

COMMUNICATIONS COMMITTEE NEWS / TIDBITS

Chevron Outlines Strategy for Disciplined Growth and Higher Returns

March 5, 2019 – At its annual Security Analyst Meeting today, Chevron announced expectations for significant cash flow growth, disciplined spending, and expanding production over the next five years.

“Chevron is in an exceptional position to deliver industry-leading value to shareholders,” said Michael Wirth, Chevron’s chairman and chief executive officer. “Our advantaged portfolio is driving strong production growth with lower execution risk, higher cash flow and increased cash returns to shareholders.”

Disciplined Capital Program

The company outlined a ratable capital program and a returns-driven approach to capital allocation. “We’ve refocused our investment priorities,” said Wirth, “and expect 70 percent of this year’s spend to deliver cash flow within two years.” The Company reaffirmed a disciplined C&E program and established an annual target of \$19 to \$22 billion from 2021 to 2023.

Significant Growth in the Permian

Chevron’s outlook is supported by strong performance in the Permian Basin, where the company has added almost 7 billion barrels of resource and doubled its portfolio value over the past two years. Permian unconventional net oil-equivalent production is now expected to reach 600,000 barrels per day by the end of 2020, and 900,000 barrels per day by the end of 2023.

The company’s unique position in the Permian is “characterized by long-held acreage, zero-to-low royalty on more than 80 percent of our land position, and minimal drilling commitments,” said Johnson. These attributes together with the deployment of new technologies are driving higher returns, stronger cash flows, and increased value.

Delivering on Financial Commitments

Chevron expects approximately \$30 billion of cash generation at \$60 Brent in 2019 to be used to fund the 6 percent annual dividend increase, a ratable and high-return capital program, and \$4 billion of expected share repurchases.

“Chevron is operating from a position of strength,” Wirth added. “The balance sheet is strong. Our dividend breakeven is low. We’re disciplined with capital. And we’re generating strong free cashflow. Chevron has an extremely compelling investment proposition that is going to continue over the long-term.”

Chevron Announces Agreement to Acquire Anadarko

SAN RAMON, Calif., April 11, 2019---Chevron announced today that it has entered into a definitive agreement with Anadarko Petroleum Corporation (NYSE: APC) to acquire all of the outstanding shares of Anadarko in a stock and cash transaction valued at \$33 billion, or \$65 per share. Based on Chevron's closing price on April 11, 2019 and under the terms of the agreement, Anadarko shareholders will receive 0.3869 shares of Chevron and \$16.25 in cash for each Anadarko share. The total enterprise value of the transaction is \$50 billion.

“This transaction builds strength on strength for Chevron,” said Chevron's Chairman and CEO Michael Wirth. **“The combination of Anadarko's premier, high-quality assets with our advantaged portfolio strengthens our leading position in the Permian, builds on our deepwater Gulf of Mexico capabilities and will grow our LNG business. It creates attractive growth opportunities in areas that play to Chevron's operational strengths and underscores our commitment to short-cycle, higher-return investments.”** **“This transaction will unlock significant value for shareholders, generating anticipated annual run-rate synergies of approximately \$2 billion, and will be accretive to free cash flow and earnings one year after close,”** Wirth concluded. **“The strategic combination of Chevron and Anadarko will form a stronger and better company with world-class assets, people and opportunities,”** said Anadarko Chairman and CEO Al Walker. **“I have tremendous respect for Mike and his leadership team and believe Chevron's strategy, scale and operational capabilities will further accelerate the value of Anadarko's assets.”**

Strong Strategic Fit: Anadarko's assets will enhance Chevron's portfolio across a diverse set of asset classes, including:

Shale & Tight – The combination of the two companies will create a 75-mile-wide corridor across the most attractive acreage in the Delaware basin, extending Chevron's leading position as a producer in the Permian.

Deepwater – The combination will enhance Chevron's existing high-margin position in the deepwater Gulf of Mexico (GOM), where it is already a leading producer, and extend its deepwater infrastructure network.

