

# 2017 Shareholder Webcast

May 11, 2017



**ExxonMobil**  
Energy lives here<sup>®</sup>

# Agenda

10:00 **Welcome**

10:05 Executive Compensation Overview

10:25 Energy & Carbon Summary

10:50 Shareholder Proposals

11:00 **Meeting Concludes**

# Shareholder Engagement

- Ongoing engagement is essential
  - Keeps shareholders informed on relevant business matters
- Variety of venues:
  - Shareholder meetings, including Annual Shareholder Meeting
  - Publications and website
  - Webcasts
- Established procedures for direct communications with Directors
- Value shareholder input, considered in company deliberations



Executive Summary

How did we perform?

How do we link performance  
and pay?

How did we pay?

How do we manage risk?

Chairman and CEO retirement

# ExxonMobil

2017 Executive Compensation Overview



# Executive Compensation

## Executive Summary

How did we perform?	>	How do we link performance and pay?	>	How did we pay?	>	How do we manage risk?
<ul style="list-style-type: none"><li>• Best-ever safety performance</li><li>• Industry-leading ROCE over the business cycle</li><li>• 2016 results<ul style="list-style-type: none"><li>– Earnings of <b>\$7.8 billion</b></li><li>– Distributed <b>\$12.5 billion</b> to shareholders</li></ul></li><li>• Strongest balance sheet among industry peers</li></ul>		<ul style="list-style-type: none"><li>• Industry-leading results required in <b>7 pre-established performance areas and metrics</b>, over time periods aligned with investment lead times of the business, to achieve top level incentive award</li></ul>		<ul style="list-style-type: none"><li>• Bonus program <b>down 30 percent</b>, which <b>followed a 35-percent reduction</b> in 2015</li><li>• Ultimate value of long-term performance shares determined by share price at vest</li><li>• Vesting periods that are <b>3 times longer</b> than competitors</li><li>• CEO realized and unrealized pay at <b>35th</b> percentile of benchmark companies</li></ul>		<ul style="list-style-type: none"><li>• Significant performance share holding requirement through <b>long vesting periods</b></li><li>• Performance shares at <b>risk of forfeiture</b> and <b>cannot be used as collateral</b> for any purpose, including during retirement</li><li>• <b>No change-in-control</b> arrangements and <b>no employment contracts</b></li><li>• <b>Bonus clawback policy</b></li></ul>

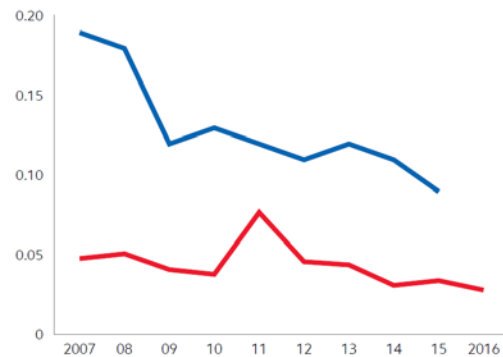
# How did we perform?

## Industry-leading results in 7 pre-established performance areas and metrics

### 1. Safety and Operations Integrity

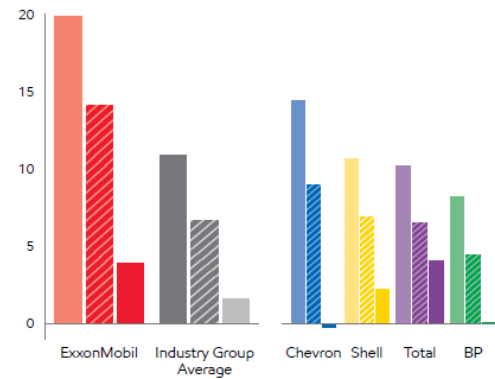
Lost-Time Injuries and Illnesses Rate:

■ ExxonMobil Workforce<sup>(1)</sup> ■ U.S. Petroleum Industry Benchmark<sup>(2)</sup>  
(incidents per 200,000 work hours)



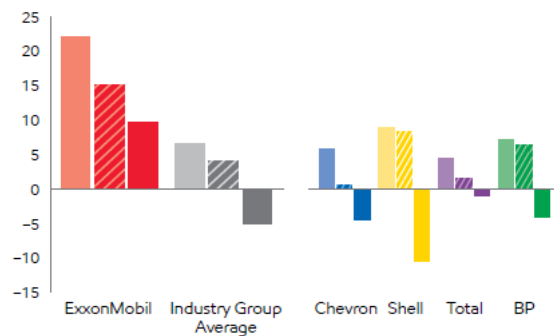
### 2. Return on Average Capital Employed (ROCE)<sup>(3)</sup>

■ 10-Year Average ■ 5-Year Average ■ 2016  
(percent)



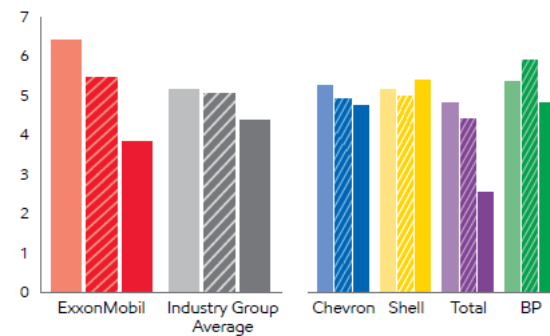
### 3. Free Cash Flow<sup>(3)</sup>

■ 10-Year Average ■ 5-Year Average ■ 2016  
(dollars in billions)



