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CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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Chevron

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This transcript has been edited by Chevron Corporation. It is generally consistent with the original fireside chat transcript. For a replay of the Bernstein 42nd Annual Strategic Decisions fireside chat, please listen to the webcast presentation posted on chevron.com under the headings “Investors,” “Events & Presentations.”

Bob Brackett:

Good morning again. Welcome again to Bernstein's 42nd Annual Strategic Decisions Conference. My name is Bob Brackett. I'm Co-Head of Energy and Transition here at Bernstein, along with Global Metals and Mining. We are not expecting a fire drill, so if the alarm rings, please take it seriously. Your primary path of exit is out the door to the right down to the escalator area where you came up this morning, down those out to the street to wait further instructions. If, for whatever reason, that path is blocked, you'll choose one of the internal stairways just outside of the room, go down one floor and follow the lighted path.

This is ultimately a fireside chat up on the stage, but it is your fireside chat, and we have scattered around the room, the QR codes on blue sheets of paper. Use that to enter your questions into the Q&A and ultimately drive this conversation. While we wait for your questions to come in, what we'll do is we'll start our conversation very much shaped like a pyramid. We'll talk about macro because along with faces I recognize in the room, I'm sure there's some generalists that want to know the latest of what's happening in this world. We'll move on and say, how does that macro inform strategy and ultimately, will drop into the portfolio and down into operations.

With that, I'd like to welcome Mike Wirth, Chairman and CEO of Chevron, he'll spend a couple of minutes here at the stage with a few slides and then adjourn for our conversation.

Mike Wirth:

Thank you, Bob, and thank you, everybody, for joining today. I'll ask you to quickly peruse the cautionary statement up there on the screen and we'll be done with that. So look, I've got just three opening slides to kind of frame things up and then we'll drop into the discussion Bob just teed up.

The first quarter of 2026 was a good example of how Chevron can deliver solid performance in an uncertain and volatile world, driven by disciplined execution and a very resilient global portfolio. I think our company is best known for our consistency, which is why we've got that up on the screen. We maintain capital and cost discipline no matter the environment. We generate strong free cash flow and deliver superior shareholder returns in a through-the-cycle approach. We are accustomed to the vagaries of commodity markets, and we build our business to ride through the cycle to be robust during the good times and to be very resilient during the challenging times.

We'll get into the details with Bob, but the core message here is our fundamentals are strong. We've got a deep world-class portfolio. Our upstream assets stand out for peer-leading cash margins and strong gearing to oil.

Second slide here is underpinning that consistency are four long-standing financial priorities. In order, they are to grow the dividend consistently, to invest capital efficiently, to maintain a strong balance sheet and to buy back shares steadily through the cycle. I'll zoom in on the dividend because we know our shareholders rely on that, and most of our shareholders put a real value on the dividend. We don't cut the dividend in difficult times, and we're committed to growing it through commodity cycles. We've increased our dividend payout for 39 consecutive years, 6% compound annual growth rate over the last



15 years. We increased our dividend during COVID when some of our peers cut their dividends, and there was never a question as to whether or not we would be able to sustain the dividend. As you can see from the graph on the right, we've got a track record, whether you look at the 5, 10, 15, 20 or 25-year period of doing just that at the highest average dividend growth rate of our peers over the last 25 years and consistency that is represented by a set of bars there that are pretty darn stable when you compare them to those that sit to the right of them.

Final slide, just laying out what we believe is the winning combination for investing in our company. First, we have strong free cash flow and importantly, it's not a promise for the future. It's here today. We expect to generate more cash and keep growing free cash flow at a rate of 10% per year at what seems like a very quaint [\$70 nominal] Brent price in today's world. It grows at a 14% CAGR at a \$70 [real] oil price and it grows at a higher rate, if you assume a higher price than that.

Along the way, we intend to reward shareholders, as I said, through steady growth in the dividend [and] through-the-cycle buybacks. We bought shares back 19 of the last 23 years. We bought shares back in 2020 during COVID when our peers all shut down their programs. We actually repurchased shares during COVID, and we expect to meaningfully increase earnings and returns underpinned by more than 20 years of high-quality resource ahead of us and strong execution. Finally, we remain focused on cost and capital discipline. During our Investor Day in November, we lowered our capex guidance, and we increased our structural cost reduction target.

So, with that, Bob, we can get started.

Bob Brackett:

Fantastic. I appreciate that, and please join me here. It's May 28th. The first of the major attacks in this crisis were February 28th, right? We're 3 months in. We just lapped the Memorial Day weekend, which is traditionally the start of the summer driving season. Summer is coming to the Northern Hemisphere where most of us live. And in the summer, we burn oil-derived products for power. And WTI, I just checked, is \$89 a barrel. Start with the physics of what has happened to the Strait of Hormuz. Give us a story there, and then we'll come back and talk to why physics doesn't seem to connect to price.

