



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-3010

March 18, 2008

Christopher A. Butner
Assistant Secretary and Counsel
Corporate Governance
Legal
Chevron Corporation
6001 Bollinger Canyon Road
T-3180
San Ramon, CA 94583

Re: Chevron Corporation
Incoming letter dated January 22, 2008

Dear Mr. Butner:

This is in response to your letter dated January 22, 2008 concerning the shareholder proposal submitted to Chevron by the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Department Pension Fund, the New York City Board of Education Retirement System, the New York State Common Retirement Fund, Alexandra Lorraine, and the School Sisters of Notre Dame Cooperative Investment Fund. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponents.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Jonathan A. Ingram
Deputy Chief Counsel

Enclosures

Chevron Corporation
Incoming letter dated January 22, 2008
Page 2 of 2

cc: Patrick Doherty
Bureau of Asset Management
The City of New York
Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

Thomas P. DiNapoli
State Comptroller
State of New York
Office of the State Comptroller
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Ethel Howley, SSND
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897

March 18, 2008

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Chevron Corporation
Incoming letter dated January 22, 2008

The proposal requests that the board prepare a report on the policies and procedures that guide Chevron's assessment of host country laws and regulations with respect to their adequacy to protect human health, the environment and the company's reputation.

We are unable to concur in your view that Chevron may exclude the proposal under rule 14a-8(i)(7). Accordingly, we do not believe that Chevron may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Eduardo Aleman
Attorney-Adviser



Christopher A. Butner
Asst. Secretary,
Corporate Governance
Legal

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January 22, 2008

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RECEIVED
2008 JAN 23 AM 11:47
OFFICE OF CHIEF COUNSEL
CORPORATION FINANCE

RE: Excluding a Stockholder Proposal Concerning a Report on Policies and Procedures for Assessment of Host Country Laws and Regulations from Chevron Corporation's 2008 Proxy Materials

Dear Sir or Madam:

We are submitting this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, and requesting that the Staff of the Division of Corporation Finance (the "Staff") confirm that it will not recommend any enforcement action if Chevron Corporation excludes a stockholder proposal (the "2008 Proposal") submitted to it by the Office of the Comptroller of New York City as Trustee for the New York City Employees' Retirement System and other co-filers (together, the "Proponent") from Chevron's 2008 definitive proxy materials. Chevron expects to file its definitive proxy materials on or about April 11, 2008. We are enclosing seven copies of this letter and its attachments and concurrently sending a complete copy to Patrick Doherty, the Proponent's representative.

Summary

We respectfully submit that Chevron may exclude the 2008 Proposal from its definitive proxy materials under Rule 14a-8(i)(7) (evaluation of risk) because the resolution and supporting statement make clear that the principle purpose of the proposed report is for Chevron to conduct an internal assessment of the risks or liabilities that Chevron faces as a result of its presence in various countries. We respectfully request that the Staff confirm that it will not recommend any enforcement action if Chevron excludes the 2008 Proposal from its definitive proxy materials.

The 2008 Proposal

The 2008 Proposal states that:

The shareholders request that the Board prepare a report by November 2008, prepared at reasonable cost and omitting proprietary information, on the policies and procedures that guide Chevron's assessment of host country laws and regulations with respect to their adequacy to protect human health, the environment and our company's reputation.

A copy of the 2008 Proposal, its supporting statement and the Proponent's related correspondence is attached to this letter as **Exhibit A**.

Basis for Excluding the 2008 Proposal—Rule 14a-8(i)(7) (evaluation of risk)

Chevron may exclude the 2008 Proposal from its definitive proxy materials under Rule 14a-8(i)(7) (evaluation of risk) because the resolution and supporting statement make clear that the principle purpose of the proposed report is for Chevron to conduct an internal assessment of the risks or liabilities that Chevron faces as a result of its presence in various countries. The resolution specifically contemplates an assessment of whether host country laws and regulations can protect “our company’s reputation.”

A company may exclude a proposal under Rule 14a-8(i)(7) if the proposal deals with matters relating to a company's “ordinary business operations.” The underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual meeting.” Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). The Securities and Exchange Commission (the “Commission”) has also stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the substance of the report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (August 16, 1983).

