CHEVRON UNITED KINGDOM LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The company's registered number is 4245760

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activities and business review
The principal activities of the company are as a holding company for Chevron Corporation entities in the United Kingdom, and to provide management services to some of those operating companies. It is the intention of the directors that the company will continue these activities for the foreseeable future.

Business review
The results for the company show a pre-tax profit of $479.4m (2007: $981.2m) for the year, a decrease of $501.8m which was mainly due to a reduction in dividends received of $527.9m, offset by a reduction in net interest receivable/payable of $23.2m, and decrease in finance income of $10.9m.
The company reported operating profits of $3.3m (2007: losses of $10.5m), an increase of $13.8m, predominantly due to a decrease of $22.8m in employee related costs and an increase of $9.8m in currency revaluation losses.
The directors expect the current level of non-currency related activity to continue in the foreseeable future, while dividends received in 2009 amounted to $1,184.0m.

Principal risks and uncertainties
The company's principal risk and uncertainty is the availability and timing of income from subsidiary companies.

Key performance indicators
The company's directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance, or position of the business of Chevron United Kingdom Limited.

Financial risk management
The company faces a number of financial risks which are managed as part of the Chevron Group's risk management objectives and policies. The company does not hedge any of these risks and therefore hedge accounting is not applied in these financial statements.

Liquidity and cash-flow risk
Risks facing the company include liquidity and cash flow risk, and the company therefore maintains sufficient available funds for its daily operations. Chevron management in the UK actively monitors all funding requirements for UK group companies, and manages any finance arrangements needed to meet such requirements. This may result in loans between group companies being extended beyond original repayment dates, or repaid prior to original due dates.

Interest rate risk
The company can have both interest bearing assets and liabilities which are generally held at floating rates. These are monitored on a daily basis by a treasury management group and an appropriate structure of investments and borrowings is maintained. The company does not hedge interest rate risks.

Foreign exchange risk
The company has assets and liabilities denominated in foreign currencies. The company does not use derivative financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied.

Results and dividends
The company's profit after taxation for the financial year is $469.8m (2007: $973.2m). No dividends were paid during 2008 (2007: $885.8m).

The retained profit of $469.8m (2007: $87.4m) was transferred to reserves, contributing to an increase in shareholder funds to $1,724.8m (2007: $1,520.4m).

Employment policy and employee consultation
It is the company's policy to ensure that all employees receive equal treatment and are judged solely on merit and capability. Company policy also aims to ensure that all job applications from disabled people receive full and fair consideration. Every effort is made to continue the employment of, and arrange appropriate training for, those employees who become disabled during their period of employment. In common with all other employees, disabled people are given equal opportunities and, where appropriate, special training to progress within the company.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

Employment policy and employee consultation (continued)
The company remains committed to the principle of employee involvement and has continued its practice of providing employees with information on matters of concern to them. The company consults with employees and their representatives in order that their views can be taken into account on such matters as are appropriate.

The company communicates and consults with employees at the local level through regular formal meetings and as necessary by ad hoc consultation and negotiation with the employees and their representatives. A staff employee representation programme council system is also operated, election being made by ballot, with panels which provide a regular forum for the exchange and discussion of ideas. The company ensures by this channel of communication that elected employee representatives are consulted regularly on a wide range of matters affecting the current and future interests of all employees.

In addition the company uses an in-house newspaper, videotape news reports and senior management reviews as further means of communicating items with their employees and their activities.

Chevron United Kingdom Limited is the sponsoring company of the Chevron United Kingdom Limited Share Incentive Plan. Further details of the plan are disclosed in note 4.

Directors and their interests
During the financial year and up until the date of this report the directors of the company were:

R B Brown	
R P Cohagan (USA)*	
M A Jones (USA)*	(appointed 9 June 2008)
S J Lever	(appointed 14 January 2008, resigned 1 September 2009)
R J Morris (USA)*	
P A R Rixon	(resigned 9 June 2008)
N E V Roberts	(appointed 1 September 2009)

*Resident in the United Kingdom

Qualifying third party indemnity provisions
The company maintains liability insurance for its directors and officers. The company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

Auditors and disclosure of information to auditors
As at the date of this report, each director of the company confirms that:
- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be re-appointed and pursuant to an elective resolution adopted by the company, have automatically been re-appointed as the company's auditors.