LNG – Chevron will gain another world-class resource base in Mozambique to support growing LNG demand. Area 1 is a very cost-competitive and well-prepared greenfield project close to major markets.

will be used to further reduce debt and return additional cash to shareholders.

Increased Shareholder Returns: As a result of higher expected free cash flow, Chevron plans to increase its share repurchase rate from \$4 billion to \$5 billion per year upon closing the transaction.

Chevron Partners with Catalyst to Advance Gender Equality

Feb. 26, 2019 – Chevron Corporation today announced a \$5 million grant to Catalyst, a global nonprofit advancing workplace gender equality, in support of expanding the organization’s [Men Advocating Real Change](#) (MARC) program, which Chevron adopted in 2016. MARC is focused on engaging and empowering male executives and leaders to consistently model inclusive behaviors, influence more equitable talent management systems and processes, and build effective partnerships across gender.

“We are expanding our partnership with Catalyst to support an initiative that is helping Chevron create a more gender-inclusive workplace, and that we believe can benefit other companies around the world,” said Michael Wirth, Chevron’s chairman and chief executive officer and chair of the [2019 Catalyst Awards Dinner](#). “We are honored to help accelerate this important work. This grant proves once again the power of partnership – how with commitment and dedication, real change is possible.”

“This is the single largest grant we’ve received in our organization’s 50+ year history. Companies like Chevron and leaders like Mike Wirth, who make diversity and inclusion a business imperative and take real, tangible action, are leading by example,” said Lorraine Hariton, President & CEO of Catalyst. “We are excited to continue strengthening our partnership with Chevron, and we challenge others to join Catalyst and Chevron in creating inclusive workplaces that allow everyone to thrive.”

MARC engages men and women in deep, honest dialogue where men gain insight, empathy, and personal motivation to take action to improve gender equity in the workplace. The Chevron grant will directly support the global expansion of MARC Leaders, Catalyst’s transformational, immersive training program. It will also support the rollout of MARC Teams to Catalyst Supporter companies across the globe, creating a grassroots collective approach that helps men apply their influence to affect positive change in the workplace with respect to gender equality.

Chevron Issues Update to Climate Report for Investors

Feb. 7, 2019 – Chevron Corporation (NYSE: CVX) today published an update to its March 2018 report describing the company’s approach to managing climate change risks and its resilience under a low carbon scenario. The [update](#) supplements [Climate Change Resilience: A Framework for Decision Making](#) with new information on the company’s governance framework and climate change related actions and investments.

“This update highlights work we are doing to address climate change risks to our business and new opportunities we’re pursuing. It incorporates responses to some of the thoughtful insights stockholders have shared with us during our engagements,” said Michael Wirth, Chevron’s chairman and chief executive officer. “We look forward to ongoing

conversations on how we are managing climate risks to our business and taking on new opportunities to reduce greenhouse gas emissions and develop lower carbon energy.” In response to discussions with investors and other stakeholders, Chevron is providing more insight on climate change governance. This includes information about how the Board of Directors and executive leadership exercise their oversight responsibilities with respect to climate change.

The Board established greenhouse gas emissions performance measures that will be a factor in determining compensation for executives and nearly all other employees beginning in 2019. The metrics aim to reduce methane emissions intensity by 20 to 25 percent and flaring intensity by 25 to 30 percent from 2016 – 2023, aligned with the timing of milestones in the Paris Agreement. The intensity will be measured based on Chevron’s equity ownership of oil and gas assets, not just the projects over which Chevron has operational control. Chevron will report on annual achievement of methane and flaring performance measures as part of its Annual Proxy Statement in 2020.

The company has also created an Environmental, Social and Governance (ESG) team which regularly engages with investors and other key stakeholders to understand and respond to ESG reporting preferences. Chevron continues to align its reporting with the framework outlined by the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, in 2018, the company joined the Oil and Gas Climate Initiative, a global collaboration focused on industry’s efforts to address climate change issues. Chevron continues to invest in companies and technology designed to lower emissions and advance lower-carbon business opportunities.