In the 1998 Release, the Commission identified two central considerations that underlie Rule 14a-8(i)(7): first, that “[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis” that they are not proper subjects for shareholder proposals and, second, “the degree to which the proposal seeks to micro-manage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.”

We recognize that the Commission has previously concluded that certain proposals focusing on sufficiently significant social policy issues may not be excluded under Rule 14a-8(i)(7) in certain circumstances. *See* Exchange Act Release No. 40018 (May 21, 1998); Staff Legal Bulletin No. 14A (July 12, 2002). However, as pertaining to proposals referencing environmental and public health issues the Staff has articulated an exception to the “significant social policy” consideration for proposals seeking an internal assessment of risks or liabilities to the company. In Staff Legal Bulletin 14C (at D.2) (June 28, 2005) (“SLB 14C”), the Staff stated that:

Each year, we are asked to analyze numerous proposals that make reference to environmental or public health issues. In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole. **To the extent that a proposal and supporting statement focus on the company engaging in an internal assessment of the risks or liabilities that the company faces as a result of its operations that may adversely affect the environment or the public's health, we concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7) as relating to an evaluation of risk.** To the extent that a proposal and supporting statement focus on the company minimizing or eliminating operations that may adversely affect the environment or the public's health, we do not concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7). [emphasis added]

A. *Chevron can exclude the 2008 Proposal under Rule 14a-8(i)(7) because the resolution and supporting statement focus on Chevron conducting an internal assessment of the risks or liabilities that Chevron faces as a result of its presence in various countries.*

The 2008 Proposal requests that the Board report on “the policies and procedures that guide Chevron’s assessment of host country laws and regulations with respect to their adequacy to protect human health, the environment and our company’s reputation.” When the resolution and supporting statement of the 2008 Proposal are read together (as is the appropriate procedure for evaluating possible exclusion under Rule 14a-8(i)(7), as per SLB 14C), it is evident that the principle focus is the risks and liabilities that Chevron faces as a result of its presence in various countries. The following excerpts from the supporting statement illustrate this:

- “Notwithstanding Chevron’s efforts to comply with environmental laws and regulations in developing countries, our company has repeatedly been cited for practices that allegedly have caused environmental damage and harmed the health and welfare of local communities.” (supporting statement at para. 4)
- “We believe that Chevron’s record to date demonstrates a gap between its international environmental aspirations and its performance, which would be narrowed by a commitment to apply the highest environmental standards wherever the company operates. The requested report would play a role in illuminating and addressing the factors accounting for this gap.” (supporting statement at para. 13)

We believe it is well established that proposals requesting that a company review, assess, implement procedures respecting, or report on the potential risks or liabilities to its business as a result external factors (e.g., global warming, pandemic, civil or criminal proceedings, government sanctions, civil unrest etc.) are properly excludable under Rule 14a-8(i)(7) because they delve into the day-to-day and ordinary business operations of the company. See, for example, *Centex Corp.* (available May 15, 2007) (proposal requesting that the board assess how the company is responding to rising regulatory, competitive and public pressure to address climate change); *ACE Limited* (available Mar. 19, 2007) (same); *Kansas City Southern* (available Feb. 21, 2007) (proposal requesting board report on company's efforts to safeguard the security of operations and minimize material financial risk arising from a terrorist attack); *Pfizer, Inc.* (available Jan. 29, 2007) (proposal requesting a report on "the effects on the long-term economic stability of the company and on the risks of liability to legal claims" resulting from the company's policy of limiting the availability of the company's products to Canadian wholesalers or pharmacies that allow purchase of its products by U.S. residents); *Abbott Laboratories* (available Mar. 9, 2006) (proposal requesting report on the economic effects of the HIV/AIDS, tuberculosis and malaria pandemics on the company's business strategy and initiatives to date); *Wells Fargo & Co.* (available Feb. 16, 2006) (proposal requesting that board evaluate effects of global climate change on the company’s business).

