



# Exxon Mobil Corporation

## Company Profile

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## COMPANY OVERVIEW

Exxon Mobil Corporation (Exxon Mobil) is an integrated oil and gas company based in the US. It is engaged in exploration and production, refining, and marketing of oil and natural gas. The company is also engaged in the production of chemicals, commodity petrochemicals, and electricity generation. The company operates across the globe. It is headquartered in Irving, Texas and employs about 83,600 people.

The company recorded revenues of \$370,125 million during the financial year ended December 2010 (FY2010), an increase of 22.8% over FY2009. The operating profit of the company was \$117,883 million during FY2010, an increase of 22.7% over FY2009. The net profit was \$30,460 million in FY2010, an increase of 58% over FY2009.

## KEY FACTS

<b>Head Office</b>	Exxon Mobil Corporation 5959 Las Colinas Boulevard Irving Texas 75039 2298 USA
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<b>Web Address</b>	<a href="http://www.exxonmobil.com">http://www.exxonmobil.com</a>
<b>Revenue / turnover (USD Mn)</b>	370,125.0
<b>Financial Year End</b>	December
<b>Employees</b>	83,600
<b>New York Ticker</b>	XOM

## **BUSINESS DESCRIPTION**

Exxon Mobil Corporation (Exxon Mobil) is an integrated oil and gas company engaged in exploration and production, refining, and marketing of oil and natural gas. The company is also a major manufacturer and marketer of commodity petrochemicals, including olefins, aromatics, polyethylene, and polypropylene plastics, and a wide variety of specialty products. It also has interests in electric power generation facilities. The company conducts its business activities across the globe.

Exxon Mobil operates through three segments: upstream; downstream; and chemicals.

The upstream segment explores for and produces crude oil and natural gas. The company's upstream business has operations in 36 countries and includes five global companies. These companies are responsible for the corporation's exploration, development, production, gas and power marketing, and upstream-research activities. The company's upstream portfolio includes operations in the US, Canada, South America, Europe, the Asia-Pacific, Australia, the Middle East, Russia, the Caspian region, and Africa.

As of FY2010, the company had liquid proved reserves of 11,673 million barrels and 78,815 billion cubic feet of natural gas. The company had 19,999 of crude oil and 25,500 of natural gas net production wells as of FY2010. Further, the company's net production of liquids, which include crude oil, natural gas liquids, synthetic oil, and bitumen, for FY2010 was 2.2 million barrels/day. The company's production of natural gas and oil-equivalent for FY2010 was 12,148 million cubic feet and 4.4 million barrels/day, respectively.

Moreover, for FY2010, Exxon Mobil's net exploration acreage totaled 62.1 million acres in 33 countries. During the same year, approximately 7.7 billion oil-equivalent barrels (GOEB) of ExxonMobil's proved reserves were classified as proved undeveloped. Additionally, ExxonMobil completed development work in over 80 fields and participated in major project start-ups that resulted in the transfer of approximately 1.4 GOEB from proved undeveloped to proved developed reserves by year-end. This represented the movement of 18% of the proved undeveloped reserves into the proved developed category.

The company is also engaged in power generation. ExxonMobil has interests in approximately 16 gigawatts of power generation capacity worldwide. This includes a majority interest in the Castle Peak Power Company that generates electricity for consumers in Hong Kong and mainland China.

The company's downstream activities include refining, supply, and fuels marketing. The company's refining and supply business focuses on providing fuel products and feedstock. Exxon Mobil manufactures clean fuels, lubes, and other high-valued products. The refining and supply operations encompass a global network of manufacturing plants, transportation systems, and distribution centers that provide a range of fuels, lubricants, and other products and feedstocks to its customers around the world. As of FY2010, the company had interests in 36 refineries across 21 countries, with distillation capacity of 6.3 million barrels per day and lubricant basestock manufacturing capacity of

131 thousand barrels per day. In FY2010, Exxon Mobil's refinery throughput was 5.3 million barrels per day.

The fuels marketing business operates throughout the world. The Exxon, Mobil, and Esso brands serve motorists at 26,278 service stations and provide over one million industrial and wholesale customers with fuel products. The company supplies lube base stocks and markets finished lubricants and specialty products.

The chemicals segment manufactures and sells petrochemicals. Exxon Mobil Chemical is an integrated manufacturer and global marketer of olefins, aromatics, fluids, synthetic rubber, polyethylene, polypropylene, oriented polypropylene packaging films, plasticizers, synthetic lubricant base stocks, additives for fuels and lubricants, zeolite catalysts, and other petrochemical products.

## HISTORY

Standard Oil of New Jersey (Jersey Standard) and Standard Oil of New York (Socony), the chief predecessor companies of Exxon and Mobil, date back to 1882, when John D Rockefeller acquired various petroleum interests and organized them under the Standard Oil Trust.

In 1911, Standard Oil Trust was dissolved, resulting in the spin-off of 34 companies, including Jersey Standard and Socony. In 1931, Socony merged with Vacuum Oil Company. In 1955, Socony-Vacuum became Socony Mobil Oil Company; and in 1966, it was named Mobil Oil Corporation. Jersey Standard changed its name to Exxon Corporation in 1972.

Exxon Corporation and Mobil Oil Corporation merged to form Exxon Mobil Corporation (Exxon Mobil) in 1999.

In 2000, the company completed its \$2 billion Sable Offshore Energy Project located off the coast of Nova Scotia, Canada. In 2002, Exxon Mobil created a new business venture, Exxon Mobil Travel Guide, to expand the commercial product and service line of the company's Mobil Travel Guide series. In the same year, the company disposed its coal and mineral business to focus on its core operations.

In 2003, the company launched its first synthetic blend motor oil for high mileage engines. The company consolidated its US East and US West production organizations to improve business performance, in the same year. Towards the end of 2003, Exxon Mobil's subsidiary, Mobil North Sea, made a gas discovery in the southern sector of the North Sea, following the successful testing of an exploration well (about 32 miles east of Bacton, the UK).

Exxon Mobil Chemical acquired sales and marketing assets of the BP's European isopropyl alcohol business, in 2004. In the same year, the government of the State of Qatar and an Exxon Mobil subsidiary, Exxon Mobil Qatar GTL, entered into a heads of agreement (HOA) for a gas-to-liquid (GTL) project worth about \$7 billion. Further in 2004, the company strengthened its exploration and production activity in Angola and Columbia. Exxon Mobil received E1.39 billion (approximately \$1.73 billion) from the sale of its stake in the pipeline unit of Gasunie to the Dutch government, in the same year.

Exxon Mobil divested its 3.7% stake in China Petroleum and Chemical Corporation (Sinopec), in 2005. In the same year, Qatar Petroleum, Exxon Mobil, and Edison entered an agreement for developing a liquefied natural gas (LNG) terminal offshore the coast of Italy in the North Adriatic Sea. The company entered into a five-year supply agreement with Caterpillar to supply Caterpillar oils to Caterpillar factories and dealers worldwide, also in 2005.

Further in 2005, Exxon Mobil Chemical Company entered into a product distribution agreement with R T Vanderbilt to distribute Exxon Mobil's commercial vistalon ethylene propylene diene rubber products in North America. The company also announced its plans to convert its 71 Tigermarket

convenience stores in Nashville and Memphis to its flagship On the Run convenience store brand, in 2005.

In 2006, Exxon Mobil expanded its lubricants distribution network across Germany and Poland to distribute Exxon Aviation Oil Elite 20W-50 and the company's other aviation lubricants for aircraft piston engines. In the same year, Exxon Mobil signed an agreement with Thailand-based PTT Chemical Public Company for production of low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) in a 100 kilotons per annum autoclave system.