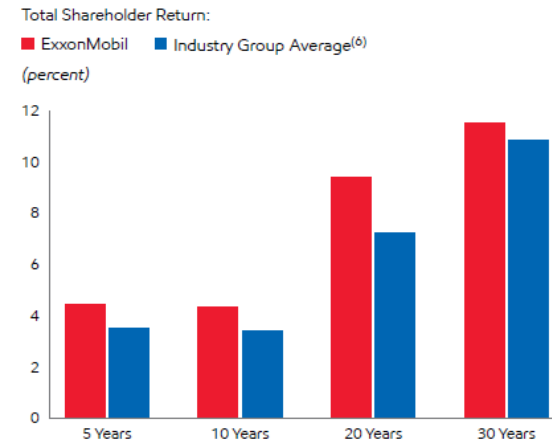
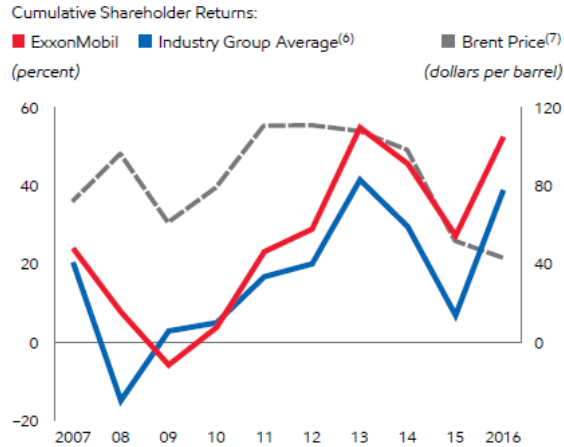
### 4. Shareholder Distributions<sup>(3, 4)</sup>

■ 10-Year Average ■ 5-Year Average ■ 2016  
(yield, percent)



# How did we perform?

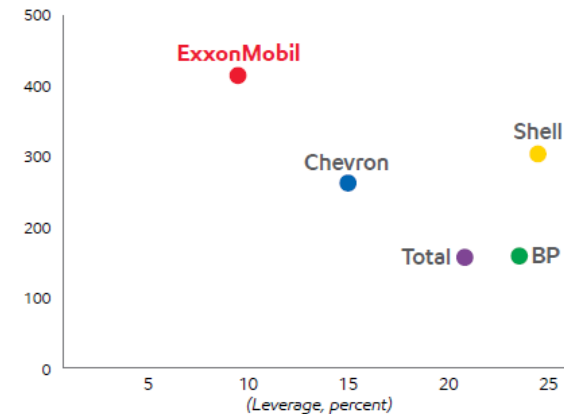
## 5. Total Shareholder Return<sup>(5)</sup>



## 6 & 7. Strategic Business Results and Project Execution<sup>(8)</sup>

- **Upstream:** capital-efficient resource developments and portfolio enhancements
- **Downstream and Chemical:** growing the value of premier integrated businesses
- **Unparalleled financial flexibility**

2016 Total Capitalization and Leverage<sup>(9)</sup>:  
(Total Capitalization, dollars in billions)



# How do we link performance and pay?

## Highest performance standards

### 8. Performance Criteria and Award Matrix

#### Industry-Leading Performance in All 7 Key Areas:

- Safety and Operations Integrity
- Return on Average Capital Employed (ROCE)
- Free Cash Flow
- Shareholder Distributions
- Total Shareholder Return (TSR)
- Strategic Business Results
- Project Execution

		Performance Award Matrix				
Quintile		1	2	3	4	5
Performance Shares		100%	80%	50%	30%	0%
Bonus		100%	80%	60%	50%	0%
		← Performance				
CEO	↑ Pay Grade	Annual benchmarking determines number of shares of each quintile and pay grade				
Management Committee						
Presidents						
Executives						

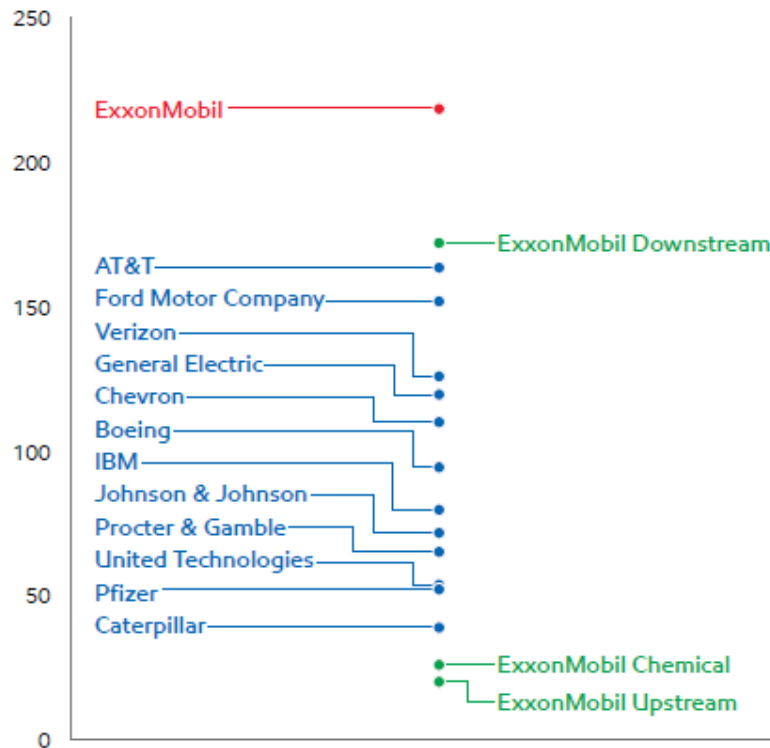
- **Industry-leading performance** over investment lead times of the business is required in **7 pre-established areas and metrics** to achieve a top quintile award
- Outstanding performance in one area will not cancel out poor performance in another
- Executive officers are expected to perform at the highest level or they are replaced