The Staff has applied this same principle in the context of proposals requesting that the company review, assess, implement procedures respecting, or report on the potential risks or liabilities to its business as a result of being present in a particular country or area, especially where such risks or liabilities may arise as a result of the host country’s own laws or when the company’s own operations give rise to governmental investigations or criminal and civil proceedings, etc. For example, in *The Dow Chemical Co.* (available Feb. 23, 2005) the Staff concurred that Dow could exclude a proposal concerning the “impacts that outstanding Bhopal issues, if left unresolved, may pose on Dow Chemical, its reputation, its

finances and its expansion in Asia and elsewhere.” The proposal indicated concern that, among other things, “Dow has become reputationally and legally entangled in the continued controversy over the Bhopal criminal case” and that “the Bhopal disaster may continue to damage Dow's reputation which, in the opinion of the proponents, may reasonably be expected to affect growth prospects in Asia and beyond.” Dow argued that the proposal could be excluded because it sought “an economic assessment (specifically, a description on the impact on the Company's finances) of a particular aspect of the Company's operations.” The Staff agreed with Dow that it could exclude the proposal because it related to Dow's ordinary business operations (i.e., evaluation of risk).

Similarly, in *Newmont Mining Corp.* (available Feb. 5, 2005), the Staff concurred that Newmont could exclude a proposal requesting that the company “review its policies concerning waste disposal at its mining operations in Indonesia, with a particular reference to potential environmental and public health risks incurred by the company by these policies.” The proposal expressed concern that Newmont's operations had exposed the company to numerous governmental and civil actions in Indonesia. Newmont argued that because the proposal focused on “the operations and profitability of the company,” which issues are “exclusively under the aegis of the Board of Directors,” the proposal therefore related to Newmont's ordinary business operations. The Staff agreed with Newmont that it could exclude the proposal because it related to Newmont's ordinary business operations (i.e., evaluation of risk). See also *Newmont Mining Corp.* (available Feb. 4, 2004) (similar proposal and same outcome).

Likewise, in *General Electric Co.* (available Jan. 13, 2006) the Staff concurred that GE could exclude a proposal requesting that the board “evaluate [the] risk of damage to GE's brand name and reputation in the United States as a result of” outsourcing work to other countries, specifically China. The proposal noted, for example, that “GE China has 12,000 employees,” and expressed concern that GE's reputation, brand and financial stability could be impaired by China's purportedly poor record on human rights. The proposal also noted that “the shift of production to low wage countries in general, and to China in particular, has generated negative press stories in the U.S.” that could have negative consequences for GE and its brand. Citing, among other letters, *The Dow Chemical Co.* and *Newmont Mining Corp.* (see below), and SLB 14C, GE successfully argued that because the proposal sought an assessment of the risks arising from GE's decision to conduct operations in and outsource work to other countries and such matters were “fundamental tasks in management's obligation to run GE on a day-to-day basis,” it could exclude the proposal under Rule 14a-8(i)(7) (evaluation of risk).

(We have attached copies of each of *Dow Chemical*, *Newmont Mining* *General Electric*, letters as **Exhibits B, C and D**, for the Staff's convenience.)

As noted above, the principle purpose of the proposed report is for Chevron to conduct an internal assessment of the risks or liabilities that Chevron faces as a result of its presence in various countries. Indeed, the resolution specifically contemplates an assessment of whether host country laws and regulations can protect “our company's reputation.” Each of the letters cited in the foregoing paragraphs involved a proposal that was excludable under Rule 14a-8(i)(7) because the proposals delved into the day-to-day operating decisions of the company, that is each proposal requested the company review, assess, implement procedures respecting, or report on the potential risks or liabilities to its business and reputation as a result of being present in a particular country or area, especially where such risks or liabilities may arise as a result of the host country's own laws or when the company's own operations give rise to governmental investigations or criminal and civil proceedings, etc.