On behalf of the board

1 Westferry Circus
Canary Wharf
London E14 4HA

N E V Roberts
Director

29 October 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEVRON UNITED KINGDOM LIMITED

We have audited the financial statements of Chevron United Kingdom Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

29 October 2009

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

Continuing operations	Notes	2008 $m	*2007 $m*
Administrative expenses		3.3	*(10.5)*
Operating profit/(loss)	2	3.3	*(10.5)*
Income from shares in group undertakings		505.0	*1,032.9*
Profit on ordinary activities before interest and taxation		508.3	*1,022.4*
Interest receivable and similar income	5	1.9	*15.3*
Interest payable and similar charges	6	(46.0)	*(82.6)*
Other finance income	21	15.2	*26.1*
Profit on ordinary activities before taxation		479.4	*981.2*
Tax on profit on ordinary activities	7	(9.6)	*(8.0)*
Profit for the financial year		469.8	*973.2*

There are no material differences between the profit for the financial year and the retained profit for the periods stated above and their historical cost equivalents.

The notes on pages 8 to 16 form part of these financial statements

CHEVRON UNITED KINGDOM LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	2008 $m	*2007 $m*
Fixed assets			
Investment in subsidiary undertaking	9	**2,765.3**	*2765.3*
Other investments	10	**46.6**	*49.2*
		2,811.9	*2,814.5*
Current assets			
Debtors – amounts falling due within one year	12	**0.3**	*5.9*
Investments	11	**0.2**	*10.1*
Cash at bank and in hand		**1.1**	*0.1*
		1.6	*16.1*
Creditors - amounts falling due within one year	14	**(50.2)**	*(91.1)*
Net current liabilities		**(48.6)**	*(75.0)*
Total assets less current liabilities		**2,763.3**	*2,739.5*
Creditors - amounts falling due after more than one year	15	**(860.3)**	*(1,305.1)*
Net assets excluding pension (deficit)/asset		**1,903.0**	*1,434.4*
Pension (deficit)/asset	21	**(178.2)**	*86.0*
Net assets including pension (deficit)/asset		**1,724.8**	*1,520.4*
Capital and reserves			
Called up share capital	17	**2.0**	*2.0*
Share premium account	18	**1,468.7**	*1,468.7*
Profit and loss account	19	**254.1**	*49.7*
Total shareholder's funds	20	**1,724.8**	*1,520.4*

The financial statements on pages 5 to 16 were approved by the board of directors on 29 October 2009 and signed on its behalf by:

N E V Roberts
Director

The notes on pages 8 to 16 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 $m	*2007 $m*
Profit for the financial year	20	**469.8**	*973.2*
Actuarial (loss)/gain on pension scheme	21	**(368.6)**	*95.5*
Movement on deferred tax relating to pension scheme	16	**103.2**	*(28.9)*
Total recognised gains and losses relating to the year		**204.4**	*1,039.8*

The notes on pages 8 to 16 form part of these financial statements

1. Significant accounting policies

A summary of the principal accounting policies is set out below.

a) Basis of accounting
The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and United Kingdom Generally Accepted Accounting Practice.

The balance sheet at 31 December 2008 reports a net current liability of $48.6 million. The accounts have been prepared under the going concern concept, based on a detailed review by the directors of the ability of the company to meet its financial obligations as they fall due.

b) Group accounts
Group accounts of the company, its subsidiary undertakings and its participating undertakings have not been prepared. The company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Schedule 5 of the Companies Act 1989 and SI 2004/2947). The accounts present information about the company as an individual undertaking and not about its group.

c) Share-based payments
The company operates a cash-settled employee share incentive plan (which acquires shares in Chevron Corporation on the open market), under the terms of which matching shares are not vested to employees until three years of service have been completed.

In accordance with FRS 20, the purchase of shares is recorded at fair value on the initial grant date (based on market price at date of grant). The cost of the matched portion of shares is charged to the profit and loss account of subsidiaries over the vesting period (all such costs are borne by subsidiary undertakings of the company). Share plan liabilities are re-valued at fair value as at the end of each financial year, and changes in value are recognised in the profit and loss account. Further information is provided in note 4.

d) Taxation
Corporation tax payable is provided on taxable profits at the current rate of 28.5% (being a composite of 30% for the period January to March 2008, and 28% for the period April to December 2008).

