

TIDBITS

A variety of articles, excerpts and items of interest taken from Chevron's news releases and media reports compiled by the CRA Communications Committee

Chevron Reports Second Quarter Net Income of \$4.3 Billion

August 2, 2019 – Chevron Corporation (NYSE: CVX) today reported earnings of \$4.3 billion (\$2.27 per share – diluted) second quarter 2019, compared with \$3.4 billion (\$1.78 per share - diluted) in the second quarter of 2018. Included in the current quarter were earnings of \$740 million associated with the Anadarko merger termination fee and a non-cash tax benefit of \$180 million related to a reduction in the Alberta, Canada corporate income tax rate. Foreign currency effects increased earnings in the 2019 second quarter by \$15 million.

Sales and other operating revenues in second quarter 2019 were \$36 billion, compared to \$40 billion in the year-ago period.

Earnings Summary

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
<u>Millions of dollars</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Earnings by business segment				
Upstream	\$3,483	\$3,295	\$6,606	\$6,647
Downstream	729	838	981	1,566
All Other	93	(724)	(633)	(1,166)
Total ⁽¹⁾⁽²⁾	\$4,305	\$3,409	\$6,954	\$7,047

⁽¹⁾ Includes foreign currency effects \$15 \$265 \$(122) \$394

⁽²⁾ Net income (loss) attributable to Chevron Corporation

"Second quarter earnings and cash flow benefited from record quarterly production volumes and the receipt of the Anadarko merger termination fee, partially offset by the impact of lower oil and gas prices," said Michael Wirth, Chevron's chairman of the board and chief executive officer. "Net oil-equivalent production was the highest in the company's history, driven by continued growth in the Permian Basin and at Wheatstone in Australia." "Our strong financial and operational results reflect consistent execution, allowing us to pay our dividend, fund our attractive capital program, further strengthen our balance sheet and return surplus cash to our shareholders. After suspending our share repurchases while in merger discussions with Anadarko, we resumed buybacks in May and expect to be at our planned repurchase rate of \$5 billion per year in the third quarter," Wirth added. "We continue to high-grade our portfolio and made progress on our three-year target of \$5-10 billion of asset sale proceeds. During the quarter, we executed a sales agreement for our U.K. Central North Sea upstream assets, which we expect to close later this year. We also completed the acquisition of the Pasadena

refinery in Texas, which will enable us to supply more of our retail market with Chevron-produced products and process more domestic light crude oil," Wirth said.

Additionally, Chevron Phillips Chemical Company LLC, the company's 50 percent-owned affiliate, recently announced plans to jointly develop petrochemical projects in the U.S. Gulf Coast and Qatar with start-ups expected in 2024 and 2025, respectively. The company also recently entered into agreements to invest in renewable natural gas plants in California and to purchase renewable power in Texas for its Permian Basin operations.

Upstream

"Worldwide net oil-equivalent production was 3.08 million barrels per day in second quarter 2019, an increase of 9 percent from 2.83 million barrels per day from a year ago.

U.S. upstream operations earned \$896 million in second quarter 2019, compared with \$838 million a year earlier. The increase was primarily due to higher crude oil production, partially offset by lower crude oil and natural gas realizations, higher operating and depreciation expenses primarily related to increased Permian activity, and higher tax items.

The company's average sales price per barrel of crude oil and natural gas liquids was \$52 in second quarter 2019, down from \$59 a year earlier. The average sales price of natural gas was \$0.68 per thousand cubic feet in second quarter 2019, down from \$1.61 in last year's second quarter. Net oil-equivalent production of 898,000 barrels per day in second quarter 2019 was up 159,000 barrels per day from a year earlier. Production increases from shale and tight properties in the Permian Basin in Texas and New Mexico, and base business in the Gulf of Mexico, were partially offset by normal field declines. The net liquids component of oil-equivalent production in second quarter 2019 increased 23 percent to 710,000 barrels per day, while net natural gas production increased 15 percent to 1.13 billion cubic feet per day, compared to last year's second quarter.