Assessing the risks to Chevron's business as a result of its presence in any country is an intricate part of Chevron's day-to-day and ordinary business operations, particularly the responsibilities of Chevron's Board and management. These assessments themselves are intricate and this suggests that Chevron's Board and management, rather than its stockholders, are in the best position to understand and handle such matters. While we certainly respect stockholders' views on the issues raised in the 2008 Proposal, we respectfully submit that permitting stockholders to interject themselves into matters relating to Chevron's assessments of risk associated with its presence in one country or another would permit stockholders to "micro-manage the company by probing too deeply into matters of a complex nature upon which [they], as a group, would not be in a position to make an informed judgment." The Staff's position, evidenced by the numerous no-action letters cited above, as well as SLB 14C, support this position.

Accordingly, Chevron may exclude the 2008 Proposal from its definitive proxy materials under Rule 14a-8(i)(7) (evaluation of risk) because the resolution and supporting statement make clear that the principle purpose of the proposed guidelines is for Chevron to conduct an internal assessment of the risks or liabilities that Chevron faces as a result of its presence in various countries.

B. Regardless of whether part of the 2008 Proposal touches upon significant social policy issues, the entire 2008 Proposal is excludable because it distinctly addresses ordinary business matters.

We believe that the well-established precedent set forth above and the Staff's guidance in SLB 14C support our conclusion that the 2008 Proposal addresses ordinary business matters and is therefore excludable under Rule 14a-8(i)(7). We recognize, however, that the Staff has concluded that certain proposals may focus on sufficiently significant social policy issues so as to preclude exclusion in certain circumstances. Nevertheless, the Staff has also consistently concurred that a proposal may be excluded in its entirety when it addresses both ordinary and non-ordinary business matters. For example, in *General Electric Company* (avail. Feb. 10, 2000), the Staff concurred that GE could exclude a proposal requesting that it (i) discontinue an accounting technique, (ii) not use funds from the GE Pension Trust to determine executive compensation, and (iii) use funds from the trust as intended. The Staff concurred that the entire proposal was excludable under Rule 14a-8(i)(7) because a portion of the proposal related to ordinary business matters -- *i.e.*, the choice of accounting methods. Similarly, in *Medallion Financial Corp.* (avail. May 11, 2004), in reviewing a proposal requesting that the company engage an investment bank to evaluate alternatives to enhance shareowner value, the Staff stated, "we note that the proposal appears to relate to both extraordinary transactions and non-extraordinary transactions. Accordingly, we will not recommend enforcement action to the Commission if Medallion omits the proposal from its proxy materials in reliance on 14a-8(i)(7)." *See also Wal-Mart Stores, Inc.* (avail. Mar. 15, 1999) (proposal requesting a report to ensure that the company did not purchase goods from suppliers using, among other things, forced labor, convict labor and child labor was excludable in its entirety because the proposal also requested that the report address ordinary business matters).

Therefore, while we are aware that the Staff has, in some instances, determined that proposals broadly addressing, for example, the environment, public health, or human rights issues may not be excludable under Rule 14a-8(i)(7), we do not believe that it is necessary to consider whether the 2008 Proposal may also touch upon significant policy issues, since the 2008 Proposal also addresses ordinary business issues: an internal assessment of the risks or liabilities that Chevron faces as a result of its operations. The resolution specifically contemplates an assessment of whether host country laws and regulations can protect "our company's reputation." Thus, regardless of whether aspects of the 2008 Proposal are

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considered to implicate a significant policy issue, under well-established precedent, the entire Proposal may be excluded because it also addresses ordinary business matters within the scope of Rule 14a-8(i)(7).

Accordingly, based on the precedent described above and the 2008 Proposal's emphasis on ordinary business matters regarding assessments of risks, the Proposal may be excluded in its entirety under Rule 14a-8(i)(7).

Conclusion

For the reasons cited above, we respectfully request that the Staff confirm that it will not recommend any enforcement action if Chevron excludes the 2008 Proposal from its 2008 definitive proxy materials. If the Staff has any questions with respect to the foregoing, please contact me at 925-842-2796 or Rick E. Hansen at 925-842-2778. We may also be reached by facsimile at 925-842-2846 and would appreciate it if you would send your response to us by facsimile to that number. The Proponent's representative, Patrick Doherty, can be reached at 212-669-2651.

Please acknowledge receipt of this letter and the enclosures by date-stamping one of the enclosed copies of this letter and returning it to me in the enclosed envelope.