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that will result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to be the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

e) Fixed asset investment
This comprises the investment in the shares of the company's principal subsidiary. The investment is stated at cost less any provision for impairment. A review of the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 11, 'Impairment of fixed assets'. Impairments thus arising are recorded in the profit and loss account.

f) Foreign currency
The company's functional currency was Great Britain pounds (GBP) until 31 August 2007, when the company's financing arrangements were restructured and became denominated in United States dollars (USD). As at that date, all items were translated into USD using the rate on the date of change (USD/GBP: 2.0176).

Certain transactions of the company are effected in currencies other than dollars. For the purposes of these financial statements, such transactions have been translated into dollars at the rate of exchange prevailing when the transactions occurred.

1. Significant accounting policies

f) Foreign currency (continued)
Monetary assets and liabilities expressed in other currencies have been translated into dollars at the rate of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

g) Pension costs
The company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with fund managers, insurance companies and independent trusts. In accordance with FRS 17 'Retirement Benefits', the company includes in its financial statements the pension assets at fair value, and the pension liabilities on an actuarial basis using the projected unit method.

Current service costs, curtailment and settlement gains and losses, and financial returns are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are recorded through the statement of total recognised gains and losses.

h) Cash flow statement
Under the provisions of FRS 1 (revised 1996), the company has not prepared a cash flow statement because its ultimate parent company prepares publicly available consolidated financial statements which include the cash-flows of the company.

i) Related party disclosures
Under the provisions of FRS 8, the company has not disclosed details of related party transactions with Chevron Corporation group entities as it is a wholly owned subsidiary of that group.

2. Operating profit/(loss)

	2008	*2007*
Operating profit/(loss) is stated after charging/(crediting):	**$m**	*$m*
Wages and salaries	**(0.6)**	*12.3*
Pension service costs (note 21)	**75.8**	*97.5*
Staff costs	**75.2**	*109.8*
Administrative expenses	-	*0.8*
Currency exchange loss/(gain) on operating items	**16.4**	*(1.1)*
Currency exchange loss on investment	-	*7.7*
Pension income from subsidiary undertakings (note 21)	**(94.9)**	*(106.7)*

Wages and salaries (credit)/charge relates to the fair value adjustment of the Employee Share Incentive Plan (see note 4). The currency loss on investment in 2007 related to the change in functional currency from Great British pounds to United States dollars, as described in note 1f.
Audit fees of $21,486 (2007: $28,675) for the company were borne by a Chevron Group entity (Chevron Limited). Fees were paid to the auditors for non-audit services of $nil (2007: $nil).

3. Employees

a) Some employees for subsidiary companies in the UK have contracts of service with Chevron United Kingdom Limited. All employee (including directors) costs, including pension costs, are borne by the subsidiary for which the employee provides services and the costs are shown and disclosed in the accounts of those companies, as if they were employed by those companies. There is one exception to this in relation to the Employee Share Incentive Plan, as discussed below.

3. Employees (continued)

b) The average monthly number of employees engaged in operations of Chevron companies in the UK was:	**2008 Number**	*2007 Number*
Upstream	**606**	*585*
Downstream	**1,263**	*1,218*
	1,869	*1,803*

c) Employee Share Incentive Plan (ESIP)
The company is the sponsoring company of the Chevron United Kingdom Limited Share Incentive Plan. This is administered by Capita Share Plan Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Under the rules of the plan the company will match every Chevron Corporation share bought by an employee with two matching shares (up to a certain limit). These matching shares, which are settled in cash, will be held in a UK registered trust on behalf of the employee, and are not vested to the employee until 3 years of service have been completed from the date of acquisition. As these shares are in the ultimate parent company there is no reduction to shareholders' funds.

During the year 95,792 (2007: 98,337) shares were granted to employees and the weighted average share price was $81.87 (2007: $76.92). Total expense recognised by subsidiary companies during the year was $7.8m (2007: $7.5m) at fair value (based on market value as at the date of acquisition).

The assets of the plan are recorded at historical cost, which as at 31 December 2008 was based on 890,073 at a cost of $46.6m (2007: 806,858 shares, cost $49.2m).

