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Via email to director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Re: Exposure Draft – *Conceptual Framework for Financial Reporting, Chapter 8: Notes to Financial Statements*, File Reference No. 2014-200

Chevron Corporation (“Chevron”) appreciates the opportunity to provide comments to the Financial Accounting Standards Board (the “Board”) regarding the Exposure Draft, *Conceptual Framework for Financial Reporting, Chapter 8: Notes to Financial Statements* (the “Draft”).

Overall, we support the Board’s effort to improve the effectiveness of disclosures in notes to financial statements (the “Notes”) by developing a chapter within the *Conceptual Framework for Financial Reporting* that promotes consistent decisions about disclosure requirements and the appropriate exercise of discretion by the Board. However, we encourage the Board to consider the current Securities and Exchange Commission (“SEC”) principles, definitions and guidelines, together with its individual standard-setting projects, to facilitate its process of identifying information suitable for the Notes.

The following is a brief summary of our primary concerns:

- While we appreciate that the Draft is focused only on the Notes, we continue to believe the Conceptual Framework as a whole should comprehensively address disclosure requirements, including further alignment with current SEC regulations;
- Disclosure policies should be targeted towards informed, knowledgeable users and exclude potentially confusing information, such as alternative measurements;
- Working with the SEC, the Board should continue to set minimum disclosure requirements such that requirements are not duplicative and permit public entities to report forward-looking information under safe harbor protection;
- Future-oriented information that is speculative in nature and not directly related to line items on the financial statements is unsuitable for the Notes. We believe the Notes should focus on current and historical information and on explaining management’s best estimates of future obligations; and
- Qualitative factors should be considered equally with quantitative factors when determining information suitable for the Notes.

Our detailed responses to selected questions posed by the Board in the Draft are included in the attached Appendix.

We trust our comments are helpful to the Board in determining next steps for the framework. If you have any questions on the content of this letter, please contact Al Ziarnik, Assistant Comptroller, at (925) 842-5031.

Very truly yours,

A handwritten signature in black ink, appearing to be the initials "MF" or similar, written in a cursive style.

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Appendix – Responses to Selected Questions

Question 3: Do the concepts in this chapter encompass the information appropriate for disclosure in notes to financial statements that would assist resource providers in their decision making? Are there concepts that should be added or removed?

Generally, we are supportive of the concepts identified by the Board which detail the types of, and limitations on, information to be contained in the Notes. We agree with the concept that the Notes should further explain information on the face of financial statements to users. However, we believe a more comprehensive review of the Form 10-K should be conducted which includes the Notes as well as Part I, Part II - Other Information, Management's Discussion and Analysis ("MD&A") and the Exhibits of financial statements. Doing so would reduce duplicative information and further clarify the types of information suitable for disclosures in various sections of the Form 10-K.

While we agree that the concept of assessing prospects for future cash flows is an important criteria to consider when determining information appropriate for the Notes, we believe that the Board should expand its focus and continue to coordinate with the SEC. Fundamentally, we believe the approach described in the Draft is not comprehensive in that it addresses suitable disclosures from the perspective of cash flows only. Information about earnings and other noncash items, which we believe are also relevant investment considerations, also need to be reflected in the approach. In addition, we continue to believe that any approach needs the active involvement of the SEC so that the entire financial reporting package can be assessed, and encourage collaborative efforts by the Board as detailed in paragraphs BC4 through BC6. Without these elements, we believe the results will be too narrow to provide users with relevant information and will not address the issues of duplication that makes information costly to prepare, complex and difficult to use.

We continue to encourage the Board to set minimum disclosure requirements centered on Accounting Standards Codification ("ASC") topics for the Notes. If done in collaboration with the SEC, this approach would eliminate duplicative information. Additionally, for making judgments regarding minimum disclosure requirements, we agree that one element entities should consider is whether the information would affect users' assessments of prospects for cash flow by a material amount, and believe materiality should be defined using the SEC's principles, definition and guidelines, such as those found in SAB 99/108.

We believe the current definition of users as "existing and potential investors, lenders, and other creditors" should be expanded to consider an informed, knowledgeable user to further eliminate duplicative and potentially confusing information.

Question 4: Are there additional concepts needed to identify information that is unsuitable for requirement by the Board in notes to financial statements even though that information would be consistent with the purpose of the notes?

We disagree with disclosing future-oriented information in the Notes, and believe the Board should further narrow its focus to consider only current or historical information. The preparer needs a clear definition of the purpose of the Notes, which are typically a historical view, versus a possible discussion on future prospects, to ensure consistency among preparers and to avoid duplication of disclosures between the Notes and MD&A. Additionally, we believe that future-oriented information should be considered only when protected under safe harbor provisions, and support the Board and SEC reaching alignment on this issue.

Similarly, we believe the Board should continue to streamline its disclosure process and disagree with the approach to provide alternative measurement calculations in the Notes. Disclosing alternative measurements challenges the methodology actually employed by the preparer and potentially confuses the user. In addition, incremental efforts and costs are placed on the preparer associated with implementing and sustaining new reporting procedures under the existing tight reporting timeline. We believe a more beneficial disclosure for the user is to expand on the rationale for the measurement actually employed, if appropriate. Furthermore, to better understand and analyze

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alternative measurements, the user should refer to specific guidance provided by the Board in ASC topics and any applicable industry practices.