Mike Wirth:

I'll try to give you this in a simple form. You've all been following this. The world uses, in round numbers, about 100 million barrels of oil a day. 20% of that typically flows through the Strait of Hormuz. 20% of the world's liquefied natural gas typically flows through the Strait of Hormuz. So, those flows have been cut off for the most part, there's a ship or two sneaking through every day. But for the most part, those flows have been halted. There is the ability for a couple of the countries in the Middle East to get production around the Strait either over to the Red Sea or to Fujairah, which is a port that sits outside of the Strait. So, the world hasn't lost all 20 million barrels a day, but it's probably lost 12 to 13 million barrels a day. Also lost refined product. Europe is a big customer of refined products that come out of refineries in the Gulf states. So, we've had a big subtraction of supply from the global energy system. That has resulted in prices going up to some degree, but as you say, Bob, not as much as some might have expected, and there's a couple of reasons for that.

Number one, we came into this year with above normal levels of inventory, globally. In fact, most people's outlook was for some downward pressure on oil prices as a result of that. So, that was a bit of an insurance policy that we've been able to draw against during the first 3 months of this.

The second is we had more than the normal amount of oil on the water. The U.S. government and the Europeans have had sanctions on Russia, Iran and Venezuela that have not resulted in that production not getting into the market, but it gets into the market via



what is known as the dark fleet. In fact, for those of you that read the Wall Street Journal, they got a good piece today on how the dark fleet actually works, ship-to-ship transfers and others; an entire industry out there that works around the fringes of the oil sector because the incentives to move oil are so strong. There was a lot of oil on the water that was being moved in these types of movements more than normal, and the U.S. has relaxed sanctions on some of that activity, which has allowed those barrels to flow into the market as well. And then you've had releases from strategic reserves.

So, the net deficit in oil production versus supply has been somewhat offset by those three mechanisms and prices have gone up, but not as much as they could or as much as they may go up.

The other two things, which are kind of next order mitigations that have bought us a little more time is in the early days, Asian refiners really loaded up on oil and they bought further into the future than they typically do. That drove near-term prices even stronger, particularly for certain grades out in the Middle East. They then quickly reversed that and stopped buying because they'd secured some more supplies and they saw a forward curve that said, look, prices are going to be lower in the future than they are today. They can't stay out of the market forever, but they've taken a little bit of near-term buying pressure off the market.

And the last thing is the Chinese had been building their strategic stocks in a very aggressive rate over the last 18 months. That has slowed, and that's taken a little bit of buying pressure off the market.

So I'm a chemical engineer; we learned to do mass balances and things that come in eventually come out and what's happened is you've got all this inventory that sits in between the ins and the outs and that has been able to buffer the pressure. The buffers and the shock absorbers are being steadily drawn down and the ability for the market to absorb this imbalance is drastically diminished today versus where we started and over the next few weeks, we're likely to see those pressures flow through more directly to physical prices, and there's more upward pressure that I would expect as we get into June and certainly into July.

Bob Brackett: It's the old leaky bathtub problem, right? You got the bathtub. You've got oil flowing in. We started with a full bathtub, and we're approaching bathtub bottoms or tank bottoms and again, and you sort of highlight Chevron historically thinks out 5, 10 years, and you're using units of 2 to 3 weeks.

Mike Wirth: We think and allocate capital over the long-term, and this is a short-term phenomenon today, which could end up having longer-term implications, likely will have longer-term implications. A little hard to say definitively exactly what those are today.

Bob Brackett: Broken mass balance and \$89 crude doesn't sound completely rational. Eventually if we're going to fix a situation, economics is the allocation of scarce resource and economics can work in a free market with a price signal or economics can work in a planned economy with government choices. Talk to those choices. Talk to what policymakers might be tempted to do and what they could do to be helpful and what they can do that would not be helpful.

Mike Wirth: Look, the price signal is an incredibly efficient way to allocate resources, to your point Bob. And I think to really curtail demand, to incentivize supply, the market is what needs to work. Policies that allow the market to work are the ones that are most helpful. And the market needs supply and it needs flexibility today. So, policies that encourage supply and increased flexibility are helpful. So, releases from strategic reserves put supply into the market, that's a good move. The Jones Act, which you may be somewhat familiar with,



is a law that constrains shipping in the U.S. between two U.S. ports to be done on U.S. built, crewed and flagged vessels only, of which in our industry, there's a finite number that are constantly in service. So, a waiver of the Jones Act – and they [U.S.-flagged ships] cost about four times what a non-U.S.-flagged ship costs – a relaxation or a waiver of the Jones Act allows us to bring a non-U.S.-flagged ship into service to move crude or products from the Gulf Coast to the West Coast. California needs some help, and so that gives the system flexibility.