Further in 2006, Exxon Mobil acquired 28% undivided interest out of Abu Dhabi National Oil Company's exploration and production activities in the Upper Zakum oil field in Abu Dhabi. In the same year, Exxon Mobil signed an agreement with Indonesia-based PT Pertamina, to conduct exploration and production activities in Indonesia.

Subsequently, Mobil Pipe Line Company (MPLCO), Exxon Mobil's affiliated company, commenced delivery of Canadian crude to the US Gulf Coast through an 858-mile crude oil pipeline that runs from Patoka, Illinois to Nederland, Texas. Further in 2006, Exxon Mobil Chemical and Mitsubishi Chemical Corporation (MCC) agreed to terminate certain joint venture agreements for Mytex Polymers Asia Pacific (Mytex AP) and Mytex Polymers Partnership (Mytex US). In the same year, the company started production from the Erha deepwater development, located approximately 60 miles (97 kilometers) offshore Nigeria.

Moreover in 2006, India-based Reliance Petroleum selected Exxon Mobil Research and Engineering Company's (EMRE) sulfuric acid alkylation technology for the construction of their export refinery in Jamnagar, India for upgrading the gasoline pool. In the same year, Exxon Mobil extended its technology partnership with Team McLaren Mercedes to supply the Formula 1 racing team with Mobil 1-branded motor oils and high-performance fuels.

Exxon Mobil Middle East Gas Marketing, a wholly-owned subsidiary of Exxon Mobil, signed the development plan and the launch of the Al Khaleej Gas-Phase Two (AKG-2) project with the State of Qatar and Qatar, in 2006. With this, the company completed the initial stage of the project, AKG-1, which was started in November 2005. Subsequently, Exxon Mobil Chemical announced the expansion of Halobutyl manufacturing at its plant in Baytown, Texas. The facility was to increase the capacity of Bromobutyl rubber by 60% by modifying existing equipment and adding new equipment.

In 2007, Exxon Mobil completed the phase one of the Sakhalin-1 project offshore Eastern Russia with affiliates of Rosneft, RN-Astra, and Sakhalinmorneftegas-Shelf, Sakhalin Oil and Gas Development Company, and ONGC Videsh.

Further in 2007, Exxon Mobil Chemical completed the expansion of its steam cracker in Singapore. The expansion project, announced in 2005, increased the ethylene capacity of the Singapore Chemical Plant by 75,000 tons per year to more than 900,000 tons per year. In the same year, Sinopec, Exxon Mobil, and Saudi Aramco received the government approval for the Fujian Refining and Ethylene Joint Venture Project. The Chinese government granted the business licenses for their two joint ventures in Fujian Province, Fujian Refining & Petrochemical Company, and Sinopec



SenMei Petroleum Company. The two joint ventures, with a total investment of about \$5 billion, was Exxon Mobil's first fully integrated refining, petrochemicals, and fuels marketing project with foreign participation in China.

In 2007, Exxon Mobil Chemical Company completed a debottleneck project at its specialties plant in Edison increasing production of synesstic alkylated naphthalene (AN) blendstocks by about 40%. Further in 2007, Exxon Mobil announced a new addition to its Mobil Pegasus Series of lubricants for natural gas engines, Mobil Pegasus 1005.

Subsequently in 2007, Exxon Mobil Chemical Technology Licensing and Thai Paraxylene Company (Thai PX) launched the first licensed application of Exxon Mobil's new olgone technology in Thailand. The Olgone process implemented at Thai PX's Sriracha petrochemical complex was to help in the removal of olefinic contaminants from a heavy reformate feed and conversion to paraxylene as the final product.

Further in 2007, Exxon Mobil Chemical Company formed a new specialty compounds and composites business to focus on the development, production, and marketing of engineered polyolefin compounds. In the same year, Exxon Mobil's subsidiary, Esso Exploration Angola (Block 15), started production from the Marimba North project, designed to develop 80 million barrels of oil in approximately 3,900 feet (1,300 meters) of water more than 90 miles (145 kilometers) off the coast of Angola.

Subsequently in 2007, Exxon Mobil Libya signed an agreement to execute an exploration and production sharing agreement (EPSA) with Libya's National Oil Corporation to initiate exploration activity offshore Libya in the Sirte Basin.

Exxon Mobil Chemical announced the start-up of a new \$20 million compounding facility in 2008, to supply high-performance polymers to the automotive, appliance, and specialty consumer products industries. The facility had an initial annual capacity of 40,000 tons of specialty compounded product.

In 2008, Exxon Mobil Exploration and Production Malaysia, a subsidiary of Exxon Mobil, signed a 25-year production sharing contract with the Malaysian national oil company PETRONAS for sustainable energy supplies to Malaysia. In the same year, Exxon Mobil Exploration and Production Hungary, a subsidiary of Exxon Mobil, signed an agreement with MOL Hungarian Oil and Gas for a joint exploration program in southeast Hungary. The year 2008 also witnessed Exxon Mobil entering into an agreement to sell Esso Espanola and Exxon Mobil Portugal Holdings to Galp Energia SGPS.

Exxon Mobil invested about \$100 million in offshore oil exploration in Philippines, in 2008. In the same year, the company announced its plans to exit the retail gas business by selling 2,220 branded service stations in the US due to rising gasoline prices and intense competition.

Exxon Mobil Production Company awarded contracts for work in support of the first well of a multi-well drilling program at Point Thomson, in 2008. Subsequently, Exxon Mobil announced an investment of \$1.1 billion by the Gippsland Basin Joint Venture, which included its subsidiary, Esso Australia, to develop more than 270 million oil-equivalent barrels from the Turrum field in the Bass Strait, offshore southeast Australia.

In 2008, Exxon Mobil Chemical completed a major expansion to increase the halobutyl manufacturing capacity at its plant in Baytown, Texas. Exxon Mobil Chemical announced an agreement with Resin & Pigment Technologies (R&P), a subsidiary of EnGro Corporation, in 2008. Exxon Mobil Research and Engineering Company (EMRE) entered into an agreement with Synthesis Energy Systems (SES), in 2008, under which SES would execute up to 15 methanol to gasoline technology licenses in its global operations.

In 2008, Exxon Mobil Chemical completed 130,000 tons per year capacity expansion at its Exxsol hydrocarbon fluids plant in Jurong Island, Singapore, increasing capacity at this site to more than 500,000 tons per year. Subsequently, Exxon Mobil entered into an agreement with Pratt & Whitney Rocketdyne to develop next-generation technology to convert coal, coke, or biomass to synthesis gas (carbon monoxide and hydrogen). Moreover in 2008, Exxon Mobil sold its terminal in South Wilmington, North Carolina to Koninklijke Vopak, the terminal's operator since 1991.

The films business of Exxon Mobil Chemical announced Multi-Plastics and Plastics Canada as its national distributors, in 2008, for its affiliates' oriented polypropylene (OPP) film products in the US and Canada. In the same year, Exxon Mobil's Vistamaxx specialty elastomers and resins products targeted at flexible and rigid food packaging applications received approval from the US Food and Drug Administration (FDA) under the food contact notification process. Subsequently, the company's affiliate, Exxon Mobil Exploration and Production Turkey, signed an agreement with the Turkish national oil company, Türkiye Petrolleri Anonim Ortaklığı (TPAO), to explore in two large deepwater blocks offshore Turkey.