Question 5: Do the decision questions in Appendix A identify the information appropriate for the Board to consider requiring for disclosure when setting standards related to line items and other past events and current circumstances and conditions that can assist resource providers in their decision making?

While the proposed decision questions cover a broad range of relevant issues for consideration when setting standards, they do not specifically address the critical issue of disclosure complexity and overlap. We believe the questions should also explicitly address the objective of comprehensive disclosure rationalization and simplification, the avoidance of overlap and redundancy between Board and SEC requirements.

Question 6: Does the discussion in paragraphs D43–D50 identify the information appropriate for the Board to consider when setting standards related to information about the reporting entity?

We believe much of the information detailed in these paragraphs is not suitable for disclosure in the Notes as it is largely duplicative with information in Part I and MD&A. Information which is primarily descriptive in nature regarding a preparer's business and operations is currently disclosed in Part I as well as MD&A and, generally, does not directly explain line items on financial statements. Furthermore, Item 1A Risk Factors requires disclosure of the most significant risks to an entity and incorporates those associated with its general business nature.

However, we acknowledge that in certain circumstances this type of information can dictate the accounting treatment for line items on financial statements and, as such, believe that current ASC guidance requiring relevant accounting methodologies and associated impacts to be disclosed in the note, "Summary of Significant Accounting Policies" is sufficient.

Question 7: Will the concepts related to future-oriented information (paragraphs D22–D31) result in disclosures that are appropriate for the notes? If not, what types of information should be included in or excluded from consideration for disclosure in the notes?

As indicated, we disagree with providing future-oriented information in the Notes as this type of information is more suitable for discussion in MD&A under the protection of applicable safe harbor provisions. We believe that providing certain types of information described in the aforementioned paragraphs, while in part based on current conditions, incorporates expectations about the future and, thus, is not appropriate in the Notes, which are retrospective in nature. Furthermore, information detailed in paragraphs D27 through D31, such as estimates, assumptions, existing plans and strategies, as well as speculation on future changes in existing conditions, is largely duplicative with MD&A in its current form.

Conversely, to the extent that certain plans or strategies trigger accounting treatment for line items differing from current practice of the preparer, such as assets-held-for-sale reporting, we acknowledge and agree with the Board that disclosure would be appropriate for the Notes as it directly impacts line items on the financial statements. In these instances, we believe the Board's current standard-setting process adequately addresses the required disclosures.

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Question 8: Do the concepts in this chapter appropriately distinguish the types of information that are appropriate for the notes from the analysis management provides in other communications?

We believe these concepts should be evaluated as a component of a more comprehensive decision-making process for disclosure which includes considering Part I, Part II - Other Information, MD&A and the Exhibits of financial statements. As mentioned previously, doing so would reduce duplicative information and further clarify the types of information suitable for various means of disclosure. Furthermore, as mentioned previously, we encourage the Board to establish minimum disclosure requirements in collaboration with the SEC to simplify the disclosure process.

Question 9: Are the concepts related to disclosure requirements for interim periods (paragraphs D60–D71) appropriate? If not, are there concepts that should be added or removed?

We strongly agree with the Board's concept of viewing interim period financial statements as essentially an update of the information in the most recent annual financial statements and that interim filings are not intended to be as complete as annual filings. However, we strongly disagree with the concept that disclosures in interim financial reporting periods more closely represent annual disclosures, as tighter deadlines do not allow for adequate time to prepare certain disclosures and increase the potential for errors. Furthermore, we support the concept of the Board incorporating a principle similar to the SEC's Regulation S-X, and continue to encourage collaboration of the Board with the SEC to further streamline reporting requirements for both interim and annual periods.

We disagree with using quantifiable or unique factors, such as size and ratios, to evaluate disclosure requirements in the Notes for both interim and annual periods without adequate consideration being given to qualitative issues as well. As indicated by the Board in paragraph D17, information contained in the Notes should be relevant to a significant number of entities and employing a quantitative evaluation process for disclosure is inconsistent with this concept and ignores potentially significant qualitative factors. Rather, we support the consideration of materiality within the context of each preparer's industry and financial position and performance when determining disclosure relevance and that materiality should be defined in a manner consistent with the SEC's principles, definition and guidelines, as previously indicated.

Question 10: If no disclosure guidance for a transaction, event, or line item is specified in U.S. GAAP, how will an entity consider the nonauthoritative guidance in this chapter?

Generally, we believe that the concepts detailed in the Draft offer a viable starting point for the Board to determine information suitable for disclosure in the Notes. A focus on disclosure of items which explain current or past conditions directly impacting line items and that incrementally benefit an informed, knowledgeable user should be maintained. Furthermore, disclosures of future-oriented analytics or information in the Notes should be limited to those which trigger differing accounting treatment from the preparer's current practice.