We've seen the Defense Production Act used in California to bring production in that was being fought with lawsuits and other measures, but it brought more supply to the market. We've seen specification waivers that allow us to sell products that have a higher vapor pressure at a time you'd normally not be able to do that so it keeps some more molecules in the product pool. So, a number of measures that are taken due to either increase supply or increase flexibility have been taken, and those are good.

The things that are not as helpful are things that interfere with the market functioning, and an export ban is one that has been talked about. And it may feel on the surface [that] to keep the U.S. well-supplied, banning exports from the U.S., which is a product exporter now, would be a good thing. It actually would constrain the market from working. The U.S. is a net exporter, but it's also an importer. We import a lot of oil from Canada. We export a lot of products to Europe and import products to the West Coast from Asia. Shutting off all of those routes, in the short-term, could reduce prices in the U.S. In the long-term, what they'll do is they'll reduce production [and reduce] the refinery runs in the U.S., in the medium-term after just the first few weeks of feel-good effects. They'll actually take supply out of the market, and they will reduce flexibility in the market, which will only drive prices higher and make things worse.

A tax on profits that would discourage investment at a time when the market signal should be encouraging investment would also be something that's been tried before, hasn't worked in the U.S., hasn't worked in other places as it was advertised to, would be the kind of measure that would not be helpful.

We've not seen governments take those actions by and large. There have been some export constraints imposed in some countries in Asia. But for the most part, in large consumers and producers, we haven't seen these kinds of policies come in yet. It doesn't mean they won't be talked about. It doesn't mean they couldn't be considered, but I think the key point is things that help markets function well are the right actions for governments to take. Things that impede markets might have political appeal, but they ultimately can make the situation worse not better.

Bob Brackett:

And ultimately, this too shall pass, which is actually an old Persian proverb, right? Eventually, the Strait will reopen and eventually, we'll get back to some sort of normal. But it won't be the old normal. It will be some new normal. How do you think about things like what is the right ability to refill global inventories that have been drained? Over what period of time does that happen? Have we increased the discount rate, the risk factor for global oil and gas investments?

Mike Wirth:

Well, I think it's early, and 90 days can seem like a long time [but] in the scheme of how we look at things, it's a relatively short period of time. But I agree with you that we will have some sort of a new equilibrium on the other side of this. I think there will be – there are some things that you'd argue; are we going to use more coal, are we going to use more renewables? Are we going to go back to oil and gas in the same measures that we're using it today? You can debate those, and I think the world is going to want a more resilient energy system as a result of this, and already after the Ukraine situation, there'd been moves towards that. I think the world is going to be very concerned about choke points where large flows of energy are prone to being cut off.



Hormuz is not the only one of those in the global system, and I think the world is going to be more focused on an insurance policy or reserves, which has been very, very useful. There are some countries like Australia, which had almost no reserve. They've shut down most of the refining capacity, and were highly dependent on just-in-time product imports, which are at great risk, and they've seen price increases and the risk of supply outages in a country like that is much greater than it would be in a country like the United States. So, I think every country in the world is going to take a look at their own supply situation, their demand situation, where they have the ability to create resilience in their energy system. What they can afford, because nothing is free.

Every one of these measures or policies will come with some economic costs that will be required, and I think you're going to see countries on the other side of this reassess their energy policies. One thing that I do believe is pretty predictable is you're going to want to rebuild strategic stocks that will have been drawn down because in the short term, you can't switch very easily to something else, and so you need to rebuild that. That's going to put more demand into the market, which is going to put a bit of additional tension on the price. I think you're probably going to see some people want to have higher stocks than they had before. You're going to see a lot of investment required to repair damage in the Middle East. Oil fields, LNG facilities, refineries, all of which have suffered in some cases, pretty significant damage are going to require investment, that's going to run into the billions, maybe tens of billions of dollars. It's going to take time. That will put some inflationary pressure into the cost side of the business, and I think that all tends to suggest the floor under prices is likely to be a little firmer and higher than it otherwise would have been. With the caveat that if this goes on so long that it tips us into an economic slowdown or a recession, you might have an offset on the demand side, which you can't rule out at this point.

Bob Brackett: If you go back to 2025, it felt like there was a put on Brent between \$55 and \$60, right? Even if you look at the balances and you looked at as the glut, somebody, and I think Chinese SPR is a good candidate, saw that as a huge opportunity. It's not clear to me when people get such a great opportunity as a put to go out and refill inventories and so maybe the floor has come up.