Second quarter unconventional production in the Permian Basin was 421,000 barrels per day, representing growth of over 50 percent compared to a year ago, as the company continues to invest in high return opportunities in this key region.

International upstream operations earned \$2.59 billion in second quarter 2019, compared with \$2.46 billion a year ago. The increase in earnings was mostly due to higher natural gas sales volumes, tax benefits mostly associated with a reduction in the Alberta, Canada corporate income tax rate, lower operating expenses, and higher gains on asset sales.

Partially offsetting these effects were lower crude oil and natural gas realizations. Foreign currency effects had an unfavorable impact on earnings of \$195 million between periods. The average sales price for crude oil and natural gas liquids in second quarter 2019 was \$62 per barrel, down from \$68 a year earlier. The average sales price of natural gas was \$5.43 per thousand cubic feet in the quarter, compared with \$5.64 in last year's second quarter.

Net oil-equivalent production of 2.19 million barrels per day in 2nd quarter 2019 was up 99,000 barrels per day from a year earlier. Production increases from Wheatstone and other major capital projects, base business, shale and tight properties, were partially offset by normal field declines and effect of asset sales. Net liquids component of oil-equivalent production was relatively flat at 1.15 million barrels per day in the 2019 second quarter, net natural gas production increased 10 percent to 6.20 billion cubic feet per day, compared to last year's 2nd quarter.

Downstream

U.S. downstream operations earned \$465 million in second quarter 2019, compared to earnings of \$657 million a year earlier. The decrease was primarily due to lower margins on refined product sales and lower equity earnings from the 50 percent-owned Chevron Phillips Chemical Company LLC. Refinery crude oil input in 2nd quarter 2019 increased 12 percent to 960,000 barrels per day from the year-ago period, primarily due to the absence of second quarter 2018 planned turnaround activity and the purchase of the Pasadena refinery in Texas. Refined product sales of 1.28 million barrels per day were up 3 percent from second quarter 2018.

International downstream operations earned \$264 million in second quarter 2019, compared with \$181 million a year earlier. The increase in earnings was largely due to higher margins on refined product sales and a post-close working capital true-up related to the 2018 sale of the Cape Town refinery in South Africa. Foreign currency effects had an unfavorable impact on earnings of \$53 million between periods. Refinery crude oil input of 599,000 barrels per day in second quarter 2019 decreased 140,000 barrels per day from the year-ago period, mainly due to the sale of the company's interest in the Cape Town refinery in third quarter 2018 and maintenance at the GS Caltex refinery in Yeosu, South Korea in second quarter 2019. Total refined product sales of 1.26 million barrels per day in second quarter 2019 were down 14 percent from the year-ago period, mainly due to the sale of the southern Africa refining and marketing business in third quarter 2018.

All Other consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies. Net earnings in second quarter 2019 were \$93 million, compared with net charges of \$724 million in the year-ago period. The change between periods was mainly due to the receipt of the Anadarko termination fee and lower corporate expenses. Foreign currency effects had an unfavorable impact on earnings of \$2 million between periods.

Cash flow from operations in the first six months of 2019 was \$13.8 billion, compared with \$11.9 billion in the corresponding 2018 period. Included in cash flow from operations during second quarter 2019 was \$1.0 billion associated with the receipt of the Anadarko merger termination fee. Excluding working capital effects, cash flow from operations in 2019 was \$14.1 billion, compared with \$14.2 billion in the corresponding 2018 period.

Capital and exploratory expenditures in the first six months of 2019 were \$10.0 billion, compared with \$9.2 billion in the corresponding 2018 period. The amounts included \$3.1 billion in 2019 and \$2.7 billion in 2018 for the company's share of expenditures by affiliates, which did not require cash outlays by the company. Expenditures for upstream represented 85 percent of the companywide total in 2019. Included in 2019 were \$0.4 billion of inorganic expenditures, primarily associated with the acquisition of the Pasadena refinery in Texas.

