver, focus on the right things and achieve results the right way, the Chevron way.

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▶ Useful Links

6 Listen to – and act on – feedback.



Your supervisor and mentor aren't the only ones who can give you feedback. Many of your co-workers can be part of the process. Trusted colleagues and peers can help you see yourself as others see you. You may get some interesting insights into your strengths and weaknesses.

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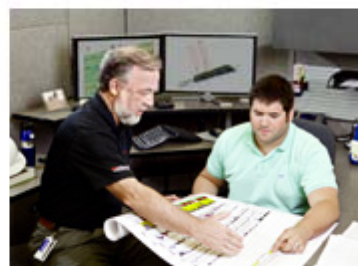
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 Useful Links

7 Find a mentor – and some kindred spirits.



After you've identified your objectives for a fulfilling career, seek out a mentor whom you trust to honestly tell you how you are doing, and advise what you might achieve in your career. Find one on your own, through your supervisor, or through our mentoring program. You can also get advice about a mentor from one of Chevron's 11 employee networks. (See No. 8, "Join a network – or several.")

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8 Put your skills, experience and knowledge into the system.



Our company needs the right people with the right skills in the right place at the right time. By filling in your career development plan in the GTMIS – Global Talent Management Information System – you establish your experience, skills and knowledge. This enables supervisors and Personnel Development committees to know whether you're the right person for a job vacancy.

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9 Join a network – or several.



membership may even open career paths to you.

Chevron has many employee networks that embrace diversity of people, ideas, talents and experiences. One advantage of joining a network is that you'll gain a greater connection among fellow employees with a common goal. Your

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10 Build your knowledge – keep on learning.



How well informed are you about our company and the energy business? And how equipped are you to use fast-evolving technology? Know what's happening in our industry and find ways to become familiar with the latest technological trends to enable you and our company to always have a competitive edge.

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[Career Development website](#) – gateway to all the best career advice.

[Employee Development Hub](#) – resources to enable you to help yourself.

[Employee Networks](#) – tap into a diversity of people, ideas, talents and experiences.

[Global Talent Management Information System](#) – where you can record progress, identify gaps, create a plan.

[Mentoring](#) – how to find one, use one, be one.

[Performance Management Process](#) – how to set out your performance goals and check your progress.

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The Right Moves

In a world of complex projects, "game theory" helps us minimize risks and maximize profits.

Navigating complex relationships with partners or competitors can be a mind-bending challenge. We've learned to use "gaming" to understand and model the motivations of other players and pinpoint our best options. Now we're exploring how best to sustain this competitive advantage.

 [Read more](#) ▶  2  2

Left: Building Jack/St. Malo – from game theory to practice.

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Rick Karp of corporate Business Development: "We have to play the game or be played."

Game theory is a strategic decision-making discipline, born about 70 years ago. It has been defined as "the study of mathematical models of conflict and cooperation between intelligent, rational decision-makers."

In the past decade, teams and business units throughout Chevron have conducted more than 150 game theory sessions to help us structure projects and evaluate potential deals, according to Larry Neal, who leads the decision analysis or "DA" team at our Project Resources Company (PRC).

Within the DA tool kit, gaming focuses on dynamic stakeholder management, a critical activity as Chevron's projects have grown larger, more costly and complex. As global energy companies simultaneously compete and cooperate, each decision or outcome affects others. That's why Chevron is working to remain on the cutting edge when it comes to game theory.

"We have to play the game or be played," says Rick Karp, a consultant with Chevron's corporate Business Development (BD) group, who leads an enterprise team exploring how to further strengthen our gaming capability.

Game theory helped us finalize terms for the Caspian Pipeline; the Gorgon, Wheatstone and Angola liquefied natural gas (LNG) projects; and our thermal oil project in the Middle East. In BD, it helped us understand the political and competitive landscape around a proposed LNG project in the Russian Arctic. Just as important, it can help BD identify wrong-fit deals.

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Of course, not every complex situation requires game theory. Plus, gaming isn't the only way we tackle complexity: where needed, our Chevron Project Management Process requires Stakeholder Management Plans. But when initial project analysis reveals an especially challenging situation, we often turn to game theory. And if projects stall in later phases, game theory can help get them back on track.

Game theory is a natural fit, for example, in the Gulf of Mexico, where companies jostle for position across thousands of leases, most with multiple owners and served by a spaghetti of multi-party pipelines (see photo caption story, right). High costs and extreme conditions magnify risks – and the value of shrewd decisions – in deepwater areas.

"The decisions we face are complicated, challenging and of great importance to the company," says Patsy Nice, commercial coordinator for Deepwater Exploration and Production (DWEOP). "We're using game theory to unravel complexities surrounding a wide range of upstream and downstream assets, and be more proactive and effective in stakeholder engagement and negotiating strategies. Game theory is helping us shape the competitive landscape."

"Gaming looks at what each player wants, what they can and can't do," explains PRC's Larry Neal, who created Chevron's Simultaneous Decision Analysis tool for weighing all the possible outcomes within complex partnerships. His group also offers PRC's two-day gaming awareness course. "Think of it like solving a matrix in more than three dimensions, maybe a dozen."



Game theory helped these experts solve a complex export route decision in the Gulf of Mexico. [Click to read more.](#)

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A Win in the Pipeline

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In the Gulf of Mexico's ultra-deep Walker Ridge area, site of the \$7.5 billion Jack/St. Malo development, the Deepwater Exploration and Production (DWEOP) group, coordinated closely with Chevron Pipe Line (CPL), Crude and Liquids Supply and Trading, and Chevron Natural Gas and employed game theory to secure a "first mover advantage."

After weighing the competing drivers of five project co-owners, Chevron, through CPL, initiated an infrastructure partnership where we own 50 percent of a 140-mile (225-km) pipeline with spare capacity to sell to future developments, including our own, says DWEOP commercial manager Eric Broussard.

The Chevron game "players" in this were (see inset photo, from left): Paul Papayoanou, Kevin Bell, Wendi Seger and David Adams; and (seated) Stephanie Miller and Patsy Nice. Main photo shows Jack/St. Malo under construction.



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The Right Moves

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Game theory helped us finalize terms for projects such as the Angola LNG development, pictured.

But while we always seek our most profitable terms, he adds, much of gaming's value comes from revealing how to avoid partnership disputes. "Gaming shows us how to negotiate, and frequently, how to quickly get to win-win solutions that maximize the desired outcomes for all players."

Gaming teams combine project representatives, facilitators and experts in technical, legal, public affairs, commercial and other areas. Gaming "ambassadors" from savvy groups like DWEPP often support the game theory efforts, led by consultants from Open Options or the Strategic Gaming Group. The work includes facilitated team meetings and decision tree reviews, plus classic math games like "Prisoner's Dilemma" (competitors must exhibit trust and seek a shared path instead of trying to win everything for themselves) and "Chicken" (neither side wants to yield, but both lose big without compromise).

What's ahead? Karp's study team is looking at enhanced training, establishing in-house experts and particularly how to best use consultants. Neal is a big believer in "outside eyes" to counteract groupthink and ensure we see all angles. Karp agrees, but notes not every project can afford gaming or wants to bring someone in from outside.

Karp sees his team as part of our journey to organizational capability. So far, we have pockets of know-how, some executive champions and many participants who have experienced gaming's value. Neal's first eye opener came several years ago during negotiations for a gas project. When one partner wouldn't budge, the gaming team discovered that the company wasn't showing all its cards – its top priority was to instead develop a competing project elsewhere. Neal never forgot the poker lesson.

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