The liabilities of the plan are recorded at fair value as at the end of the financial year, using the market value of the shares as at 31 December 2008. As at 31 December 2008 the total number of shares held in trust for employees was 890,073 (2007: 806,858), at a market value of $65.3m (2007: $75.7m).

Included in operating costs (note 2) is a credit of $0.6m (2007: charge of $12.3m) which relates to the fair value revaluation of the plan liabilities at the end of the financial year.

As at 31 December 2008 the number of shares held in trust, and not yet vested, for the employees was 268,839 shares (2007: 283,455 shares), at a market value of $19.7m (2007: $26.6m).

4. Directors' emoluments

This note should be read in conjunction with note 3 a) above. In relation to their services as directors or otherwise in connection with the management of the company, no emoluments were paid to or receivable by directors from the company during the year. In relation to their services as directors or otherwise in connection with the management of subsidiaries of the company, emoluments of $5,682,941 were paid to or receivable by directors from subsidiaries of the company during the year.

5. Interest receivable and similar income

	2008 $m	*2007 $m*
Interest receivable on cash deposits	**0.3**	*0.9*
Interest receivable from other Chevron Corporation entities	-	*14.4*
Currency exchange gain on interest	**1.6**	-
	1.9	*15.3*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

6. Interest payable and similar charges

	2008 $m	*2007 $m*
Interest payable to parent	-	*59.5*
Interest payable to other Chevron Corporation entities	46.0	*23.1*
	46.0	*82.6*

7. Taxation on profit for the year

	2008 $m	*2007 $m*
Current tax		
UK corporation tax on profits of the period	(5.3)	*(24.0)*
Losses surrendered to Chevron Corporation entities for no consideration	5.3	*24.0*
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	9.6	*10.6*
Change in rate of deferred tax from 30% to 28%	-	*(2.6)*
Total deferred tax	9.6	*8.0*
Tax on profit on ordinary activities	9.6	*8.0*

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK. The difference is explained as follows:	2008 $m	*2007 $m*
Profit on ordinary activities before tax	479.4	*981.2*
Profit on ordinary activities multiplied by standard rate in the UK 28.5% (2007: 30%)	136.6	*294.3*
Effects of:		
Originating timing difference in respect of pension scheme provisions	(9.6)	*(10.6)*
Non-taxable items	(132.3)	*(307.7)*
Losses surrendered to Chevron Corporation entities for no consideration	5.3	*24.0*
Current tax charge for the period	-	-

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

8. Dividends

	2008 $m	*2007 $m*
The dividend payment on ordinary shares was as follows:		
No dividends were paid in 2008 (2007: $884.91 per share)	-	*885.8*

9. Investment in subsidiary undertaking

a) The following are included in the net book value of investment in subsidiary undertaking:	2008 $m	*2007 $m*
Investment in subsidiary undertaking	2,765.3	*2,765.3*

9. Investment in subsidiary undertaking (continued)

b) The company holds interest in the following subsidiary undertaking, which is not listed on the UK or any overseas Stock Exchange:

Subsidiary undertaking	Country of Incorporation	Principal Activity	Proportion of ownership and voting rights
Chevron Captain Company LLC	United States of America	Exploration & producing	100%

c) The movement in the net book value of other investments was as follows:

Cost	**$m**
Balance at beginning and end of year	2,765.3

10. Other investments

	2008	*2007*
a) The following are included in the net book value of other investments:	**$m**	*$m*
Shares in Chevron Corporation	**46.6**	*49.2*

b) Other investments relate to shares held in Chevron Corporation as part of the ESIP (note 4).

c) The movement in the net book value of other investments was as follows:	**Shares in Chevron Corporation**
Cost	**$m**
Balance at beginning of year	49.2
Additions	10.9
Currency exchange loss	(13.5)
Balance at end of year	**46.6**

11. Current asset investments

	2008	*2007*
	$m	*$m*
Short-term deposits	**0.2**	*10.1*

12. Debtors – amounts falling due within one year

	2008	*2007*
	$m	*$m*
Amount owed by subsidiary undertaking	**0.2**	*5.9*
Amounts owed by other Chevron Corporation entities	**0.1**	-
	0.3	*5.9*

Amounts owed by subsidiary undertaking and by other Chevron Corporation entities are unsecured, non-interest bearing and have no specific repayment date.