# How do we link performance and pay?

## Scale and Complexity

(2016 Revenue, dollars in billions)



### 9. Scale of ExxonMobil vs. Benchmark Companies<sup>(1)</sup>

- Scale of ExxonMobil and each business segment on the basis of 2016 revenue
- All 3 ExxonMobil business segments on a stand-alone basis rank among other large companies based on revenue
- ExxonMobil vs. median of peer companies

Revenue	2.5x
Market Capitalization	1.8x
Total Assets	2.1x
Net Income	1.0x
Capital Expenditures	5.6x

# How did we pay?

## Bonus Program

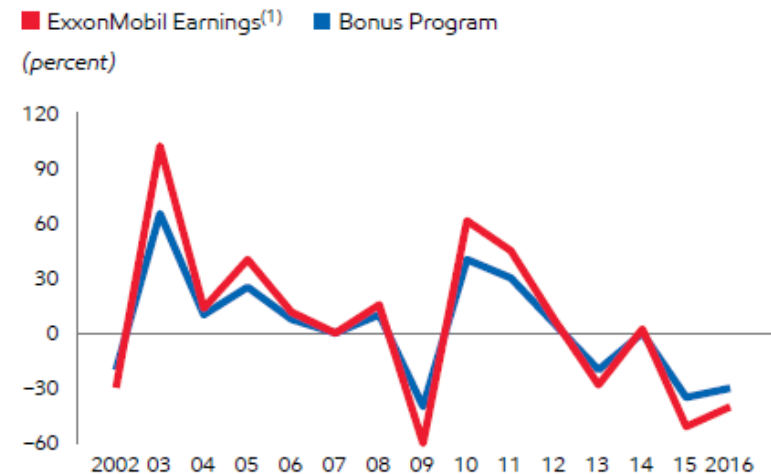
Three factors determine the annual bonus and focus executives on sustainable growth in shareholder value:

1. Size of annual bonus pool determined by a formula, aligned with **change in annual earnings**

$$\begin{array}{l} \text{Annual Percent Change in Earnings}^{(1)} \\ \times \\ \text{Two-Thirds}^{(2)} \\ \hline = \\ \text{Percent Change in Bonus Program} \end{array}$$

2. Individual grant levels determined by **7 pre-established performance areas and metrics**
3. Half of the annual bonus delayed until cumulative **earnings per share (EPS)** reach a specified level

### 10. Percent Change in Earnings<sup>(1)</sup> vs. Percent Change in Bonus Program



2016 bonus represents 6 percent of CEO's reported pay and is **down 30 percent**, which followed a **35-percent reduction** in 2015

# How did we pay?

## Performance Share Program<sup>(3)</sup>

The following design principles result in a performance and risk profile aligned with the experience of long-term shareholders:

1. Performance award matrix determined by **annual benchmarking**
2. Number of performance shares at **grant** determined by **7 pre-established performance areas and metrics**
3. Value of performance shares at **vest** determined by share price at vest
4. Time between grant and vest aligns with **investment lead times of the business**

### 8. Performance Criteria and Award Matrix

#### Industry-Leading Performance in All 7 Key Areas:

- Safety and Operations Integrity
- Return on Average Capital Employed (ROCE)
- Free Cash Flow
- Shareholder Distributions
- Total Shareholder Return (TSR)
- Strategic Business Results
- Project Execution

		Performance Award Matrix					
		Quintile	1	2	3	4	5
		Performance Shares	100%	80%	50%	30%	0%
		Bonus	100%	80%	60%	50%	0%
			← Performance				
CEO	Pay Grade ↑						
Management Committee							
Presidents							
Executives							

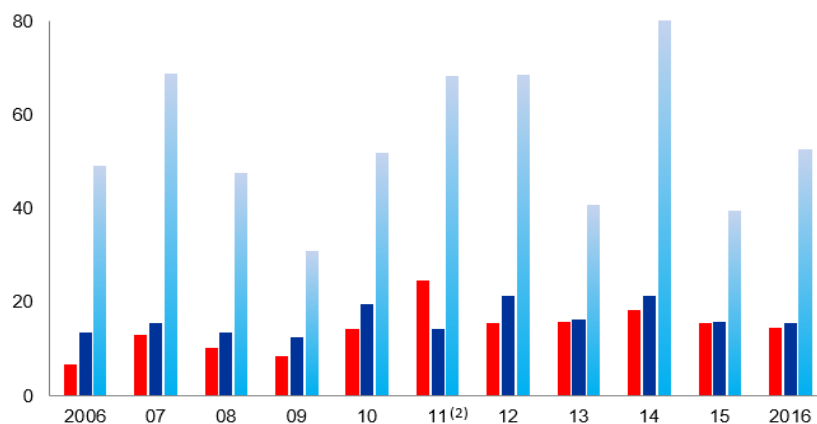
Annual benchmarking determines number of shares of each quintile and pay grade

# How did we pay?

## CEO Compensation

### 13. Realized Pay vs. Benchmark Companies

■ ExxonMobil  
Compensation Benchmark Company: ■ Median ■ Highest  
(dollars in millions)



### 14. Realized and Unrealized Pay

2006 to 2016	ExxonMobil	
	Percentile	Position
Realized Pay	26%	10 of 13
<b>Combined Realized and Unrealized Pay</b>	<b>35%</b>	<b>9 of 13</b>

For definitions of the terms "Realized Pay" and "Unrealized Pay" as used in this presentation, as well as a list of our compensation benchmark companies, see Frequently Used Terms on page 36 of this presentation.

