

RECENT PRICE	103.38	P/E RATIO	8.3 (Trailing: 8.5) Median: 8.5)	RELATIVE P/E RATIO	0.56	DIV'D YLD	3.5%	VALUE LINE
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2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	160	(+55%)	15%
Low	130	(+25%)	10%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	2	0	1	0	0	0	2	0
to Sell	0	3	0	1	0	0	0	2	0

Institutional Decisions

	4Q2011	1Q2012	2Q2012
to Buy	692	707	703
to Sell	771	762	731
Hld's(000)	12378091	2467971	122253

% TOT. RETURN 10/12

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.4	10.8
3 yr.	59.3	48.5
5 yr.	42.4	25.2

[illegible]

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	10.5%	5.0%	10.0%
"Cash Flow"	12.5%	11.5%	9.0%
Earnings	15.0%	6.5%	10.5%
Dividends	8.5%	10.0%	9.5%
Book Value	13.5%	15.5%	7.0%

Calendar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.92	.87	1.92	1.53	5.24
2010	2.27	2.70	1.87	2.64	9.48
2011	3.09	3.85	3.92	2.58	13.44
2012	3.27	3.66	2.69	2.63	12.25
2013	3.40	3.80	3.90	3.80	14.90

<p>A) Sales exclude (consumer) petroleum & chemicals excise taxes. 2005 sales figures restated to account for UNOCAL merger.</p> <p>B) Based on diluted shares. Excl. nonrecr.</p>	<p>gains (losses): '96, \$0.03; '97, \$0.06; '98, (\$0.48). Incl. nonrecr. loss of \$1.41: '01. Next earnings report due early February. (C) Dividends historically paid on or about 10th of</p>	<p>March, June, September, and December. ■ Dividend reinvestment plan available. (D) In millions, adj. for stock split.</p>	<p>Company's Financial Strength A++ Stock's Price Stability 90 Price Growth Persistence 95 Earnings Predictability 65</p>
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BUSINESS: Chevron Corp. is the world's fourth largest oil company based on proven reserves. Daily 2011 gross production: crude oil & NGLs, 1.849 mill. barrels; natural gas, 4.941 bill. cubic feet. Net proved reserves, 12/10: oil, 7.173 bill. bbls.; natural gas, 25.920 trill. cu. ft. Avg. 5-yr. finding costs: \$5.43 a barrel (vs. ind. avg. \$3.89). 5-yr. reserve replacement rate: 95% (vs. ind. avg. 109%).

Chevron's long-term prospects appear bright. According to the International Energy Agency, for the first time since 1949, the U.S. has become a net exporter of petroleum products, and should be the world's leading oil producer by 2020. This means that America's large integrated oil and natural gas giants (like Chevron) should continue to do well on the homefront, thanks to new drilling technologies, resulting in plentiful oil and gas capacity. This surplus should support energy growth in emerging countries like India and China.

The company's long-standing litigation suit with the Ecuadorian government has become more politicized. The Ecuadorian government is suing Chevron for past environmental infractions committed by its subsidiary Texaco. Any financial liability CVX may incur is unknown, but the legal process is expected to drag on for years. Most recently, Chevron says it has found evidence that NY State Comptroller Thomas DiNapoli used his office to support the Ecuadorian plaintiff's lawyers' move to pressure Chevron into settling the lawsuit for a large sum. The legal trouble in Ecuador was

brought in house when Chevron purchased Texaco, which was headquartered in New York.

Chevron's finances are excellent. The Financial Strength is top notch (A++). Free cash flow generation is huge, the long-term debt-to-total capital ratio is minimal, and there is over \$21 billion of cash on the balance sheet. This financial strength is a major reason why we think Chevron is a very solid long-term investment. The generous and rising dividend is likely to continue to be hiked at a 9%-10% average annual clip, and shares should continue to be repurchased. In addition, we expect abundant capital to be spent on further exploration and production abroad, as well as for buying productive oil and gas companies at reasonable valuations.

This top-quality issue has solid long-term risk-adjusted total return potential. It is an equity suitable to numerous types of portfolios. And a 2-for-1 stock split, likely at some point, would put it in reach of more investors. Chevron is expected to continue to be a leading player in the E&P field.

Jeremy J. Butler *December 7, 2012*

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	95
Earnings Predictability	65