Mike Wirth: I think that's right, and I think countries are going to have to ask, can they afford to wait for a better time to refill or not. We're in a world that has seen shocks with increasing frequency, right? COVID was a very unexpected thing. Russia-Ukraine, maybe less unexpected. This one. The likelihood that another shock is around the corner is something policymakers are going to have to bear in mind and how long they can wait, how long they want to roll the dice before they refill inventories is a question that I think we're going to see policymakers have to grapple with.

Bob Brackett: And then on the LNG side, right, if 20% of oil exits the Strait, comparable amount of LNG exits the Strait and your LNG assets are global, certainly in Western Australia. What's happening to LNG markets? And there, we've seen some increase in global LNG price, but again, not what we saw, for example, Russia-Ukraine.

Mike Wirth: LNG has a certain seasonality to it, and this happened as we're coming out of the winter in the Northern Hemisphere. That's typically a time when demand comes off. Inventories have been relied on to get through the winter. There's a general inventory refill that happens as we go through the season and then demand really amps up again later in the year. So, you've got a bit of an offset just through the normal seasonal demand cycle.

There is some new capacity that's come online. The U.S. is sending out LNG at record rates and as fast as it possibly can with some new export facilities coming into the market



over the coming quarters. Australia, West Africa where we operate, sending out LNG at full rates right now, and we are seeing some switching in the market. Coal-fired generation is up. People that can burn coal are burning coal, and it's on an increase around the world, and I think one of the things on the other side of this is we're likely to see coal consumption has been reenergized to probably use a bad word or a bad pun. But, I think you're going to see coal is going to be more robust going forward as well.

Bob Brackett: The rumors of its death have been greatly exaggerated. That brings us to Chevron, which is to say you all were set to spend \$13 billion in capex this year.

Mike Wirth: \$19 [billion].

Bob Brackett: Sorry, \$19 billion. You're going to spend \$10 billion in buybacks, \$13 billion in dividends. If you look at just flowing where price almost has to be mathematically around \$90 this year, that's something like \$25 billion of cash flow that you haven't moved around. So, how do you think about that cash flow coming into the system? What do you do with it? I think I know what you do with it now. How do you think about what you do with that over time?

Mike Wirth: I'll go back to the four priorities that I mentioned in my opening remarks. Grow the dividend consistently, invest to grow future cash flows, support the dividend, maintain a strong balance sheet, which in our industry is vital. We've got a AA credit rating and have for decades. And then buy shares back consistently over time. Don't try to time share repurchases. In our industry, the criticism, which I think is valid is companies tend to buy shares back when commodity prices are high, which means equity prices are high, so they're buying the stock when it sits at its peak, and they don't tend to buy the stock back during the trough. We try to buy stock back steadily through the cycle so that we're not trying to call the peaks and the troughs and not be countercyclical, procyclical, just buy through the cycle.

As we come into this, we're definitely going to see cash flow this year that is surplus to those needs and what happens is they're going to go on the balance sheet, and the balance sheet will be even stronger. That's never a bad thing in a commodity industry. The companies who have storied names that are only seen in the history books, not on the Street anymore, are the companies that found themselves vulnerable with a balance sheet that wasn't well-positioned, and they got hit in a cycle where they couldn't weather it. So, it's never a bad thing in our industry to strengthen your balance sheet.

Over time, we don't need a balance sheet that's that much stronger than where we are today, and so the money comes back to shareholders through share repurchases, through growth in the dividend. We're very tight on our capital investment into the growth sector. So, as I said, right now, we've got a range of \$18 to \$21 [billion] that we've guided for the next several years. I don't anticipate we'll go outside of that range. You're talking about having tens of billions of dollars of cash that surplus to those needs, that grows on the balance sheet and that ultimately flows back to shareholders.

Bob Brackett: Yes, there is an interesting argument that Chevron outperformed much better in January and February, where it was sort of easy, right? Oil at the start of the year at \$60, it's clear that it wasn't sustainable. And then since the war, not just you all, but the sector broadly has not performed the way you might have expected. If you told people to start the year at February 28 is when oil is going to rip, people might have waited to buy your shares, and that would have been the wrong answer. So, there's an argument that at today's prices, maybe the share price isn't that procyclical and there's the value to be had there.

Mike Wirth: I would agree.



Bob Brackett: For the audience or for you I mean –

Mike Wirth: I call that a buying opportunity.

Bob Brackett: The other aspect, as you talk about that balance sheet, right, the balance sheet you have had weathered COVID, weathered 2016 war on Shale, weathered GFC, can go further, further back. What you hate to have is to be the battleship without firepower at the bottom of the cycle. You have used the bottom of the cycle historically to be acquisitive, right? You find those that weren't prepared when the tide went out. I imagine that that cyclical M&A strategy will never go away. But what about M&A sitting here at sort of at the top of the cycle. Are there any opportunities in either you divesting assets into a market or putting assets into your portfolio?