In 2008 end, Exxon Mobil's affiliate, Exxon Mobil Exploration and Production Romania, signed an agreement with Petrom to explore deepwater portions of the Neptun Block offshore Romania. In the same year, Exxon Mobil Refining and Supply invested more than \$1 billion in three refineries to increase the supply of cleaner burning diesel by about six million gallons per day.

Exxon Mobil, in the first quarter of 2009, announced an investment between \$25 billion and \$30 billion annually over the next five years to meet expected long-term growth in world energy demand. In the same quarter, Exxon Mobil inaugurated its newest cogeneration plant at its Antwerp refinery in Belgium. Besides generating 125 MW, the new plant would reduce Belgium's carbon dioxide emissions by approximately 200,000 tonnes per year.

In the following quarter, Exxon Mobil Chemical applied its proprietary catalyst hydrogenation technology to produce ultra-low aromatic (ULA) fluids that comply with existing environmental and regulatory requirements. Subsequently, Exxon Mobil announced the sale of its On the Run convenience store franchise system in the US, and 43 of its company owned and operated sites in the Phoenix, Arizona to Couche-Tard.

In the second quarter of 2009, Exxon Mobil Chemical developed two new grades of V series co-extruded battery separator films, which enhanced safety for hybrid and electric vehicles, power tools, and electronic devices including laptop computers. During the same quarter, the Turkish government approved an agreement between Exxon Mobil Exploration and Production Turkey and the Turkish national oil company Türkiye Petrolleri Anonim Ortaklığı (TPAO) to explore two deepwater

blocks in the Black Sea. Later in the quarter, the company's subsidiary, Exxon Mobil Libya, commenced its drilling operations in deepwater exploration well in Libya.

In the third quarter of 2009, Petronet LNG entered into a sales and purchase agreement with the Australian subsidiary of Exxon Mobil for the long-term supply of LNG from Gorgon LNG Project in Western Australia. During the same quarter, Qatar Petroleum and Exxon Mobil established the Qatargas 2 Train 52, one of the largest operating LNG production facilities in the world.

In the fourth quarter of 2009, Exxon Mobil and Papua New Guinea Liquefied Natural Gas (PNG LNG) Project was finalized on a gas sales agreement with Tokyo Electric Power Company (TEPCO) for the long-term sale and purchase of LNG totaling approximately 1.8 million tonnes per annum.

Exxon Mobil's subsidiary, Exxon Mobil Iraq, signed an agreement with the Iraq Ministry of Oil to redevelop and expand the West Qurna field in southern Iraq, in January 2010.

In February 2010, Qatar Petroleum and Exxon Mobil announced the commencement of operations of Al Khaleej Gas-Phase 2 (AKG-2) project, with 1,250 million cubic feet per day (mcf/d) of sales gas capacity. The AKG-2 project involves construction of onshore gas treating, liquids recovery and fractionation facilities, and two additional offshore wellhead platforms.

Exxon Mobil Chemical expanded its portfolio of metallocene polyethylene (mPE) resins with the introduction of Enable mPE 35-05 grade resin for high clarity films, in March 2010. Enable mPE 35-05 resin provides converters and end users with significant unprecedented combination of film processing and higher alpha olefin (HAO) performance benefits. In the same month, Exxon Mobil Exploration and Production Turkey, an Exxon Mobil affiliate, announced its plans of using the Deepwater Champion, a specially designed, newly built drillship from a subsidiary of Transocean, to explore the deepwater Black Sea offshore Turkey.

In March 2010, Sinopec announced its plans of entering into a joint venture with Exxon Mobil and Saudi Aramco to build an oil refinery which could process 12 million tons of crude per year in Fujian, China. During June 2010, Exxon Mobil completed its agreement with XTO Energy, creating a new organization to focus on global development and production of unconventional resources. In July 2010, the company as part of a multi-year agreement, started manufacturing and supplying Caterpillar branded lubricants to Caterpillar factories and dealers worldwide.

Later in September 2010, Exxon Mobil, on behalf of the Marine Well Containment Company (MWCC), made an agreement with BP to provide its underwater well containment equipment to MWCC. During the same period, the company awarded Multi-Zone Stimulation Technology (MZSTNaNSM) well treatment process license to Calfrac Well Services of Calgary, Alberta, Canada.

Exxon Mobil started production from the Odoptu field at the Sakhalin-1 project offshore northeastern Russia during September 2010. In the following month, the company completed commissioning of new units to produce ultra low sulfur diesel at its Baytown, Texas and Baton Rouge, Los Angeles refineries. During October 2010, Exxon Mobil Chemical's affiliate ExxonMobil Yugen Kaisha

announced that Japan Butyl had completed a major expansion to increase butyl rubber production capacity at its plant in Kawasaki, Japan.

In November 2010, Exxon Mobil introduced the "Exxon Mobil Fuel Finder" iPhone and iPod touch application, which provides drivers with real-time maps, driving directions, and station information for more than 10,000 Exxon and Mobil retail locations across the US. In the following month, the company completed the expansion of its carbon dioxide capture plant, located near LaBarge, Wyoming.

Exxon Mobil's subsidiary, Exxon Neftegas, successfully drilled the world's longest extended-reach well at the Odoptu field, offshore Far East Russia, during January 2011.

## KEY EMPLOYEES

Name	Job Title	Board	Compensation
Rex W. Tillerson	Chairman, Board of Directors and Chief Executive Officer	Executive Board	28952558 USD
Michael J. Boskin	Director	Non Executive Board	282758 USD
Peter Brabeck-Letmathe	Director	Non Executive Board	538630 USD
Larry R. Faulkner	Director	Non Executive Board	272758 USD
Jay S. Fishman	Director	Non Executive Board	538630 USD
Kenneth C. Frazier	Director	Non Executive Board	272758 USD
William W. George	Director	Non Executive Board	282758 USD
Marilyn Carlson Nelson	Director	Non Executive Board	272758 USD
Samuel J. Palmisano	Director	Non Executive Board	282758 USD
Steven S. Reinemund	Director	Non Executive Board	272758 USD
Edward E. Whitacre, Jr.	Director	Non Executive Board	272758 USD
Mark W. Albers	Senior Vice President	Senior Management	
Michael J. Dolan	Senior Vice President	Senior Management	11557437 USD
Andrew P. Swiger	Senior Vice President	Senior Management	
Donald D. Humphreys	Senior Vice President and Treasurer	Senior Management	13563843 USD
S. J. Balagia	Vice President and General Counsel	Senior Management	
L. J. Cavanaugh	Vice President, Human Resources	Senior Management	
K. P. Cohen	Vice President, Public and Government Affairs	Senior Management	
W. M. Colton	Vice President, Corporate Strategic Planning	Senior Management	
Harold R. Cramer	Vice President	Senior Management	9184245 USD
T. M. Fariello	Vice President, Washington Office	Senior Management	
Robert S. Franklin	Vice President and President, Exxon Mobil Upstream Ventures	Senior Management	
Sherman J. Glass, Jr.	Vice President	Senior Management	
A. J. Kelly	Vice President	Senior Management	
R. M. Kruger	Vice President	Senior Management	
P. T. Mulva	Vice President and Controller	Senior Management	
O. K. Owen	Vice President, Safety, Security, Health, and Environment	Senior Management	
S. D. Pryor	Vice President	Senior Management	

<b>Name</b>	<b>Job Title</b>	<b>Board</b>	<b>Compensation</b>
D. S. Rosenthal	Vice President, Investor Relations and Secretary	Senior Management	
J. M. Spellings, Jr.	Vice President and General Tax Counsel	Senior Management	
S. K. Stuewer	Vice President, Environmental Policy and Planning	Senior Management	
T. R. Walters	Vice President	Senior Management	

## **KEY EMPLOYEE BIOGRAPHIES**

### **Rex W. Tillerson**

Board: Executive Board  
Job Title: Chairman, Board of Directors and Chief Executive Officer  
Since: 2006  
Age: 59

Mr. Tillerson has been the Chief Executive Officer and Chairman of the Board of Directors at Exxon Mobil Corporation (Exxon Mobil) since 2006. He joined Exxon Mobil in 1975 as Production Engineer. In 1989, he became General Manager at EUSA's Central Production Division. In 1992, Mr. Tillerson was named Production Advisor at Exxon Corporation. Three years later he served as the President at Exxon Yemen and Esso Exploration and Production Khorat. In 1998, he became Vice President at Exxon Ventures (CIS) and President at Exxon Neftegas. Mr. Tillerson also served as the Executive Vice President at Exxon Mobil Development Company and as the Senior Vice President and President at Exxon Mobil.

