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December 11, 2015

Via email to director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7
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**Re: Proposed Accounting Standards Update – Notes to Financial Statements (Topic 235):
Assessing Whether Disclosures Are Material, File Reference No. 2015-310**

Chevron Corporation (“Chevron”) appreciates the opportunity to provide comments to the Financial Accounting Standards Board (the “Board”) regarding the proposed Accounting Standards Update, *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*, (the “Proposed ASU”) and commends the Board for its continuing efforts to improve the usefulness of the information provided to users of financial statements through its disclosure framework project. The exposure draft was issued concurrently with the Board’s Proposed Amendments to Statement of Financial Accounting Concepts, *Conceptual Framework for Financial Reporting: Chapter 3: Qualitative Characteristics of Useful Financial Information* to which we have also provided comments.

Chevron is one of the world’s leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemicals and additives; generates power and produces geothermal energy; and develops and deploys technologies that enhance business value in every aspect of the company’s operations.

Overall, we believe the proposed ASU meets the objective of the disclosure framework project by emphasizing and expanding on the statement in Topic 105, Generally Accepted Accounting Principles, that provisions of the Accounting Standards Codification need not be applied to immaterial items. We expect that, over time, the application of this standard would result in a reduction in the volume of disclosures and provide support to issuers to focus disclosures on items of most relevance to the company’s results. As noted in the summary to this ASU, while the proposed ASU is a critical first step, the extent to which disclosures are simplified will depend largely on factors that are outside the Board’s control such as communication to board audit committees, litigation concerns and possible U.S. Securities and Exchange Commission comment letters.

Our detailed responses to selected questions posed by the Boards in the proposed ASU are included in the attached Appendix.

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We trust our comments are helpful to the Board in determining next steps for the project. 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 blue ink, appearing to read "Al Ziarnik". The signature is stylized with a large, sweeping initial letter.

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Appendix – Responses to Selected Questions

Question 1: Would assessing materiality subject to the proposed changes to paragraphs 235-10-50-7 through 50-8 be any easier than under current GAAP? If yes, please explain why.

We would not expect the process of assessing materiality to be significantly changed under the proposed standard. For a particular item, the same steps would be undertaken to assess if the information might impact the decision process of the investor. We would not expect internal controls processes to change to support the certifications provided to investors that no material facts were omitted from the reports filed with the SEC.

Question 2: Would applying the amendments in this proposed Update significantly increase or reduce costs of preparing the notes to financial statements? Why or why not?

To the extent that applying this amendment results in the elimination of certain disclosures, we would expect there would be a corresponding reduction in the costs to prepare the notes. However, per our response to Question 1, we would not expect the reduction to be significant as the process to assess materiality would remain largely unchanged.

Question 3: Would the amendments in this proposed Update change the information you otherwise would include in the notes to financial statements? Why or why not? If yes, how would that increase, diminish, or otherwise change the notes' usefulness to investors, creditors, and other financial statement users?

Some notes that were deemed immaterial may be eliminated under this proposal. We support the conclusion drawn from the 2013 disclosure framework field study conducted by the FASB staff that a reduction in the volume of immaterial information would improve the effectiveness of the notes to financial statements by better highlighting material information to investors.

Question 4: Do you expect regulatory, legal, or audit consequences that would affect your ability to consider materiality when selecting information to be disclosed in notes to financial statements? Please explain.

We appreciate the concern raised in the summary discussion contained in the exposure draft that required communication to board audit committees may affect an entity's ability to omit immaterial disclosures. While we acknowledge that accounting standards and audit standards serve different purposes, both standards must be considered in the overall determination of materiality. Following the guidance in Public Corporation Accounting Oversight Board (PCAOB) Auditing Standards No. 11 and No. 14, the auditor is to establish quantitative materiality levels for both the financial statements as a whole and a tolerable misstatement level that reduces the risk of material misstatement to an appropriately low level. Further, the tolerable misstatement level established is to be applied to both income statement and balance sheet accounts. Auditing Standard No. 16, Paragraph 18, regarding communication to the board audit committee, includes this directive: "The auditor should provide the audit committee with the schedule of uncorrected misstatements related to accounts and disclosures that the auditor presented to management. The auditor should discuss with the audit committee, or

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determine that management has adequately discussed with the audit committee, the basis for the determination that the uncorrected misstatements were immaterial, including the qualitative factors considered." The application of the proposed accounting standard update for external reporting may result in more frequent instances where individual items are called out to the board audit committee but not specifically discussed in the notes to the financial statements. We expect this to occur most often in relation to balance sheet accounts resulting from the PCAOB guidance to employ a single tolerable misstatement level for both income statement and balance sheet accounts. We encourage the boards to work together to reduce the inconsistency between the standards in order to fully realize the commendable intent of the proposed update. Another factor that may influence the extent to which disclosures are streamlined as a result of implementation of the proposed update is how the investor community will respond to the reduction in information that, while immaterial, is currently included in the disclosures.

Question 5: How would you disclose information in comparative financial statements if your assessments of materiality differed in different years?

We would not expect this to change the current practice of disclosing information in all periods presented should the information be material in any of the periods.

Question 6: Should the Board eliminate from the Accounting Standards Codification phrases like "an entity shall at a minimum provide" and other wording that could appear to limit an entity's discretion to omit immaterial disclosures? Are there particular Topics or Sections in which those changes should not be made? Are there additional paragraphs within the Accounting Standards Codification in which the wording is particularly restrictive and is not identified in Appendix B of this proposed Update? If so, please identify them.

Yes, eliminating those phrases would encourage the full adoption of the standard by removing statements that might seem to be inconsistent with the stated purpose of the standard.

Question 7: Do you agree with the proposed amendment that would explicitly state that the omission of an immaterial required disclosure is not an accounting error? Why or why not.

We agree with the proposed amendment and believe it reinforces the support for issuers to exercise discretion when preparing disclosures. Although straightforward in its current form, we suggest the wording might be revised to state "...would not be treated as an accounting error." to acknowledge the follow-on processes concerning misstatement. To further strengthen the support, we suggest including a specific link in 235-10-50-8 to the concepts statement and the current Board observation of the definition of materiality.

Question 9: Should the proposed amendments be effective upon issuance?

Yes, we don't anticipate any significant issues with implementing the proposed guidance and believe that it would result in more useful financial statements.