Sincerely yours,



Christopher A. Butner
Assistant Secretary and Counsel

Enclosures

cc Lydia I. Beebe
Charles A. James

EXHIBIT A



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

November 7, 2007

Ms. Lydia I. Beebe
Corporate Secretary
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583

Dear Ms. Beebe:

The Office of the Comptroller of New York City is the custodian and trustee of the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the New York City Fire Department Pension Fund, and custodian of the New York City Board of Education Retirement System (the "funds"). The funds' boards of trustees have authorized the Comptroller to inform you of their intention to offer the enclosed proposal for consideration of stockholders at the next annual meeting.

I submit the attached proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

Letters from The Bank of New York certifying the funds' ownership, continually for over a year, of shares of Chevron Corporation common stock are enclosed. The funds intend to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the board decide to endorse its provisions as company policy, our funds will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact me at (212) 669-2651 if you have any further questions on this matter.

Very truly yours,

Patrick Doherty

pd:ma

Enclosures

Chevron Corp. - 2008



New York City Office of the Comptroller
Bureau of Asset Management

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Stockholder Proposal: Report on Global Environmental Standards

WHEREAS:

The *Chevron Business and Ethics Code* places the highest priority on the safety of its staff, community members and the environment where it operates. Corporate Policy 530 "commits Chevron to comply with the spirit and letter of all environmental, health and safety laws and regulations, regardless of the degree of enforcement."

Our company operates in 180 countries, including Africa, Asia and Latin America nations where environmental regimes may be less protective of human health and the environment than in North American and European countries where Chevron operates.

CEO David O'Reilly has recognized the importance of our company's relationships with oil producing nations in Africa and Latin America. (*International Petroleum Finance*, 03/09/05, "Chevron Chief Believes the Surplus is Over.")

Notwithstanding Chevron's efforts to comply with environmental laws and regulations in developing countries, our company has repeatedly been cited for practices that allegedly have caused environmental damage and harmed the health and welfare of local communities.

- Chevron is accused of polluting land and water resources in its ongoing operations in the Niger Delta. According to observers, these persistent environmental problems have fueled civil unrest, protests against our company and a related lawsuit alleging Chevron's complicity in security forces' killing of two protestors. (*Nigeria Ten Years On: Injustice and Violence Haunt the Oil Delta*, Amnesty International, 11/03/05)

- Kazakhstan authorities have imposed a \$609 million fine on the Chevron-led consortium developing the Tengiz oil field, for alleged environmental violations.

- In 2002, the Angolan government fined Chevron \$2 million for pipeline oil spills that polluted beaches and damaged fishing in the Cabinda region.

- Chevron is on trial in Ecuador for widespread contamination of Amazonian land and water resources in the 1970s. ("Rain Forest Jekyll and Hyde," *The New York Times*, 10/20/05)

- Unocal's pipeline operations in Burma contributed to the deforestation of the last primary tropical rainforest on mainland Asia, a recognized 'biodiversity hot spot.' ("Unocal-Total Oil Pipeline in Burma Threatens Indigenous People, Animals," *Environmental News Network*, 4/27/02)

Chevron's total Environmental, Health and Safety Fines and Settlements has increased from 278 in 2002 to 699 in 2006, according to the company's latest Corporate Responsibility Report.

Stockholder Proposal: Report on Global Environmental Standards

Chevron's three strategic priorities for environmental performance are: "Defining world-class standards, measuring and communicating performance and demonstrating continual performance improvement," toward the goal of being "recognized and admired everywhere for having a record of environmental excellence."

RESOLVED: The shareholders request that the Board prepare a report by November 2008, prepared at reasonable cost and omitting proprietary information, on the policies and procedures that guide Chevron's assessment of host country laws and regulations with respect to their adequacy to protect human health, the environment and our company's reputation.

SUPPORTING STATEMENT:

We believe that Chevron's record to date demonstrates a gap between its international environmental aspirations and its performance, which would be narrowed by a commitment to apply the highest environmental standards wherever the company operates. The requested report would play a role in illuminating and addressing the factors accounting for this gap.