### **Michael J. Boskin**

Board: Non Executive Board  
Job Title: Director  
Since: 1996  
Age: 65

Mr. Boskin has been a Non Executive Director at Exxon Mobil since 1996. He is also a Research Associate at the National Bureau of Economic Research. Mr. Boskin is the Chief Executive Officer and President at Boskin & Company, an economic consulting company. Mr. Boskin also serves as a Director at Oracle.

### **Peter Brabeck-Letmathe**

Board: Non Executive Board  
Job Title: Director  
Since: 2010  
Age: 66

Mr. Brabeck-Letmathe has been a Non Executive Director at Exxon Mobil since 2010. He was elected as the Chairman at Nestle in 2005, and Chief Executive Officer in 1997, relinquishing the role of Chief Executive Officer in 2008. Mr. Brabeck-Letmathe also served as the Vice Chairman, Executive Vice President, and Senior Vice President at Nestle.

## **Larry R. Faulkner**

Board: Non Executive Board  
Job Title: Director  
Since: 2008  
Age: 66

Mr. Faulkner has been a Non Executive Director at Exxon Mobil since 2008. He served as the President of the University of Texas at Austin from 1998 to 2006. Mr. Faulkner also served on the chemistry faculties at the University of Texas, the University of Illinois, and Harvard University. He serves as a Director at Temple-Inland.

## **Jay S. Fishman**

Board: Non Executive Board  
Job Title: Director  
Since: 2010  
Age: 58

Mr. Fishman has been a Non Executive Director at Exxon Mobil since 2010. He has been the Chairman of the Board at the Travelers Companies since 2005 and Chief Executive Officer since 2004 upon the merger of The St. Paul Companies and Travelers Property Casualty. From 2001 to 2004, Mr. Fishman served as the Chairman, Chief Executive Officer and President at The St. Paul Companies.

## **Kenneth C. Frazier**

Board: Non Executive Board  
Job Title: Director  
Since: 2009  
Age: 56

Mr. Frazier has been a Non Executive Director at Exxon Mobil since 2009. He has also been the President at Merck & Co since 2010, and Chief Executive Officer since 2011. Mr. Frazier was elected Executive Vice President and President, Global Human Health, at Merck in 2007, and Executive Vice President and General Counsel in 2006. He served as Senior Vice President and General Counsel at Merck from 1999 to 2006.

## **William W. George**

Board: Non Executive Board  
Job Title: Director  
Since: 2005  
Age: 68



Mr. George has been a Non Executive Director at Exxon Mobil since 2005. He served as the Chairman at Medtronic from 1996 to 2002. Mr. George was appointed as the Chief Executive Officer in 1991 and as the President and Chief Operating Officer in 1989. Mr. George is a Professor of Management Practice at Harvard University. He serves as a Director at Goldman Sachs.

### **Marilyn Carlson Nelson**

Board: Non Executive Board  
Job Title: Director  
Since: 1991  
Age: 71

Ms. Nelson has been a Non Executive Director at Exxon Mobil since 1991. She has held a number of management positions at Carlson Companies including Senior Vice President, President, and Chief Operating Officer, Vice Chair, and Chief Executive Officer. Currently, she serves as the Chairman of the Board at Carlson.

### **Samuel J. Palmisano**

Board: Non Executive Board  
Job Title: Director  
Since: 2006  
Age: 59

Mr. Palmisano has been a Non Executive Director at Exxon Mobil since 2006. He was elected as the Chairman, President, and Chief Executive Officer at IBM in 2003. Mr. Palmisano also served as the President, Senior Vice President, and Group Executive for IBM's Enterprise Systems Group, IBM Global Services, and IBM's Personal Systems Group.

### **Steven S. Reinemund**

Board: Non Executive Board  
Job Title: Director  
Since: 2007  
Age: 63

Mr. Reinemund has been a Non Executive Director at Exxon Mobil since 2007. He served as the Executive Chairman at PepsiCo from 2006 to 2007. He was elected as the Chief Executive Officer and Chairman at PepsiCo in 2001; President and Chief Operating Officer in 1999; and Director in 1996. He was also elected as the President and Chief Executive Officer at Frito-Lay in 1992 and Pizza Hut in 1986. He is the Dean of Business at Wake Forest University. Mr. Reinemund also serves as a Director at American Express, Wal-Mart and Marriott.

### **Edward E. Whitacre, Jr.**

Board: Non Executive Board  
Job Title: Director  
Since: 2008  
Age: 69

Mr. Whitacre has been a Non Executive Director at Exxon Mobil since 2008. He was elected as the Chairman and Chief Executive Officer at AT&T upon its merger with SBC Communications in 2005, and retired in 2007. Mr. Whitacre was appointed as the Chairman and Chief Executive Officer at SBC in 1990; and President and Chief Operating Officer in 1988.

### **Mark W. Albers**

Board: Senior Management  
Job Title: Senior Vice President  
Since: 2007  
Age: 54

Mr. Albers has been the Senior Vice President at Exxon Mobil since 2007. Previously, he served as the President at ExxonMobil Development Company, from 2004 to 2007.

### **Michael J. Dolan**

Board: Senior Management  
Job Title: Senior Vice President  
Since: 2008  
Age: 57

Mr. Dolan has been the Senior Vice President at Exxon Mobil since 2008. Previously, he served as the President at ExxonMobil Chemical, from 2004 to 2008. Prior to that, Mr. Dolan served as the Vice President at Exxon Mobil, from 2004 to 2008.

### **Andrew P. Swiger**

Board: Senior Management  
Job Title: Senior Vice President  
Since: 2009  
Age: 54

Mr. Swiger has been the Senior Vice President at Exxon Mobil since 2009. Previously, he served as the Executive Vice President at ExxonMobil Production, from 2004 to 2006. Mr. Swiger also served as the President at ExxonMobil Gas & Power Marketing and as the Vice President at Exxon Mobil, from 2006 to 2009.

## **Donald D. Humphreys**

Board: Senior Management  
Job Title: Senior Vice President and Treasurer  
Since: 2006  
Age: 63

Mr. Humphreys has been the Senior Vice President and Treasurer at Exxon Mobil since 2006. Previously, he served as the Vice President and Treasurer at Exxon Mobil, from 2004 to 2006. Prior to that, Mr. Humphreys served as the Vice President and Controller from 1997 to 2004.

## **S. J. Balagia**

Board: Senior Management  
Job Title: Vice President and General Counsel  
Since: 2010  
Age: 59

Mr. Balagia has been the Vice President and General Counsel at Exxon Mobil since 2010. He served as the Assistant General Counsel at Exxon Mobil, from 2004 to 2010.

