



video transcript

2016 year in review

human energy®

2016 saw us continue to progress business strategies in a low-price energy environment. Our priorities were to finish projects under construction; reduce capital spending; reduce operating expenses; complete asset sales; and operate safely and reliably.

We sustained our commitment to shareholders and increased our stock dividend, marking the 29th consecutive year we've increased the annual per-share dividend payout.

In our upstream and downstream organizations, we completed a number of divestments including Gulf of Mexico shelf assets and our Hawaii refining and marketing business.

Our 2016 Operational Excellence performance was strong in many areas. Preventing fatalities and high consequence process safety incidents will continue to be our top OE priority in 2017.

Our upstream business adapted to a low-price environment and delivered planned production and we took several steps to improve cash flow and returns.

We maintained our targeted exploration strategy and secured new contracts, including an entry into Mexico.

In North America, we continued to grow production from our assets in the Permian Basin, where we made significant progress in reducing costs and increasing efficiencies.

In the Gulf of Mexico deepwater, production continued to ramp up at Jack/St. Malo.

Our Gorgon Project achieved first gas from its Barrow Island LNG plant. Gorgon's second train also came online and we commenced domestic gas supply from Gorgon to Western Australia.

We safely achieved first gas from two other major Asia-Pacific projects, at Chuandongbei in China and Bangka in Indonesia.

In the United Kingdom North Sea, we deployed an array of technological firsts to produce first gas at the Alder Field.

In Kazakhstan, we reached Final investment decision for the Future Growth and Wellhead Pressure Management Project at the Tengiz oil field.

Our Midstream and Development organization managed the delivery of LNG from the Gorgon project to our customers in Japan and completed additional LNG supply agreements for delivery from Australia.

The Amberjack pipeline system, debottleneck project achieved mechanical completion ahead of schedule and within budget. The system connects projects in the deepwater Gulf of Mexico, such as Jack/St. Malo to the market.

We executed the planned aero-derivative turbine support program at San Joaquin Valley, Frade, Agbami, and Platong.

In 2016, our global refining system had its highest utilization in more than 10 years.

We completed development and moved toward commercialization of our ISOALKY technology, a revolutionary alkylation process for making premium gasoline stock.

We advanced our Oronite blending and shipping facility in China and the carboxylate plant in Singapore. And our CPChem joint venture made progress on the major petrochemicals expansion project, which is expected to start up in 2017.

Application of technology was instrumental to the success of our upstream base business in 2016.

We completed deployment of INTERSECT, a new reservoir simulation software, to all major capital projects and key producing assets, resulting in more reliable production forecasts and optimized project performance...and we finalized global expansion of our *i-field*[™] technology, which uses time-relevant data to standardize analysis and manage routine work, reducing exposure to safety and environmental risks.

In 2016, we invested significantly in major projects and local goods and services, created jobs and generated revenues for local communities.

Our Appalachia Partnership Initiative, established in 2014 to help address gaps in the skills needed to fill family-sustaining jobs, attracted an additional \$8 million from API partners and public and private organizations.

We grew our network of partners that provide treatment and training to the most medically underserved populations in Africa and Latin America. Our work helped create a new health care program that focuses on improving the health of mothers and children in Neuquén province near our Loma Campana project in Argentina.

In Indonesia, our multi-year PRISMA program provided small grants, capacity building trainings, technical assistance and access to loans to local farmer groups, small businesses and cooperatives benefitting 1,200 people.

In 2016, our people rose to the challenge of a transitional year, continuing to develop the energy that improves lives and powers the world forward.