CEO's combined realized and unrealized pay, from 2006 to 2016, is at the **35th percentile** of compensation benchmark companies

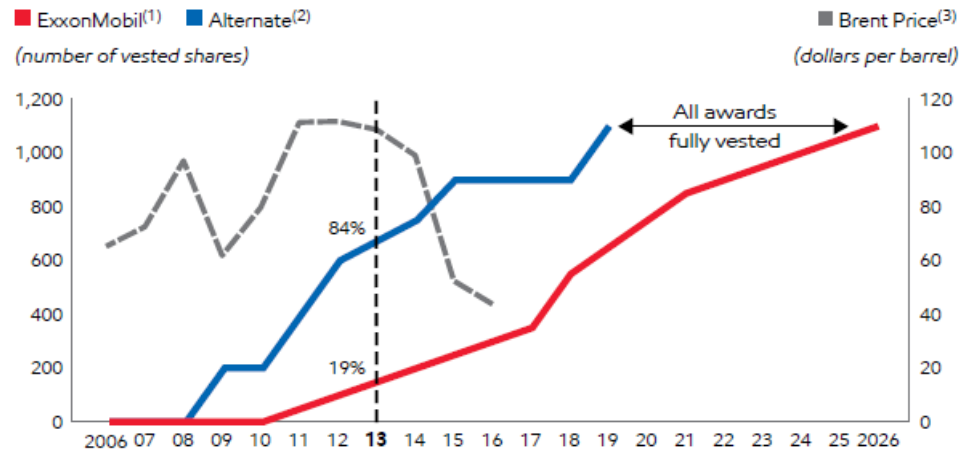


# How do we manage risk?

## Long Vesting Periods

- At peak of crude price, 19 percent of awards vested
- Under Alternate Program 84 percent of awards would have vested

### 15. Integration of Industry Environment and Compensation Program Design



Long vesting periods align the interests of CEO with those of the long-term shareholders

# How do we manage risk?

## Sound Governance Practices

### **How our program discourages inappropriate risk taking:**

- ✓ Extensive performance share holding requirement
- ✓ Risk of forfeiture for resignation or detrimental activity
- ✓ No accelerated payout at retirement
- ✓ Bonus clawback policy
- ✓ No employment contracts, severance agreements, or change-in-control arrangements for the CEO and other NEOs
- ✓ No guaranteed bonuses or additional grants to balance change in value of prior grants

# Chairman and Chief Executive Officer

Rex W. Tillerson, Chairman and CEO, retired at year-end 2016

Subsequent to his retirement, ExxonMobil reached an agreement with Mr. Tillerson to comply with conflict-of-interest requirements associated with his appointment as U.S. Secretary of State

- Severed all financial ties, including all forms of compensation, benefits, and perquisites
- Established an irrevocable Ethics-Compliance Trust ("Trust")
  - Structured to maintain long-term design of ExxonMobil's performance share program
  - Payout over 10 years
  - No acceleration, except in the event of death
  - Subject to specific risk of forfeiture
  - No flexibility to change terms of trust by ExxonMobil or Mr. Tillerson
- Impact on compensation, benefits and perquisites
- Net effect of the agreement was a reduction of approximately \$7 million

# Vote "FOR" Say-on-Pay

## Item 3: Advisory Vote to Approve Executive Compensation

- Strong business performance over the commodity cycle relative to industry peers
- Compensation is based on significant performance differentiation
- Contributes to a culture of performance, integrity, reliability, and continuous improvement
- Program is fully integrated with the Company's business model and interests of long-term shareholders



*"Society continues to face the dual challenge of meeting energy demand to support the economic growth needed for improved living standards, while simultaneously addressing the risks posed by rising greenhouse gas emissions and climate change."*

Our Position on Climate Change

Discussion on Energy & Carbon:  
Key Points

Understanding Supply and  
Demand Requirements

Prudent Development and  
Investment Planning

ExxonMobil: Part of the Solution

# ExxonMobil

2016 Energy & Carbon Summary



# Our position on climate change

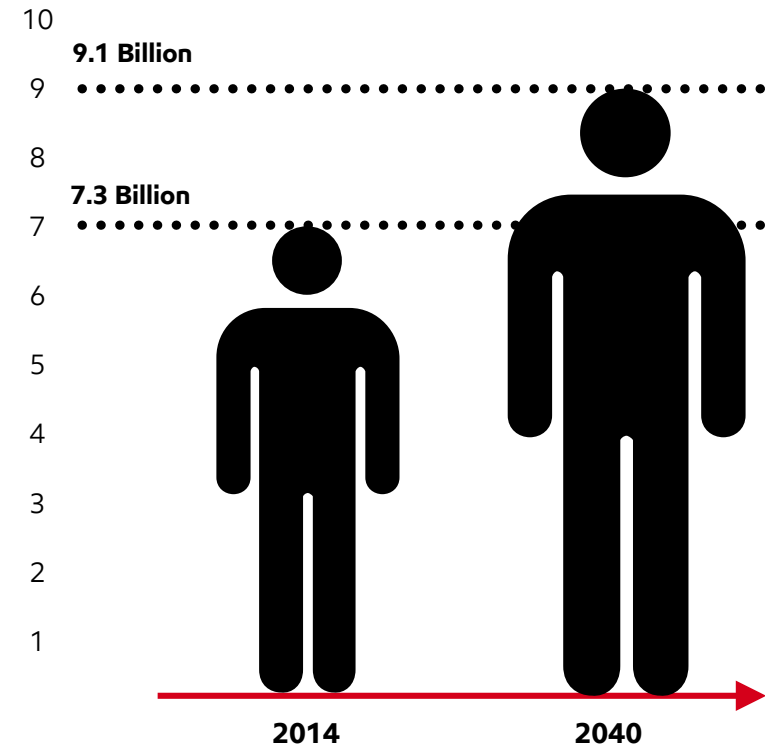
- The risks of climate change are serious and warrant thoughtful action
- ExxonMobil is part of the solution
  - Reducing greenhouse gas emissions (GHG) in our operations
  - Helping consumers reduce emissions
  - Supporting research that leads to technology breakthroughs
  - Participating in constructive dialogue on policy options