## **W. M. Colton**

Board: Senior Management  
Job Title: Vice President, Corporate Strategic Planning  
Since: 2009  
Age: 57

Mr. Colton has been the Vice President of Corporate Strategic Planning at Exxon Mobil since 2009. Previously, he served as the Assistant Treasurer at Exxon Mobil, from 2006 to 2009.

## **Harold R. Cramer**

Board: Senior Management  
Job Title: Vice President  
Since: 1999  
Age: 60

Mr. Cramer has been the Vice President at Exxon Mobil since 1999. He also became the President at ExxonMobil Fuels Marketing Company during the same period.

## **Robert S. Franklin**

Board: Senior Management  
Job Title: Vice President and President, Exxon Mobil Upstream Ventures  
Since: 2009  
Age: 53

Mr. Franklin has been the Vice President and President at Exxon Mobil Upstream Ventures since 2009. Previously, he served as the Vice President of Europe/Russia/Caspian at ExxonMobil Production Company, from 2008 to 2009. Mr. Franklin also served as the Executive Assistant to the Chairman at Exxon Mobil, from 2007 to 2008. He served as the Vice President of New Business Development at ExxonMobil Gas & Power Marketing Company, from 2001 to 2007.

### **Sherman J. Glass, Jr.**

Board: Senior Management  
Job Title: Vice President  
Since: 2008  
Age: 63

Mr. Glass has been the Vice President at Exxon Mobil since 2008. He has also been the President of ExxonMobil Refining & Supply Company since 2008. Previously, Mr. Glass served as the Senior Vice President at ExxonMobil Chemical Company, from 2005 to 2008.

### **A. J. Kelly**

Board: Senior Management  
Job Title: Vice President  
Since: 2007  
Age: 53

Mr. Kelly has been the Vice President at Exxon Mobil since 2007. He became President at ExxonMobil Lubricants & Petroleum Specialties Company during the same period. Mr. Kelly was on Special Assignment for the National Petroleum Council, from 2006 to 2007. Prior to that, he served as the Manager of Global Logistics at ExxonMobil Refining & Supply Company, from 2005 to 2006.

## **MAJOR PRODUCTS AND SERVICES**

Exxon Mobil Corporation is an integrated oil company engaged in exploration and production, refining, and marketing of oil and gas. The company also operates in petrochemicals and electric power generation. The company's key products and services include the following:

### Products:

#### Refined products:

- Gasoline
- Diesel
- Aviation turbine fuel
- Furnace oil
- Bitumen
- Other petroleum products

#### Lubricants and specialties:

- Lubes
- Petroleum specialties

#### Chemicals:

- Hydrocarbon and oxygenated fluids
- Aromatic fluids
- Higher olefins
- Synthetic fluids and lubricants
- Higher alcohols
- Plasticizers
- Oxygenated fluids
- Neo acids

#### Polymers:

- Butyl polymers
- EPDM rubber
- Specialty elastomers
- Santoprene TPEs
- Polyethylene
- Polypropylene
- Plastomers
- Hydrocarbon tackifier resins
- Styrenic block copolymers
- Functionalized polymers

Polymer films:  
OPP films

Services:

Oil and gas exploration and production  
Oil and gas marketing and distribution  
Oil and gas transportation and storage  
Operating service stations and convenience stores  
Technical advisory services  
Electricity generation

Technology licensing:  
Aromatics and olefins technology  
Exxpol technology  
Polymers technology  
Refining technologies  
Univation technologies

Brands:

Exxon  
Esso  
Mobil

## REVENUE ANALYSIS

### Overview

Exxon Mobil Corporation (Exxon Mobil) recorded revenues of \$370,125 million during FY2010, an increase of 22.8% over FY2009. For FY2010, the US, the company's largest geographic market, accounted for 31.3% of the total revenues.

Exxon Mobil generates revenues through three segments: downstream (81% of the sales and operating revenues during FY2010), chemical (9.6%), and upstream (9.4%). The balance of the company's revenues is contributed by the corporate and financing non operating segment, and includes interest revenue related to interest earned on cash deposits and marketable securities.

### Revenue by segment

During FY2010, the downstream segment recorded revenues of \$299,641 million, an increase of 19.9% over FY2009.

The chemical segment recorded revenues of \$35,521 million in FY2010, an increase of 32.3% over FY2009.

The upstream segment recorded revenues of \$34,941 million in FY2010, an increase of 41.1% over FY2009.

### Revenue by geography

The US, Exxon Mobil's largest geographical market, accounted for 31.3% of the total revenues in FY2010. Revenues from the US reached \$115,906 million in FY2010, an increase of 29% over FY2009.

Canada accounted for 7.4% of the total revenues in FY2010. Revenues from Canada reached \$27,243 million in FY2010, an increase of 28.8% over FY2009.

Japan accounted for 7.3% of the total revenues in FY2010. Revenues from Japan reached \$27,143 million in FY2010, an increase of 23.1% over FY2009.

The UK accounted for 6.7% of the total revenues in FY2010. Revenues from the UK reached \$24,637 million in FY2010, an increase of 21.4% over FY2009.

Belgium accounted for 5.7% of the total revenues in FY2010. Revenues from Belgium reached \$21,139 million in FY2010, an increase of 25.4% over FY2009.

Germany accounted for 3.9% of the total revenues in FY2010. Revenues from Germany reached \$14,301 million in FY2010, a decrease of 3.6% compared to FY2009.

Italy accounted for 3.8% of the total revenues in FY2010. Revenues from Italy reached \$14,132 million in FY2010, an increase of 8.7% over FY2009.

France accounted for 3.8% of the total revenues in FY2010. Revenues from France reached \$13,920 million in FY2010, an increase of 15.6% over FY2009.

Singapore accounted for 3% of the total revenues in FY2010. Revenues from Singapore reached \$11,088 million in FY2010, an increase of 32% over FY2009.

Other countries accounted for 27.2% of the total revenues in FY2010. Revenues from other countries reached \$100,616 million in FY2010, an increase of 21.2% over FY2009.



## SWOT ANALYSIS

Exxon Mobil Corporation (Exxon Mobil) is an integrated oil and gas company based in the US. It is engaged in exploration and production, refining, and marketing of oil and natural gas. The company is also engaged in the production of chemicals, commodity petrochemicals, and electricity generation. Exxon Mobil continues to improve the portfolio and business mix through acquisitions. However, instability in some oil-producing regions could seriously impair the company's operations and disrupt the flow of output.

<b>Strengths</b>	<b>Weaknesses</b>
Acquisition of XTO Energy Capturing the highest-quality exploration opportunities Strong research and development capabilities Diversified revenue stream	High indebtedness and declining cash flows Declining net liquids production and oil reserves Litigation and contingencies
<b>Opportunities</b>	<b>Threats</b>
Demand for shale gas Rising global energy demand High oil prices	Risks concerning instability in some oil-producing regions Rising costs of oil production Environmental regulations

### Strengths

#### Acquisition of XTO Energy

Exxon Mobil continues to improve the portfolio and business mix through acquisitions. The company acquired XTO Energy (XTO) by merging a wholly-owned subsidiary of Exxon Mobil with and into XTO. XTO is the surviving corporation and wholly-owned subsidiary of Exxon Mobil. XTO is involved in the exploration for, production of, and transportation and sale of crude oil and natural gas. With this agreement, the company is combining XTO's skills, capabilities, and asset base with Exxon Mobil's advanced research and development and operational capabilities, global scale, and financial capacity.