Chevron Announces Quarterly Dividend

July 31, 2019 – The Board of Directors of Chevron Corporation (NYSE: CVX) declared a quarterly dividend of one dollar and nineteen cents (\$1.19) per share, payable September 10,

2019, to all holders of common stock as shown on the transfer records of the Corporation at the close of business August 19, 2019.

Ecuadorian Plaintiffs End Fraudulent Litigation Against Chevron

July 8, 2019 – A group of Ecuadorian plaintiffs whose litigation against Chevron Corporation (NYSE: CVX) has been exposed as a fraud and bribery scheme by courts in the United States and elsewhere [has ended its Canadian lawsuit against the company](#). Following dismissals of their claims in Argentina and Brazil, findings against them in the United States and Gibraltar, and a ruling in The Hague that the Republic of Ecuador's failure to prevent the continuation of the fraudulent litigation scheme violated international law, plaintiffs ended their only remaining lawsuit by dismissing the Canadian case. The plaintiffs further agreed to pay costs to Chevron.

Chevron had recently moved to dismiss the Canadian suit on the grounds that its continuation would be an abuse of the country's legal system, a waste of its judicial resources, and contrary to international law. The Ecuadorian plaintiffs and their counsel did not oppose Chevron's motion to dismiss and instead consented to the unconditional and final dismissal of the lawsuit. "Chevron is pleased that the promoters of the fraudulent scheme have apparently realized that no legitimate court would enforce the judgment that they purchased in Ecuador. Chevron will continue its efforts to hold the lawyers and investors behind this fraudulent scheme accountable," said R. Hewitt Pate, Chevron's vice president and general counsel.

Because Chevron never operated in Ecuador or had assets there, those seeking to profit from the corrupt Ecuadorian judgment have unsuccessfully attempted to enforce it in Argentina, Brazil, and Canada. Courts in Brazil and Argentina previously rejected enforcement attempts in those countries. With all attempts to date to enforce the Ecuadorian judgment having been defeated by Chevron, a key remaining proceeding in connection with the dispute is Chevron's arbitration against the Republic of Ecuador before The Hague international tribunal. The tribunal last August held the Republic of Ecuador had violated its obligations under international law in issuing the corrupt \$9.5 billion judgment. Chevron is seeking to recover from the Republic of Ecuador costs it has incurred to expose and defend against fraud perpetrated against it.

Also pending are contempt proceedings brought by Chevron in federal court in New York against adjudicated racketeer and suspended lawyer Steven Donziger, who led the failed efforts to enforce the fraudulent Ecuadorian judgment. Last year, Donziger was suspended from the practice of law after having been found by U.S. federal courts to have violated the Racketeer Influenced and Corrupt Organizations Act (RICO) by engaging in multiple acts of extortion, money laundering, wire fraud, witness tampering, bribery, and obstruction of justice to procure the Ecuadorian judgment. On May 23, 2019, Donziger was held in contempt of court for his breach of the RICO judgment, which prevented him from profiting from the fraud, by selling interests in the Ecuadorian judgment to investors and using a large portion of the proceeds on personal expenses. The court further ordered Donziger to transfer to Chevron profits traceable to the Ecuadorian judgment.

The Canadian decision is the latest in a string of judicial victories in Chevron's worldwide defense against the Ecuadorian judgment. This past April, the Supreme Courts of two

countries – Canada and the Netherlands – ruled in favor of Chevron in related proceedings. On April 4, the Supreme Court of Canada declined to hear an appeal of a decision that had dismissed all claims seeking to enforce the Ecuadorian judgment against an indirect subsidiary of Chevron in Canada. On April 12, the Supreme Court of the Netherlands rejected the Republic of Ecuador's attempts to nullify decisions of the international tribunal in The Hague that ordered Ecuador to take all steps necessary to prevent enforcement of the Ecuadorian judgment against Chevron anywhere in the world.

Last August, the international tribunal in The Hague also found the Republic of Ecuador liable for violating its obligations under international law. In a unanimous ruling in favor of Chevron, the tribunal – including the arbitrator chosen by the Republic of Ecuador – held that the \$9.5 billion judgment rendered against Chevron in Ecuador in 2011 was procured through fraud, bribery, and corruption, and was based on claims that had been already settled and released by the Republic of Ecuador years earlier.