# Energy and Living Standards

- Access to affordable energy improves standards of living
- Non-OECD<sup>(1)</sup> nations will lead gains in GDP
- Middle class more than doubles to almost 5 billion
- By 2040, global energy demand likely to increase by 25% even with efficiency gains
- All forms of energy needed to meet increased demand
- Energy-related CO<sub>2</sub> emissions likely to peak during the 2030s and then gradually decline

(1) Organisation for Economic Co-operation and Development.

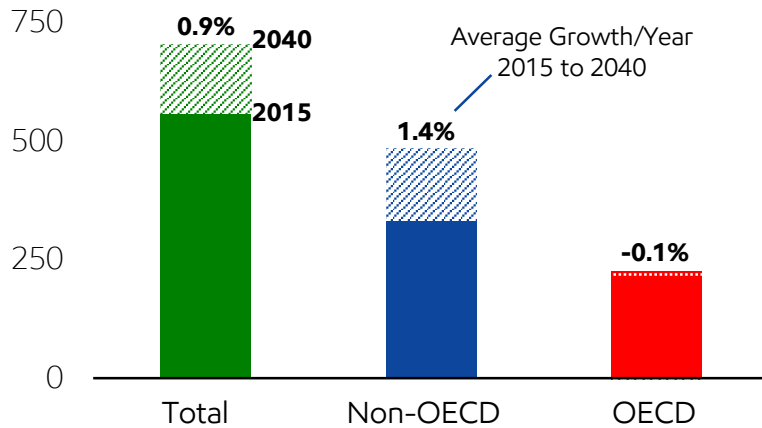
## Global Population Increase



Source: Based on U.N. sources and ExxonMobil, 2017 *The Outlook for Energy: A View to 2040*.

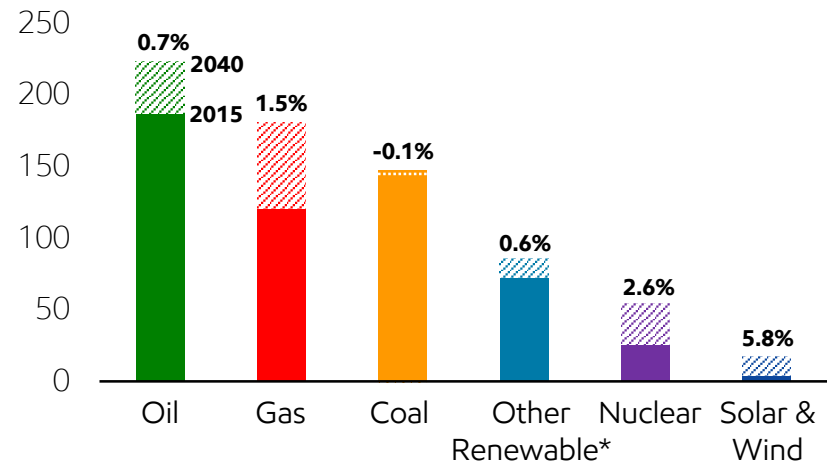
# ExxonMobil Annual Outlook for Energy

## Global Energy Demand Quadrillion BTUs



Source: ExxonMobil 2017 *The Outlook for Energy: A View to 2040*.

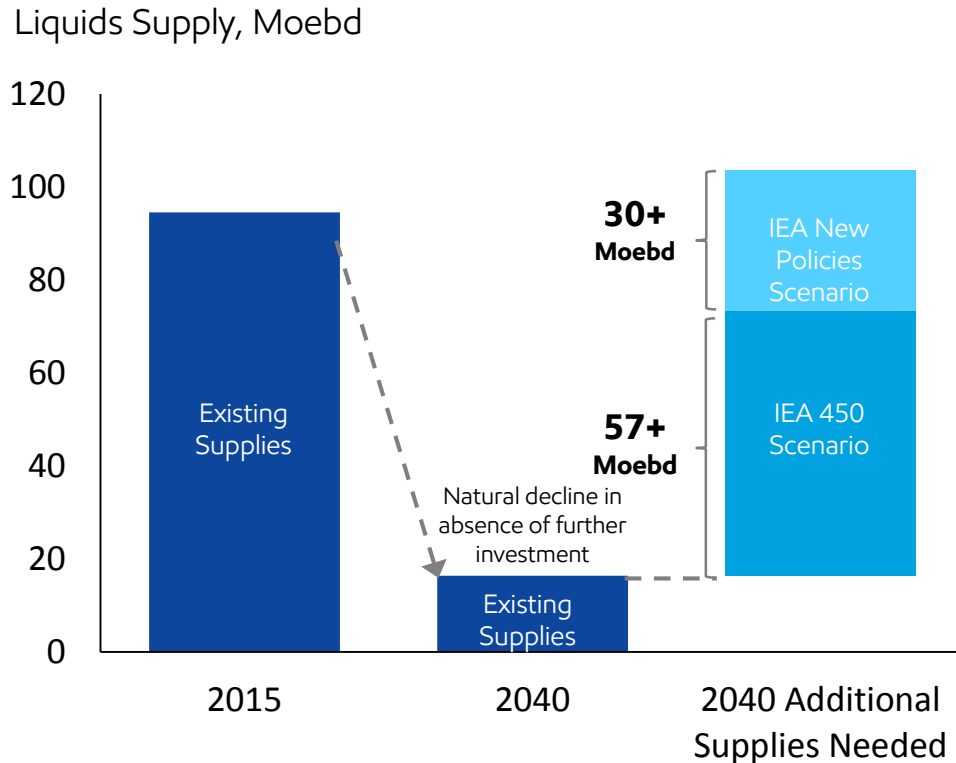
\* Includes hydro, geothermal, bio-energies.