The seamless integration of XTO further enhanced the company's upstream portfolio and expanded its participation in significant unconventional North American resources. XTO's resource base is the equivalent of 45 trillion cubic feet of gas and includes shale gas, tight gas, coal bed methane, shale oil, and conventional oil and gas production. These will complement Exxon Mobil's holdings in the

US, Canada, Germany, Poland, Argentina, and Indonesia. This acquisition also reflects Exxon Mobil's long term strategy which focuses on investments in natural gas. Following the merger, Exxon Mobil added roughly 60 trillion cubic feet gas-equivalent to its resource base.

The combination of Exxon Mobil's technology and XTO's operating expertise provides important benefits to the company as it progresses to capitalize opportunities for unconventional energy resources worldwide.

#### Capturing the highest-quality exploration opportunities

Exxon Mobil's fundamental exploration strategy is to identify, evaluate, pursue, and capture the highest-quality resource opportunities. The company's global presence allows it to explore diverse resource opportunities, in all environments. The company uses its geoscience capabilities and understanding of the global hydrocarbon potential to identify, evaluate, and prioritize the highest quality resource opportunities. Exxon Mobil's approach to exploration has resulted in capturing new opportunities in nine countries, including capturing of 130,000 net acres in the Neuquen Province in Argentina through license rounds and joint ventures; agreement with Iraq Ministry of Oil to redevelop and expand the West Qurna (Phase I) oil field (Exxon Mobil interest, 60%); and acquiring 35% working interest in deepwater Block 2 in Tanzania, covering 2.7 million acres.

The company's exploration resource addition cost has averaged \$1 per oil-equivalent barrel over this period. As of FY2010, the total resource base stood at 84 billion oil-equivalent barrels, including 10 billion oil-equivalent barrels associated with the XTO Energy's fields. In FY2010, Exxon Mobil added 3.5 billion oil-equivalent barrels to proved reserves, led by the XTO Energy's merger. Exxon Mobil has replaced reserves for 17 consecutive years. The additions come from a combination of the development of new fields, extensions to existing fields driven by further development, effective reservoir management, and application of new technologies, as well as strategic acquisitions. Therefore, capturing of the highest-quality exploration opportunities enables the company to improve its resources and to attain competitive advantage over its peers.

#### Strong research and development capabilities

Exxon Mobil has strong research and development (R&D) capability. The company conducts research to develop new products and improve existing products, as well as to enhance manufacturing and production methods and to improve service. It spent \$1,012 million on R&D in FY2010. Because of its strong R&D capabilities, the company continues to build on the seismic and reservoir modeling technologies, which enable it to identify new resource opportunities, drill more accurately, and improve recovery. Exxon Mobil also uses advanced molecule management technology in its plants to optimize the value of every hydrocarbon molecule, while minimizing energy use.

In addition, the company deployed step-out catalysts to enable increased production of ultra-low sulfur diesel. It is also progressing research efforts in advanced algae-based biofuels. In addition, during FY2010, Exxon Mobil Research and Engineering Company and Synthetic Genomics opened a new greenhouse research and testing facility, entering an important second stage in the collaboration to develop strains of algae that could produce refinery feedstock and make transportation fuels.

Moreover, the company continues to expand its suite of technologies ranging from imaging hydrocarbon reservoirs to drilling and developing heavy oil.

Exxon Mobil is beginning the field-testing phase of its Controlled Freeze Zone commercial demonstration plant. This technology utilizes a single-step, cryogenic process to more efficiently treat sour natural gas. It requires a much smaller footprint than current technologies, potentially reducing the cost to develop these challenged resources. Moreover, as a result of strong R&D, Exxon Mobil held approximately 11,000 active patents worldwide as of FY2010.

Strong R&D capabilities provide Exxon Mobil to attain competitive advantage over its peers, maintain technological edge over its competitors, and to stay ahead of industry trends.

#### Diversified revenue stream

Exxon Mobil has wide presence across various regions. The company's revenue stream is diversified in terms of geographies. Exxon Mobil divides its geographic divisions as US and non-US. The non-US region covers Canada, Japan, the UK, Belgium, Germany, Italy, France, and Singapore, among other countries.

In FY2010, the company generated 31.3% of the total sales and operating revenues from the US, its core market. Revenues from Canada accounted for 7.4%; from Japan, 7.3%; and from the UK, 6.7% of the total revenues. Moreover, its revenue contribution for FY2010 from Belgium, Germany, Italy, France, and Singapore were 5.7%, 3.9%, 3.8%, 3.8%, and 3%, respectively. Other countries accounted for 27.2% of the remaining revenues. The company's global operations and regional brand identity gives it competitive advantage over its competitors and also indicates that the company has a wider scope in increasing its revenues by utilizing its global presence. Further, its world wide presence reduces exposure to economic conditions or political stability in any one country or region.

## **Weaknesses**

#### High indebtedness and declining cash flows

Exxon Mobil has been witnessing high indebtedness and declining cash flows since FY2008. The company's total debt and long term debt increased at a compounded annual growth rate of (CAGR) of 26% and 32%, respectively, for the period 2008–10. The long term debt for FY2010 alone increased by 71.5% to reach \$12,227 million from \$7,129 million in FY2009; and the total debt increased by 56.3% from \$9,605 million in FY2008 to \$15,014 million in FY2010.

As a result, the debt to capital ratio also increased from 7.4% in FY2008 to 9% in FY2010. Exxon Mobil's debt service obligations with respect to its indebtedness could have an adverse impact on earnings, cash flows, and financial position for as long as the indebtedness is outstanding. Moreover, as a result of increase in capital expenditure and debt, the company's cash and cash equivalents decreased at a compounded annual rate of change of 50% for the period 2008–10.

Therefore, high debt obligations and declining cash flows could make it more difficult for Exxon Mobil to pay principal and interest with respect to its debt obligations. It requires the company to dedicate a substantial portion of its cash flow from operations for interest, principal, and lease payments. In addition, high financial obligations also limit the company's flexibility in planning, and in reacting to changes in business and industry.

#### Declining net liquids production and oil reserves

The upstream division has recorded a consistent decline in its production volumes. The net liquids production volumes worldwide have been declining since FY2007. The production has declined at a CARC of 5%, from 2.6 million barrels per day in FY2007 to 2.2 million barrels per day in FY2010. Further, the company's proved oil reserves have also declined significantly over the past three years. The proved oil reserves fell from 7,744 million barrels in FY2007 to 6,635 million barrels in FY2010, at a CARC of 5%. A continuation of this trend is likely to have an adverse impact on the company's revenue growth rates.

#### Litigation and contingencies

The company is involved in various lawsuits, claims, and legal proceedings arising out of the conduct of the company's business. Some of these legal proceedings and claims seek damages, fines, or penalties in substantial amounts or remediation of environmental contamination. For instance, in April 2010 the company's subsidiaries Mobil Oil Guam and Mobil Oil Mariana Islands were fined \$2.4 million for violating the federal Clean Air Act by failing to control emissions from their facilities. Moreover, both the companies have illegally discharged hundreds of tons of volatile organic compounds annually from their gasoline terminals in Guam and Mariana Islands.

Further, Exxon Mobil Oil's Beaumont, Texas refinery entered into an Agreed Order with the Texas Commission on Environmental Quality in November, 2010 and paid a civil penalty of \$106,000 to resolve Notices of Violation issued in January and February 2010 relating to six alleged violations of air emission regulations. In another lawsuit, the company and Exxon Mobil Oil have agreed to enter into a Consent Decree to resolve issues relating to alleged contamination at Exxon Mobil's former Brooklyn, New York terminal and refinery. The Consent Decree was lodged in the US District Court for the Eastern District of New York during 2010 and was subject to public comment as of January 25, 2011.