Mike Wirth: We're always high grading our portfolio, and so we've got some assets that we're in the process of selling right now. We've got a concession in Angola that we're in contract on that has an override that we'll take some of the upside when we get to closing based on the movement in the oil price. So, high price is a good time to be a seller and some of the assets that don't compete as effectively for capital in our portfolio, we may look to sell to others who they fit better and then you can get a stronger price in a market like this. We tend not to be a buyer of assets or companies at this point in the cycle and there can always be kind of a unique circumstance that might violate that rule, but it's hard to find those, and we have tried to be well-prepared.

We acquired Noble Energy in July of 2020 when there were no other buyers out there, and it was a company that was in a difficult situation, and we were able to acquire it at a very opportune time. You can't always predict that. You don't have perfect knowledge in the future, but the history books are not filled with good deals in commodity industries that were done at high prices. It's easier to find ones that were done lower in the price cycle and so that tends to be what we look for to the extent you can do that with certainty about what the future is going to look like.

Bob Brackett: And if I think about assets that you like, competitive returns, lots of runway and low breakeven in the appropriate operating environment. I think I've got 3 questions on Venezuela, which checks some of those and questioned some of those. So, talk about Venezuela and your opportunity set there and what you're pursuing?

Mike Wirth: We've been in Venezuela for virtually the last 100 years with a short period of time when we were out of the country. We're the only American company on the ground there for the last many years as others left in the late 2000s, and it hasn't always been easy. We've gone through some challenging times with sanctions imposed by the U.S. that constrained our ability to participate in our joint ventures. We're a non-operated partner in three different ventures in Venezuela. We've got a really good workforce on the ground there. We've got high-quality assets, the best quality assets in the country. What many people are surprised to learn is that Venezuela has more oil than any country on the planet, including Saudi Arabia. So, it is a very well-endowed hydrocarbon province. It is very close to the largest customer for that type of oil, which are the Gulf Coast refineries and historically, it's been pretty well-connected to that market. So, as we've seen the changes in the country here over the earlier part of this year, we find ourselves in a pretty advantaged position being on the ground with operations, with good knowledge of working through the regulatory and government environment there, with a good working relationship with the U.S. government on the sanctions regime and a position that we understand very well geologically.

We've been able to improve that position by returning a couple of assets to the government that wouldn't compete for capital in our portfolio, one towards the end of life oil field and then a very early in life gas field that hasn't begun development yet, unlikely to draw capital



investment from us. Others may see them differently. So, we've returned those to the government, and we've picked up a deeper position in one of our joint ventures, so more equity in one of the joint ventures and then adjacent acreage to some of our existing acreage, which has got a longer runway and is very synergistic with our existing operations. So, we strengthened our portfolio, thus far. We're in discussions with the government about better financial terms, which are necessary to encourage investment into the country.

The government has changed their hydrocarbon law and moved to a more competitive regime, but there are ranges for taxes and royalties and other terms that are then negotiated deal by deal. So, we're in discussions there to try to land those at a place that will allow it to compete for capital within our portfolio against other choices we have around the world, and we'll see how that all plays out.

I think there's an improving working relationship every month between the USG [United States government] and the Venezuelan government. We certainly see signs of encouragement. We're still [recovering debt that we're owed from] many years ago. We've got a mechanism in place now to recover that, and we've been growing production using that same mechanism to fund some basic maintenance and simple infill drilling and well workover type activity. So, we've taken production in our ventures from about 50,000 barrels a day to above 250,000 barrels a day over just the last couple of years and on that program alone, could see that go up by another 50% or so by the end of 2028. There's certainly the potential for production to grow more than that if we can get these contract terms agreed and see an environment that allows us to have the confidence to increase our levels of investment there.

So, it's a nice option within our business. A lot of runway. Our contracts there for the various concessions go deep into the 2040s. So, we've got a couple of decades at a minimum ahead of us that we could invest and grow there. We'll have to see how it all plays out.

Bob Brackett:

And there's ways to play with fiscal terms. When you're investing international capital, you think about the IRR, you think about the NPV, you think about the maximum cash impairment, right? How much capital have I put into that system before I start to get revenue and we're seeing countries like Libya, countries like Iraq start to modify fiscal terms to kind of mitigate that last factor. Like I understand I'm taking risk, but let me mitigate how much capital I put to work. Is that something you'd want to see in Venezuela as a bit of assurity?