- Consistent with aggregation of COP 21 Paris climate agreement commitments
- Reflects increasingly stringent climate policies, including use of a proxy cost of carbon to assess potential impacts on consumer demand
- Nuclear, solar, wind, and biofuels expected to grow at the fastest rates
- Oil and natural gas expected to meet about 55% of energy demand through 2040



# International Energy Agency Supply Outlook



Source: Based on IEA sources, excludes biofuels

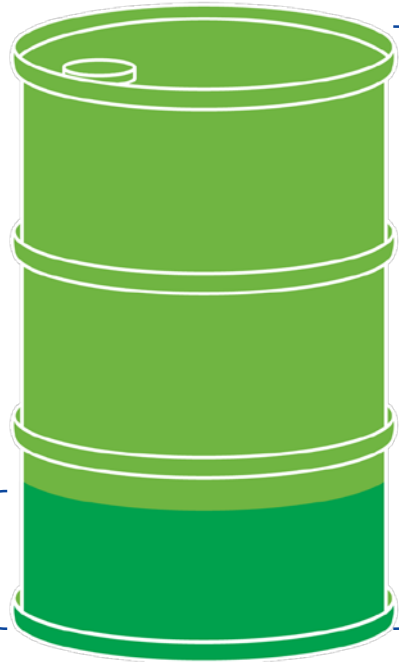
- ExxonMobil Outlook similar to IEA New Policies Scenario
- IEA 450 Scenario assumes a 2°C pathway
- Substantial ongoing investment required
- ExxonMobil contributes less than 3% of global production
- ExxonMobil positioned with industry-leading long-term return on capital employed

# Reserves and Resources

## Rigorous process with reporting integrity

### 20 BOEB Proved Reserves\*

- Reported annually in accordance with SEC rules
- Reasonable certainty criteria
- Prescribed pricing / economic basis
- Represents about 13 years of production at current rates