In January, 2011, the US Department of Justice filed the only comments, which sought clarification of some elements of the Consent Decree. Those comments have been incorporated into the Consent Decree, which is subject to review and approval by the concerned court. If approved, the Consent Decree would require Exxon Mobil to undertake actions to investigate and remediate certain environmental conditions at the Brooklyn terminal and refinery. The company has to pay \$19.5 million to fund Environmental Benefit Projects to benefit the Greenpoint Community; pay a civil penalty of \$250,000; pay \$250,000 for Natural Resources Damages Restoration Projects; pay past costs of the State for oversight of, investigation, and remedial activities in the amount of \$1.5 million and pay future state oversight costs, up to \$3.5 million.

Such litigations and lawsuits will adversely affect the image of the company besides resulting in huge financial penalties which in turn tamper the profitability of Exxon Mobil.

## **Opportunities**

### Demand for shale gas

The production of shale gas is expected to form a large component of petroleum production. For instance, the production of shale gas and oil is now expected to form a large component of domestic US petroleum production. Over the next decade or so, shale gas is expected to eclipse coal seam gas (CSG) production in North America. Production figures and forecasts show that shale gas comprised 2% of US production in 2000 against 8% from coal seam gas at that time. By 2009, this had reversed, with shale gas contributing 14% of production to CSG's 9%. Forecast production by 2020 is that shale gas will provide 29% of US needs against a falling contribution from CSG of only 7%.

ExxonMobil has continued to capture new opportunities to add to its resource base, including acquiring unconventional assets in multiple North American shale gas locations, including 36,000 net acres in the Horn River Basin shale gas play, in Canada; 157,000 net acres in the Fayetteville Shale in Arkansas; and 67,000 net acres in Haynesville and Bossier shale gas plays in East Texas and Louisiana.

In addition, the success of shale gas production in the US triggered the exploration of shale gas resources around the world, particularly Europe. Germany currently imports most of its gas from the Netherlands, Norway, and Russia. A lot of supply from these countries will be replaced by local shale gas production.

Europe holds as much as 4 trillion cubic meters of the fuel. That's almost twice the conventional reserves of Norway, the region's second-biggest gas supplier. Poland will be the region's biggest shale-gas producer, with production of as much as 30 billion cubic meters by 2030. In order to pursue shale gas resources and coal bed methane opportunities in Europe, Exxon Mobil is operating an active exploration program. The company drilled exploration wells in Germany to study the unconventional gas potential in Lower Saxony and North Rhine Westphalia. The company has drilled four wells in shale deposits and two in coal seams in Germany as well as its second well in Polish shale.

Therefore, Exxon Mobil is well positioned to leverage the increasing demand for shale gas in the US and to exploit opportunities for further market penetration in Germany and other European countries.

### Rising global energy demand

The demand for energy is expected to grow in the future. According to Exxon Mobil's outlook, the world's population is projected to grow to approximately 8 billion people by 2030. Coincident with this population increase, the company expects worldwide economic growth to average 2.8% per year. This combination of population and economic growth is expected to lead to an increase in primary energy demand of about 35% by 2030 over 2005.

As economic progress drives demand higher, increasing penetration of energy-efficient and lower-emission fuels, technologies and practices are expected to contribute to significantly lower levels of energy consumption and emissions per unit of economic output over time. Efficiency gains will result from anticipated improvements in the transportation and power generation sectors. Demand for energy for transportation is expected to increase by nearly 40% from 2005 to 2030. The global growth in transportation demand is likely to account for approximately 80% of the growth in oil demand over this period.

Demand for electricity around the world will grow significantly through 2030. Consistent with this projection, power generation will remain the largest and fastest growing major segment of global energy demand. In addition by 2030, global demand for liquid fuels is expected to grow to approximately 103 million barrels of oil-equivalent per day, an increase of more than 20% from 2005.

To meet demand through 2030 and beyond, Exxon Mobil continues to expand and diversify its resource base, promote efficiency, and develop new energy technologies. Exxon Mobil plans to invest more than \$165 billion over the next five years deploying new technologies and delivering new projects to efficiently supply energy to the world. Therefore, growing demand for energy represents an opportunity for Exxon Mobil to capitalize on this market and to improve its profits.

#### High oil prices

With the economy recovering, oil prices tend to stay stronger. Emerging market growth and increasing need for energy will place upward pressure on prices. According to US Energy Information Administration (EIA), West Texas Intermediate (WTI) crude oil spot price increased from \$61.7 per barrel in 2009 to \$79.4 to 2010. Later, the prices averaged \$89 per barrel in February, 2011 and \$103 per barrel in March, 2011. The WTI price has continued to rise, reaching \$112 on April 8, 2011. Crude oil prices are currently at their highest level since 2008. EIA expects increase in oil price in the foreseeable future. Projected WTI prices average \$106 per barrel in 2011 and \$114 per barrel in 2012. Exxon Mobil benefits when oil prices increase, as it generates more revenues from exploration and production activities. As a result, Exxon Mobil's 2010 fourth quarter profit soared 53%. The company's revenue in the quarter was \$105.2 billion, up from \$89.8 billion in the quarter a year earlier. It is also expected that the 2011 first-quarter earnings for Exxon Mobil is going to be significantly better than a year ago helped by higher oil prices. Therefore, a further increase in oil price would enable the company to boost up its profitability.

#### Threats

### Risks concerning instability in some oil-producing regions

Exxon Mobil has exploration and production interests in 33 countries. Many of these regions, including Africa, the Middle East, and South America, are prone to political instability. Though Exxon Mobil has been operating in these countries for a long time and understands the local environment very well, much of the geo-political risks are outside its control. In particular, the company's investments in the Egypt, Libya, and other countries could be adversely affected by heightened political and economic environment risks.

For instance, the recent outbreak of political unrest in Tunisia, Egypt, and Libya, which is slowly spreading to other Middle Eastern and North African countries, is likely to have an impact on Exxon Mobil's production capacity. This is because the company derives the majority of its revenue from production of crude oil and natural gas liquids, and the Middle East and North Africa regions account for a sizable portion of its portfolio.

As of FY2010, 35.2% of Exxon Mobil's oil and gas production is from Asia-Pacific, 28% from Africa, 18.2% from the US, 15% from Europe, and the remaining from Canada and South America. Although Exxon Mobil's oil and gas operations are diversified globally, it has significant exposure to countries that are experiencing political unrest like Egypt and Libya. Although, it is not possible to say exactly what impact the ongoing unrest and potential political changes will have on the company, any disruptions due to political instabilities means additional expenses with a delay in the ability of the company to generate returns.

Failure to anticipate some of these events or the inability to mitigate risks in the regions where Exxon Mobil is operating could seriously impair the company's operations and disrupt the flow of output.

### Rising costs of oil production

Oil production involves heavy upfront costs associated with exploring and developing oil fields. Although technological improvements have oil discoveries cheaper, costs nonetheless have been going up sharply in the recent years. At times, projects can be affected by cost overruns and delays impacting the company's profitability. For instance, due to difficulties in mechanical and construction works, Exxon Mobil's second petrochemical project at Singapore's Jurong Island has been delayed until 2012. The company began the project in 2007, and it was expected to be completed in 2011.

In addition, Exxon Mobil's offshore oil projects, Kipper/Tuna and Turrum in Australia, are over budgeted and faced delays amid rising costs for engineering services and a tight labor market in the Pacific nation. Mercury was found in the reservoir during drilling at Kipper, delaying the project, while the Turrum project is faced with delays related to structural designs. As a result, the oil production from the Kipper development has been delayed by a year to 2012 and total development costs for the project including the Tuna and Turrum ventures increased to a total \$4.4 billion, from an initial estimate of \$2.7 billion. Additional design requirements and cost pressures in Australia's booming resource industry have also pushed up project costs. Moreover, higher labor rates in Australia also increased the cost of the project.