Mike Wirth:

Yes, those are the kinds of dynamics that are very important in these contracts because one way you mitigate risk is by managing how much capital you can have laid out at any point in time, and if you've got mechanisms to recover that sooner rather than later so it doesn't continue to accumulate before you begin to see inflows, you then have derisked the investment. So, we're seeing a number of different governments around the world that we're in discussions with be very open-minded to mechanisms like that that can create a better environment for us to invest in.

Bob Brackett:

Another place with a lot of oil is the Permian Basin. You're a million plus barrel a day producer. We have a somewhat specific question on can you provide an update on the Permian data center? What are some of the issues in firming that up? But maybe start by just framing the Permian in the portfolio, why shouldn't that compete for even more capital and what your plans are there.

Mike Wirth:

I'll get to the data center question in just a second. But our basic Permian position, we've got [almost] two million acres in the Permian, and the three words I would encourage you to remember of our Permian position are scale, technology and royalty. So, scale is huge. We've got many billions of barrels of resource yet to be recovered in the Permian.



Technology can unlock much greater recoveries. Today, despite all that you hear about horizontal drilling and hydraulic fracturing and the shale revolution or miracle or however you hear it described, we're only recovering about 10% of the molecules in the ground. So, we're leaving 90% of the molecules behind.

Never in the history of our industry have we known where there was that much oil and gas and left it behind. It's a matter of working on the technologies to improve these recoveries from this very dense rock matrix that holds it, and so there's real upside opportunity in unlocking that. We're doing a lot of work on that. Others are doing a lot of work on that, and that can take an asset that may have two decades of running room and give you three decades or four decades or even more. And at a million barrels [of oil equivalent] a day, it could take you to a point where you'd say, "Well, let's take that number up". So, there's a lot of upside in technology there, given the early stage of life that this is in.

And then the third is a unique advantage that we have, which is royalty. And typically, in the U.S., people lease land from a landowner and they pay a royalty. They pay a royalty to the federal government, offshore Gulf of America or in federal lands in New Mexico. Private lands, you pay a private landowner. We own most of our acreage in fee and have for decades in West Texas and to a certain degree in some of the New Mexico acreage that we're in. So, 75% of our Permian acreage, we pay [low or] no royalty or we pay our royalties to ourselves effectively because we don't have to take cash that comes in and pay it to the [mineral]owner because we are the [mineral]owner.

So, you put those three things together and if we can be competitive on every other aspect of performance, which we are, you can have an unmatched position in the Permian. This has running room not only at a million barrels [of oil equivalent] a day through the end of this decade; we see holding a plateau until the end of the next decade and perhaps longer, subject to some of these technologies I've talked about. And in early days in the unconventional, the criticism was companies plowed all the free cash flow back into growth, and there really was no return of capital to shareholders. We've grown to a million barrels a day where we're now holding a plateau with a very small rig fleet and small completion fleet compared to what it took to grow to there. What that does is it helps us really widen out the free cash flow out of that asset. So, it's throwing off, again, at a [\$70] oil price, \$5 billion a year in free cash flow at a higher oil price, even more than that. So strong returns, strong free cash flow, very durable long into the future.

Last thing I'll say on the hydrocarbon side is we're primarily going after oil-bearing strata right now. There's a lot of gas in the Permian Basin as well, which is maybe the bridge into the data center question. And that is everybody's read all the enthusiastic, almost hyperbolic, excitement about data centers, AI and everything goes with it. The reality is you're turning energy into knowledge, essentially using these technologies and the limiting factor now isn't the models and the ability to build great models. Frankly, notwithstanding the market cap of a company like NVIDIA, it's probably not GPUs either. We're seeing the response on GPUs and memory and some of the other things that are required. The real binding constraint in the U.S., in particular, is going to be power. If you go back to 2015, the U.S. and China both used about five thousand terawatt hours of power. Fast forward to 2025, the U.S. is still using about five thousand terawatt hours of power, China is at ten [thousand terawatt hours].

So, China in the last decade has built out a power infrastructure equivalent to the entire United States' grid, while the United States has done nothing. That has enabled them, and they're still on a pace to grow, and this has primarily been coal. They've got hydro in there. They've got some renewables in there as well. But they do not have a power constraint. They've got GPU and model constraints that are the things they're working on in the race. The U.S. really has a power issue and so you hear the President talk about it, you heard Doug Burgum talk about it. We need a lot more power. The grid wasn't designed for this



kind of growth. So, there's real issues with the grid, there's real issues with permitting, there are debates over how; do you do this with wind and batteries? The reality is the U.S. has such an endowment of natural gas, that a big part of the answer is going to be natural gas-fired generation.