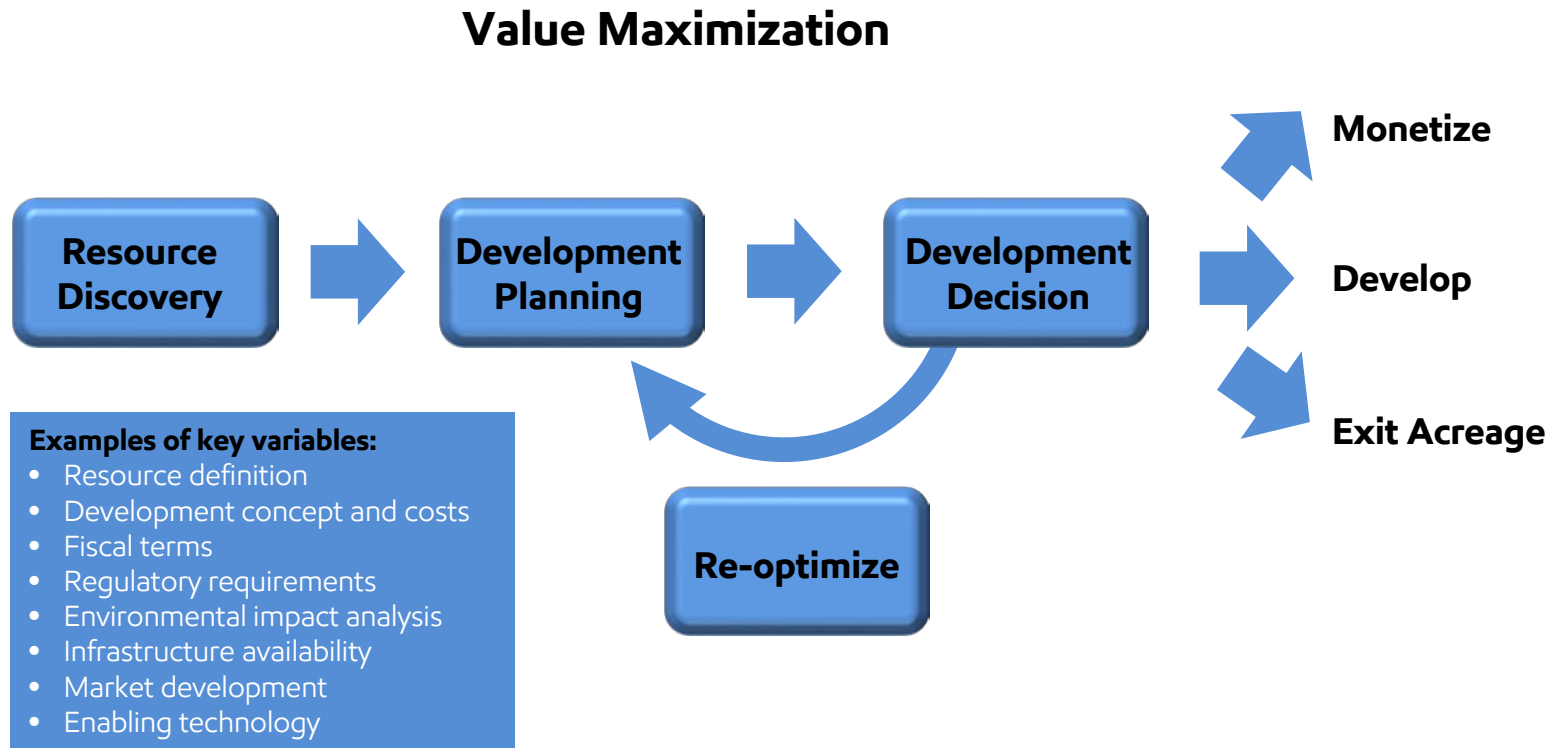


### 91 BOEB Resource Base

- Aligned with Petroleum Resources Management System guidelines
- Diverse global portfolio
- Quality opportunities for future development
- Dynamic development planning to assess and evolve commercial viability

\*As of year-end 2016

# Dynamic Resource Development Planning



# Investment Planning

**Stress testing is a robust approach to evaluate a range of economic outcomes**

**Tests investments across key economic variables**

**Defines economic resiliency and key economic drivers**

**Captures insights to mitigate risk**

## **Examples of Economic Variables\***

-  Fiscals
-  Cost & schedule
-  Commodity prices
-  Geopolitical risks
-  Regulatory & environmental
-  Infrastructure & Logistics
-  Market considerations
-  Technology applications

**\*where appropriate**



# Minimizing the Impact of our Operations

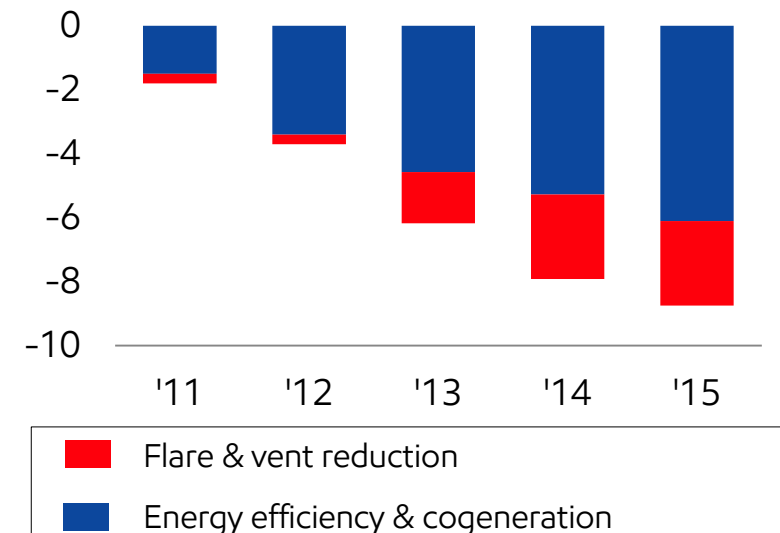
## Key Environmental Metrics

% Change 2015 vs 2006

GHG	<b>-12%</b>
Flaring	<b>-35%</b>
NO <sub>x</sub> , SO <sub>2</sub> and VOC emissions	<b>-46%</b>
Cogeneration	<b>+28%</b>

## GHG Emissions Avoided

Net Equity CO<sub>2</sub> – equivalent emissions  
Millions of metric tons, cumulative