Therefore, delay in exploration and development projects increase the operating costs of the company impacting its overall profitability.

#### Environmental regulations

Exxon Mobil's businesses are subject to numerous laws and regulations relating to the protection of the environment. With rising awareness of the damage to the environment caused by industry, especially regarding global warming, regulatory standards have been continuously tightened in recent years. One of the most important developments in this area has been the introduction of the Kyoto Protocol for the reduction of greenhouse gases. The protocol calls on industrialized countries to reduce their greenhouse gas emissions level by 5.2% on an average annual basis during the 2008–12 period, compared with 1990 emissions levels.

Further, in 2005, the US environmental protection agency (EPA) issued a Clean Air Interstate Rule (CAIR), to reduce the emission levels. According to the rule, the states have to reduce the allowable sulfur dioxide (SO<sub>2</sub>) emissions by 70% and reduce nitrogen oxide (NO<sub>x</sub>) emissions by 60%, by 2015 compared with the 2003 levels.

As a result of various regulations, throughout Exxon Mobil's businesses, new and ongoing measures are taken to prevent and minimize the impact of its operations on air, water, and ground. These include a significant investment in refining infrastructure and technology to manufacture clean fuels as well as projects to monitor and reduce nitrogen oxide, sulfur oxide, and greenhouse gas emissions and expenditures for asset retirement obligations. Exxon Mobil's FY2010 worldwide environmental expenditures for all such preventative and remediation steps, including Exxon Mobil's share of equity company expenditures, were about \$4.5 billion. The total cost for such activities is expected to remain in this range in FY2011 and FY2012. Therefore, stringent regulations may require additional expenses and may restrict Exxon Mobil's commercial flexibility and planned business strategies.



## **TOP COMPETITORS**

The following companies are the major competitors of Exxon Mobil Corporation

Chevron Corporation  
Royal Dutch/Shell Group  
TOTAL S.A.  
ConocoPhillips  
Valero Energy Corporation  
BP Plc  
Repsol YPF, S.A.  
Imperial Oil Limited  
Sunoco, Inc.  
Hess Corporation

## COMPANY VIEW

A statement by Rex W. Tillerson, Chairman of the Board of Directors and Chief Executive Officer at Exxon Mobil Corporation, is given below. The statement has been taken from the company's FY2010 annual report.

ExxonMobil continues to deliver superior long-term shareholder value. We succeed by upholding the values that set us apart: a commitment to safety, operational excellence, and risk management; a disciplined, long-term approach to investing; and the development and application of advanced technology and innovation. This consistent approach continues to serve us well, weathering the downturns and prospering as opportunities present themselves.

ExxonMobil's 2010 results reflect the strength of our proven business model. Earnings were \$30.5 billion which included record earnings for our Chemical business. We delivered a return on average capital employed of 22 percent, continuing to lead our peer group. Cash flow from operations and asset sales was a healthy \$51.7 billion.

Operating results were equally strong. Oil-equivalent production grew to 4.4 million barrels a day, a 13-percent increase year-on-year. And we continued our industry-leading safety performance, achieving our best-ever lost-time incident rates in 2010.

ExxonMobil's success is underpinned by our commitment to integrity – our systematic and unwavering focus on safety, operational excellence, financial discipline, and high ethical standards.

These values enable ExxonMobil to consistently produce strong returns for our shareholders. In 2010, ExxonMobil distributed \$19.7 billion to shareholders through dividends and share repurchases, contributing to a total shareholder return of 10 percent. Over the past five years, we have distributed \$154 billion to shareholders, and our dividend has risen by 53 percent.

ExxonMobil's Upstream, Downstream, and Chemical businesses once again delivered excellent results. In the Upstream, ExxonMobil together with our partners, put into service three major projects in 2010, including new oil production from the Odoptu field which is the latest development phase of the Sakhalin-1 project in Russia, the initial commissioning and gas send-out from the Golden Pass liquefied natural gas (LNG) terminal in Texas, and the start-up of new LNG deliveries from RasGas Train 7 in Qatar. Our seamless integration of XTO Energy Inc. further enhanced our Upstream portfolio and expanded our participation in significant unconventional North American resources. The unique combination of ExxonMobil's technology and XTO's operating expertise will provide important benefits as we progress opportunities for unconventional energy resources worldwide.

In the Downstream and Chemical businesses, ExxonMobil continued to capture new efficiencies and benefit from our strong integration and operating flexibility. In the Downstream, we achieved significant milestones in our multiyear program of global investments aimed at meeting the growing demand for lower-sulfur motor fuels, with construction completed on new refinery units that will

increase supply of ultra-low sulfur diesel in the United States and Europe. In our Chemical business, we continue to expand our capacity to supply the rising demand in Asian markets, with a major expansion under way at the Singapore petrochemical facility. The expansion will position the Singapore complex as the largest integrated refining and chemical site in our portfolio.

All of ExxonMobil's actions are undertaken with a view that energy is not only an engine of economic growth, but also a pillar of human and social progress. Access to affordable, reliable, convenient energy transforms lives by raising living standards, making people more productive, and expanding their opportunities for education, employment, and better health.

While the scale of the world's energy needs today is enormous, we must continue to find innovative ways to meet not only today's demands, but the growing demands of the future while managing the impact of energy on the environment. Critical to meeting the world's energy needs is the ongoing development of new energy technologies to expand the supply of traditional fuels, develop new sources of energy, and allow us to use energy more efficiently. ExxonMobil is committed to continue our role of innovating and developing many of these new technologies.

While supplying the world's energy needs requires constant innovation, it will also require unprecedented levels of investment. ExxonMobil's financial strength allows us to continue to invest with a long-term perspective that transcends year-to-year economic conditions. Our capital and exploration expenditures in 2010 were a record \$32.2 billion. We will continue to invest at substantial levels – more than \$165 billion over the next five years – deploying new technologies and delivering new projects to efficiently supply energy to the world.

We know that developing and delivering energy involves risks – safety and environmental risks, financial risks, geopolitical risks, and technical risks. ExxonMobil will continue to improve and perfect our approach to assess and manage these risks. Recognized as a model of success in our industry, the Operations Integrity Management System (OIMS) provides the rigor and structure to ensure that our commitment to safety and risk management is embedded in all our business activities, in every country, in every language.

Consumers and the public rely on ExxonMobil to deliver reliable, affordable energy that enables them to achieve better lives and to do so in a way that minimizes risks to people, communities, and the environment. As shareholders, your investment in ExxonMobil reflects your trust in our ability to manage these risks while meeting the world's energy challenges.

The men and women of ExxonMobil are committed to meeting these expectations with our intellect and our integrity. It is by honoring these commitments – and upholding our values – that ExxonMobil has produced the successful results shown in this 2010 Summary Annual Report. We remain confident that we will continue our best-in-class position to meet the world's energy challenges and deliver superior value for our shareholders. With the talent and commitment of the people of ExxonMobil, we are strong, resilient, and well-positioned for the future.

## LOCATIONS AND SUBSIDIARIES

### Head Office

Exxon Mobil Corporation  
5959 Las Colinas Boulevard  
Irving  
Texas 75039 2298  
USA  
P:1 972 444 1000  
F:1 972 444 1348  
<http://www.exxonmobil.com>

### Other Locations and Subsidiaries

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