13. Debtors – amounts falling due after more than one year

A deferred tax asset in respect of tax losses of $8.1m (2007: $11.1m) has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

14. Creditors – amounts falling due within one year

	2008	*2007*
	$m	*$m*
Amounts owed to parent undertaking	**0.2**	*12.4*
Amounts owed to other Chevron Corporation entities	**7.4**	*32.5*
Amounts owed to employees – ESIP (note 4)	**42.6**	*46.2*
	50.2	*91.1*

Amounts owed to parent undertaking and other Chevron Corporation entities are unsecured, non-interest bearing and have no specific repayment dates.

15. Creditors – amounts falling due after more than one year

	2008	*2007*
	$m	*$m*
Amounts owed to other Chevron Corporation entities	**15.3**	*20.1*
Loans due to other Chevron Corporation entities	**845.0**	*1,285.0*
	860.3	*1,305.1*

Amounts owed to other Chevron Corporation entities are unsecured, non-interest bearing and have no specific repayment dates. Loans due to other Chevron Corporation entities are unsecured, attract interest on floating (LIBOR-based) rate terms payable quarterly in arrears and are repayable in full by 31 August 2012. Due to changes in financing requirements, $240.0m owed to Chevron Belgium N.V. and $200.0m owed to Chevron Limited was repaid during the year.

16. Provisions for liabilities and charges

Deferred tax asset/(liability) relating to pension (deficit)/asset:	**2008**	*2007*
	$m	*$m*
Balance at beginning of year	**(33.5)**	*3.4*
Deferred tax charged to profit and loss account	**(9.6)**	*(8.0)*
Deferred tax charged to the statement of total recognised gains and losses	**103.2**	*(28.9)*
Currency exchange (gain)/loss	**9.2**	-
Balance at end of year	**69.3**	*(33.5)*

The deferred tax asset of $69.3m (2007: liability of $33.5m) has been added in arriving at the net pension (deficit)/asset on the balance sheet.

17. Called up share capital

	2008	*2007*
	$m	*$m*
Authorised		
2,001,000 ordinary £1 shares	**3.9**	*3.9*
Allotted, called up and fully paid		
1,001,000 ordinary £1 shares	**2.0**	*2.0*

18. Share premium account

	2008	*2007*
	$m	*$m*
Balance at beginning and end of year	**1,468.7**	*1,468.7*

19. Profit and loss account

	2008	*2007*
	$m	*$m*
Balance at beginning of year	**49.7**	*(104.3)*
Retained profit for the financial year	**469.8**	*87.4*
Actuarial (loss)/gain on pension scheme	**(368.6)**	*95.5*
Movement on deferred tax relating to pension scheme	**103.2**	*(28.9)*
Balance at end of year	**254.1**	*49.7*

20. Reconciliation of movement in total shareholder's funds

	2008	*2007*
	$m	*$m*
Profit for the year	**469.8**	*973.2*
Dividends (note 8)	-	*(885.8)*
Retained profit for the financial year	**469.8**	*87.4*
Pension scheme credit/(debit) to reserves	**(265.4)**	*66.6*
Net increase in shareholder's funds	**204.4**	*154.0*
Shareholder's funds at beginning of year	**1,520.4**	*1,366.4*
Shareholder's funds at end of year	**1,724.8**	*1,520.4*

21. Pensions

Chevron UK Pension Plan

This pension plan was formed on the last day of the 2002 reporting year, through the merger of the Texaco Pension Plan and Chevron Group UK Pension Plan and contracts of service of all UK employees were transferred to Chevron United Kingdom Limited, the sponsoring company, on 1 January 2003.

Composition of the scheme
The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out as at 30 September 2008 and updated to 31 December 2008 by a qualified independent actuary.