In the Permian, natural gas price is negative right now because there's not enough takeaway capacity and so rather than flare it, companies will pay you to take their gas. We actually have pipeline takeaway capacity in excess of what we need for our own gas, so we can have somebody pay us on the one hand and give us the gas. So, you have revenue and revenue at no cost. I like that. But we're also looking to develop gas-fired power generation out there to support the data center build-out. We're deep into discussions with Microsoft. It's been leaked out into the media for multi-gigawatt scale power generation. Negotiations aren't complete. So, it's not done until it's done, but it's a high-quality customer that clearly has not only a current business but a growing business in data centers and AI. Strong, obviously, a very strong company from a balance sheet standpoint, the kind of company we can work well with, and we would intend to build an initial multi-gigawatt site to serve a customer like this. We've got other sites we've identified and have begun working on and this could become a growth element of our portfolio.

Bob Brackett: With the idea, you help them, the razor and blade model. You help them stand up the power, which is not the most amazing return, but then you're providing that source of natural gas.

Mike Wirth: And look, we'll get returns. Our expectation is we won't fund the project and sign the contract. We can't. They're going to be competitive with other options that we have. The nice thing about this is you would get a cash stream that is not necessarily commodity price correlated. So, we'd get a capital recovery charge, operating costs and then the commodity price risk would be born by the customer, and we can help manage that risk. There's different ways you can do that, but we wouldn't have the way we have in many of our other businesses, the cash flows riding on the same commodity price cycle.

Bob Brackett: Similar to the LNG portfolio, where LNG has floors and ceilings and some price, but it's almost like a bond annuity. It goes for 20 years, and it's helped part of a portfolio because other parts are going to be volatile.

Mike Wirth: The LNG analogy is a very good one, particularly when you're looking at stranded gas.

Bob Brackett: We do have a question on Western Australia that's really about the opportunity for Australian shale gas to feed into LNG, but let's make that even broader. It feels like we're on a cusp of an exploration cycle globally, an international exploration cycle, which is long lead times, sometimes putting lots of money to risk. Talk to your international exploration strategy and what is that delivering and when?

Mike Wirth: We, over the last decade or so, have narrowed our exploration activity into proven basins near infrastructure where we could find discoveries, tie them into existing facilities and have shorter cycle time and lower risk because we were adding so much resource and reserve to our portfolio in the unconventional part of our business. We've had a decade where every year, we've got reserve bookings and resource growth in unconventionals, and we really didn't need to be very active in exploration, and I talked earlier about capital discipline and making trade-offs, and we made a trade-off and so the less exploration while we're focused on building up unconventionals.

We now produce 1.6 million barrels a day, 40% of our four million a day is coming from shale. That's a big piece of our business. We do want to continue to add assets around the world, explore, particularly offshore, and so we've made changes in our business model with a more centralized decision process now to manage a global portfolio. We brought in



talent from the outside, new Head of Exploration, hired in with deep experience with multiple companies has joined us. He's got coattails, he's brought in some other people. We got him some great talent from Hess. So, we've got new experience and new ideas, a lot going on in the technology space.

If you look at exploration, it generates some of the largest data sets on the planet and doing a run on our seismic data after we do a big 3D seismic shoot takes months. Advances in high-power computing, quantum on the horizon, some of the AI tools are giving us a very different set of tools to hunt for needles in haystacks, and there's a lot of very encouraging work underway that I think is going to change the way exploration works. We've added acreage in probably 10 to 12 different basins around the world that are relatively underexplored. Some of these won't work, some of them likely will work, and then we're putting some more resources into this, some more capital. So, it's business model, technology, talent and the resource access with acreage and then some more capital. I think in the medium-term, so call that five years, you talked about lead time, you'll see some contributions from that [exploration] to our business.

I'll loop back quickly to Australia and shale gas. Australia has got pretty well-understood shale basins in a couple of different parts of the country deeper than the U.S., higher temperature than the U.S. and conditions that are different than what we see in the U.S., likely higher cost to develop than what we see in the U.S. but it's there. And frankly, there was a time when the U.S. as thought to be higher cost and more difficult, and so I wouldn't bet against the industry figuring out a way to start to develop the shale in Australia. We've done some work around it. Again, I probably said it three or four times, it's got to compete in our portfolio and right now, we don't see it competing in our portfolio, and so we don't have a position there, but other good companies do and are working it very hard, and I hope they're successful. The world needs them to be successful.

Bob Brackett:

If it's competing in your portfolio, it's competing against Tengiz. Talk to Tengizchevroil, and talk to the start-up there last year, ultimately how we are positioned today.