The tribunal, after hearing the testimony of numerous experts about the environmental conditions in Ecuador and visiting the former area of operations, rejected Ecuador's environmental allegations against Chevron and Texaco Petroleum Co. (TexPet), which became an indirect subsidiary of Chevron following its acquisition of Texaco Inc. in 2001. The tribunal found "TexPet spent approximately \$40 million in environmental remediation and community development under the 1995 Settlement Agreement" carried out by a "well-known engineering firm specializing in environmental remediation" and that Ecuador in 1998 executed a final release agreement "certifying that TexPet had performed all of its obligations under the 1995 Settlement Agreement." The tribunal found "no cogent evidence" supporting Ecuador's claim that TexPet failed to comply with the terms of the remediation plan approved by Ecuador. The tribunal concluded that the Ecuadorian judgment "violates international public policy" and "should not be recognised or enforced by the courts of other States." The tribunal ordered the Republic of Ecuador to permanently render unenforceable the fraudulent Ecuadorian judgment against Chevron. The tribunal also ordered Ecuador to compensate Chevron for any damages arising from the fraudulent judgment. A process is under way for the tribunal to determine the amount of the damages owed by Ecuador to Chevron.

The findings of judicial fraud of the international tribunal in The Hague are consistent with findings of U.S. courts that the Ecuadorian judgment against Chevron was the product of fraud and racketeering activity, including extortion, money laundering, wire fraud, witness tampering, judicial bribery, Foreign Corrupt Practices Act violations and obstruction of justice. U.S. federal courts have prohibited enforcement of the Ecuadorian judgment in the United States and ordered the Ecuadorian plaintiffs and their lawyers to pay back to Chevron any enforcement proceeds they obtain anywhere in the world. That decision –the RICO judgment– was upheld on appeal and is now final, after having been denied review by the U.S. Supreme Court. As in Canada, the plaintiffs' other attempts to enforce the fraudulent Ecuadorian judgment in jurisdictions around the globe have also failed.

Examples of aphorisms - Short, Pointed Sentences to Express Wise or Clever Observations.

1. The nicest thing about the future is that it always starts tomorrow.
2. Money will buy a fine dog, but only kindness will make him wag his tail.
3. If you don't have a sense of humor, you probably don't have any sense at all.
4. Seat belts are not as confining as wheelchairs.
5. A good time to keep your mouth shut is when you're in deep water.
6. How come it takes so little time for a child who is afraid of the dark to become a teenager who wants to stay out all night?
7. Business conventions are important because they demonstrate how many people a company can operate without.
8. Why is it that at class reunions you feel younger than everyone else looks?
9. Stroke a cat and you will have a permanent job.
10. No one has more driving ambition than the teenage boy who wants to buy a car.
11. There are no new sins; the old ones just get more publicity.
12. There are worse things than getting a call for a wrong number at 4 a.m. - - - for example, it could be the right number. (Think about this one)!!
13. No one ever says "It's only a game" when their team is winning.
14. I've reached the age where 'happy hour' is a nap.
15. Be careful about reading the fine print - there's no way you're going to like it.
16. The trouble with bucket seats is that not everybody has the same size bucket.
17. Do you realize that, in about 40 years, we'll have thousands of old ladies running around with tattoos?
18. Money can't buy happiness, but somehow it's more comfortable to cry in a Cadillac than a Ford.
19. After 70, if you don't wake up aching in every joint, you're probably dead.
20. Always be yourself - the people that matter don't mind, and the ones that mind don't matter.
21. Life isn't tied with a bow, but it's still a gift.

And REMEMBER...."POLITICIANS AND DIAPERS SHOULD BE CHANGED OFTEN - AND FOR THE SAME REASON!

Life is too short to be anything ... but happy.
Learn to let go of what you can't change.
Life is not the way it's supposed to be. It's the way it is.
The way we cope with it is what makes the difference.