The major assumptions used by the actuary were (in nominal terms):	**At year-end 31/12/2008**	*At year-end 31/12/2007*	*At year-end 31/12/2006*
Rate of increase in salaries	**4.50%**	*4.75%*	*4.25%*
Rate of increase of pensions in payment			
Pre April 1997 service	**0.00%**	*0.00%*	*0.00%*
April 1997 to April 2005 service	**3.00%**	*3.25%*	*2.75%*
Post April 2005 service	**2.25%**	*2.25%*	*2.25%*
Rate of increase of pensions in deferment	**3.00%**	*3.25%*	*2.75%*
Discount rate	**6.25%**	*5.75%*	*5.00%*
Inflation assumption	**3.00%**	*3.25%*	*2.75%*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

21. Pensions (continued)

The assets in the scheme and the expected rate of return were:	**At year end 31/12/2008**		*At year end 31/12/2007*		*At year end 31/12/2006*	
	%	**$m**	*%*	*$m*	*%*	*$m*
Equities/Property	**6.50**	**856.1**	*7.00*	*1,529.4*	*7.00*	*1,501.5*
Bonds	**5.00**	**411.1**	*5.25*	*642.4*	*4.75*	*585.3*
Other	**4.00**	**3.0**	*5.50*	*75.8*	*5.00*	*29.3*
Total market value of assets		**1,270.2**		*2,247.6*		*2,116.1*
Actuarial value of liability		**(1,517.7)**		*(2,128.1)*		*(2,127.6)*
Recoverable (deficit)/asset in the scheme		**(247.5)**		*119.5*		*(11.5)*
Related deferred tax asset/(liability)		**69.3**		*(33.5)*		*3.4*
Net pension (deficit)/asset		**(178.2)**		*86.0*		*(8.1)*

Analysis of the amount charged to operating profit	**2008 $m**	*2007 $m*
Current service cost	**49.4**	*70.0*
Past service cost	**26.4**	*27.5*
Total operating charge	**75.8**	*97.5*

Analysis of the amount credited to other finance income	**2008 $m**	*2007 $m*
Expected return on pension scheme assets	**103.9**	*132.4*
Interest on pension scheme liabilities	**(88.7)**	*(106.3)*
Net return	**15.2**	*26.1*

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	**2008 $m**	*2007 $m*
Actual return less expected return on pension scheme assets	**(499.4)**	*(18.0)*
Experience gain /(loss) on liabilities	**12.8**	*(75.4)*
Changes in the assumptions underlying the present value of the scheme liabilities	**118.0**	*188.9*
Actuarial (loss)/gain recognised in STRGL	**(368.6)**	*95.5*

Movement in the (deficit)/asset during the year	**2008 $m**	*2007 $m*
Asset/(deficit) in scheme at beginning of year	**119.5**	*(11.5)*
Movement in year:		
Current service cost	**(49.4)**	*(70.0)*
Contributions	**94.9**	*106.7*
Past service costs	**(26.4)**	*(27.5)*
Other finance income	**15.2**	*26.1*
Actuarial (loss)/gain	**(368.6)**	*95.5*
Currency revaluation (loss)/gain	**(32.7)**	*0.2*
(Deficit)/asset in scheme at end of year	**(247.5)**	*119.5*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

21. Pensions (continued)

	2008	*2007*	*2006*
History of experience gains and losses	**$m**	*$m*	*£m*
Difference between expected and actual return on scheme assets			
amount	**(499.4)**	*(18.0)*	*52.6*
percentage of scheme assets	**-39%**	*-1%*	*2%*
Experience gains and losses on scheme liabilities			
amount	**12.8**	*(75.4)*	*(3.8)*
percentage of scheme liabilities	**1%**	*-4%*	*0%*
Total amount recognised in statement of total recognised gains and losses			
amount	**(368.6)**	*95.5*	*46.8*
percentage of scheme liabilities	**-24%**	*4%*	*2%*

The contributions to the scheme are expected to be $68.0m in respect of each calendar year from 1 January 2008 to 31 December 2012. The contribution may be varied from time to time depending on the financial position of the scheme, in accordance with the schemes Trust Deed and Rules and on the advice of the actuary.

22. Ultimate parent undertaking

The company's immediate parent company is Chevron Global Energy Inc, incorporated in the United States of America and whose principal place of business is at 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324, USA. The ultimate parent company is Chevron Corporation, incorporated in the United States of America.

The smallest and largest group in which the results of the company for the year ended 31 December 2008 are consolidated is that headed by Chevron Corporation whose principal place of business is at 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324, USA. The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from the above addresses.

23. Post balance sheet events

In 2009, the company received dividends of $1,184.0m, some of which was used to fund the repayment of $518.0m loans due to other Chevron Corporation entities. A dividend was declared of $662.0m and paid up to the company's parent company, Chevron Global Energy Inc.