Mike Wirth:

It's one of the largest oil fields on the planet, in Kazakhstan. We entered shortly after the fall of Soviet Union. This was a 50 thousand barrel a day oil field under the Soviet regime. In the intervening 30 years, we've taken it from 50 thousand barrels a day to a million barrels a day. Most recent expansion took it from about 650 [thousand] or 700 [thousand] up to a million barrels a day. Came online a little bit more than a year ago, ramped up very, very smoothly and reliably and we've got strong production coming out of that asset today. It travels through a pipeline to a port on the Black Sea. Pipeline transits through Russia, so there's some geopolitical risk that is involved in getting it to market, but it's a very strong contributor to the Kazakh economy, has been a strong contributor to our portfolio and our other partners there.

The concession runs from 1993 to 2033, so a 40-year concession from the government. We entered into discussions with the government about a year ago right now to talk about an extension of that contract. Those discussions are going well. There's a technical path, a commercial path, a legal path. The partners in the venture have been aligned working with the government and have narrowed down the list of issues that are important to both sides to be negotiated, and we are in the process of working our way through that. So, no show-stoppers that have emerged at this point, not a deal yet. It's a big, complex deal. We need something that works for the Republic of Kazakhstan and works for the investors. It looks to me like there should be deal space there for both parties to come away with something that meets their needs. So, stay tuned. We'll talk more about that as things advance.

Bob Brackett:

A lot of those issues will have dollars attached to the more Tenge if you're using Kazakh currency and some of those dollars could be right, a desire of the Kazakh government for



more investment, for more growth. What's the runway? What's the exploration or sort of the development opportunity set there?

Mike Wirth: I mean this is a super-giant field and it's produced a lot of oil already, but super giant fields are called that for a reason. They're big, and they've got a lot of runway. So, that's part of what we're talking about now is a technical development scheme, what are the investment opportunities, what kind of economics would those bring with them for the investors, what would that bring for the Republic, and so those are all issues that are being worked, Bob. But this is a many multi-billion barrel field of which only a portion has been produced, and so there's reason to continue to invest if we can find a model that works for everybody.

Bob Brackett: You are an integrated oil company, and we've spent all this time talking about macro and upstream. Talk to ultimately the role that refining and petrochemicals plays for you. It is the minority of earnings, minority of focus, but still global in scale.

Mike Wirth: On a stand-alone basis, this would be a sizable company. It just sits inside of our company, which makes it look maybe a little bit less significant. We've got a global refining system, primarily in the U.S. and Asia is the footprint. Petrochemicals, primarily U.S. and Middle East. Generates strong returns through the cycle. We have integrated businesses on the refining side, where we've got a pull-through of feedstocks to high-value products, good brands and markets downstream of those. So, you can capture margin as it moves across the value chain.

Our refining entities have scale. They have what's referred to in the industry as complexity, which means they can convert low-valued molecules by either creating longer chains or shorter chains or reconfiguring the hydrocarbon chains into a lot of high-value product. Then we've got a good optimization effort to get those out to the highest netback markets. So, refining and marketing, a good strong contributor in cash flow, \$4 billion out of our downstream and chemicals business every year in [free] cash flow and normal [mid-cycle] margin conditions.

Petrochemicals growth, the demand for petrochemicals, which are in every product that we use in our daily lives, the demand is widely distributed, and emerging middle class and growing global population continue to drive that growth. We will continue to invest in that business, primarily through two large joint ventures: one in Korea that's focused on what's called the aromatics part of the petrochemical business and then U.S. and Middle East, which are olefins, a partnership with Phillips 66. So, good and big important parts of our business, and particularly the petrochemical side, we've got two big projects under construction right now that will provide growth long into the future.

Bob Brackett: And, maybe in the last minute, ultimately, what's the value proposition for owning Chevron stock?

Mike Wirth: Well, I'd summarize what I said earlier; It's consistency and predictability. You're going to get a strong dividend. The dividend is yielding almost 4% today. Dividend increases, as I said, 6% CAGR on the dividend over the last 15 years, 39 years consecutive years of increases. You're going to see consistency, predictability, security, capital discipline, cost discipline, and most of the cash comes back to the shareholders. We have distributed over \$50 billion back to our shareholders over the last couple of years. We have \$25 billion-type years. So, more money is going back to shareholders than is going into investment, through the dividend and the share buyback, and I would expect that to continue. So, it's predictable, it's safe, it's secure. There's upside in the equity value, and the dividend [yield], you'd like to compare it to inflation protected treasuries and it's got quite a premium to those.



Bob Brackett: I'll close with that, right? Remember, you don't compare a commodity business giving you a dividend to a government dividend. Ultimately, inflation is ultimately good for a commodity-based business. Inflation is not so good for yields on dollars. And with that, thank you Mike, thank you in the audience. Appreciate your time.

Mike Wirth: Thanks, everybody.