# Supplying Products that Lower GHG Emissions



Expanding supply of natural gas



Advanced automotive materials



Light-weight packaging



Lower emission  
higher efficiency fuels and lubricants



Raw materials required for renewable energy

# Supporting Long-Range Research & Technology



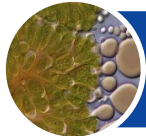
Natural gas to products



Internal combustion engine efficiency



Carbon capture and storage



Advanced biofuels



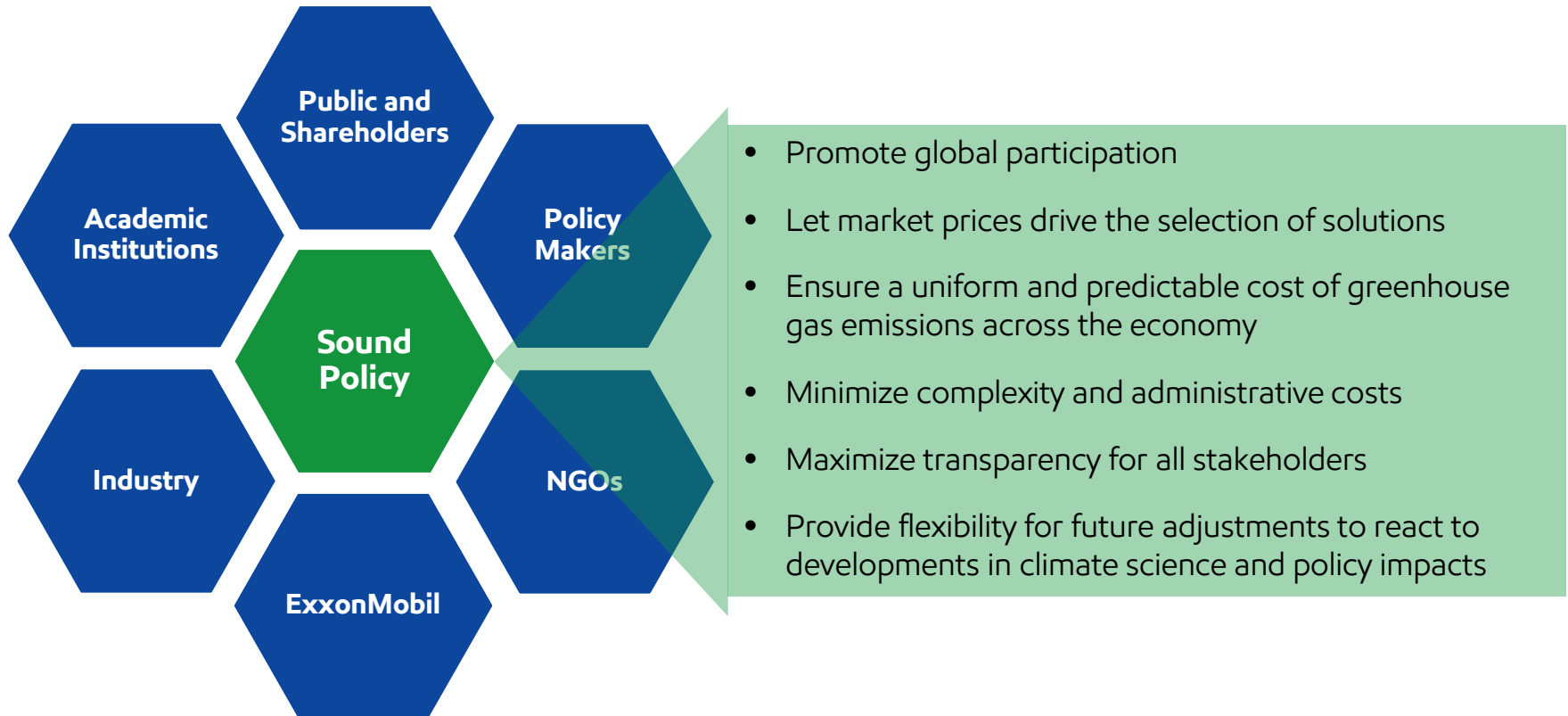
Climate science, economics, and policy

# Engaging on Climate Change

## 30+ years of engagement in climate science



# Attributes of Sound Policy





# Managing Impact of Policies to Reduce Carbon

## Address

- Engage stakeholders
- Consider economic impacts\*

## Mitigate

- Develop cost-reduction solutions
- Optimize project development scope

## Innovate

- Research & Development
- Technological innovation

\*Where appropriate, investment evaluations consider estimated costs of GHG emissions

# Key Messages

- Affordable energy solutions are essential to advance global prosperity
- Energy Outlook reflects increasingly stringent GHG policy with diverse energy supplies to meet demand growth
- Proved reserves reported annually in accordance with SEC rules
- Dynamic resource planning designed to minimize risk, maximize value
- Committed to pursue responsible solutions

# Shareholder Proposals

- Appreciate engagement of shareholders
- Some proposals satisfactorily addressed and excluded from proxy
- Remaining proxy proposals – generally agree on objectives, differ on approach
- Important to maintain constructive dialogue

Board recommends you vote Against:

Item 5	Independent Chairman
Item 6	Majority Vote for Directors
Item 7	Special Shareholder Meetings
Item 8	Restrict Precatory Proposals
Item 9	Report on Compensation for Women
Item 10	Report on Lobbying
Item 11	Increase Capital Distributions in Lieu of Investment
Item 12	Report on Impacts of Climate Change Policies
Item 13	Report on Methane Emissions



# Questions



# Cautionary Statements

## Executive Compensation Overview

**Statements regarding future events or conditions are forward-looking statements.** Actual future results, including project plans, schedules, and results, as well as the impact of compensation incentives, could differ materially due to changes in oil and gas prices and other factors affecting our industry, technical or operating conditions, and other factors described in Item 1A “Risk Factors” in our most recent Form 10-K. References to oil-equivalent barrels and other quantities of oil and gas herein include amounts not yet classified as proved reserves under SEC rules, but which we believe will ultimately be moved into the proved category and produced.

The term “project” can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

## Energy and Carbon Summary

**Statements regarding future events or conditions are forward-looking statements.** Actual future results, including future energy demand, supply, and mix, efficiencies, and the impact of new technologies, could differ materially due to changes in oil and gas prices and other factors affecting our industry, changes in government regulations and international accords, the outcome of research projects, and other factors described in Item 1A “Risk Factors” in our most recent Form 10-K. References to resources and other quantities of oil and gas include amounts not yet classified as proved reserves under SEC rules, but which we believe will ultimately be produced in the future and moved into the proved reserve category.



# Footnotes

## Executive Compensation Overview

**How did we perform?** Charts 1-4: (1) Employees and contractors, includes XTO Energy Inc. data beginning in 2011. (2) Workforce safety data from participating American Petroleum Institute (API) companies; 2016 industry data not available at time of publication. (3) Industry group includes Chevron, Royal Dutch Shell, Total, and BP. Competitor data estimated on a consistent basis with ExxonMobil and based on public information. For definitions and more information, see Frequently Used Terms on page 36. (4) Total shareholder distributions divided by market capitalization. Shareholder distributions consist of cash dividends and share buybacks to reduce shares outstanding.

**How did we perform?** Charts 5-7: (5) Growth rate of an investor's holdings with reinvestment of dividends. (6) Chevron, Royal Dutch Shell, Total, and BP weighted by market capitalization; shareholder return data for Total available from 1992. (7) Annual data calculated as average of daily prices from U.S. Energy Information Administration (EIA). (8) For more information, see the *Summary Annual Report* included with the Corporation's 2017 Proxy Statement and available on our website at [exxonmobil.com](http://exxonmobil.com). (9) Total Capitalization defined as "Net Debt + Market Capitalization"; Leverage defined as "Net Debt / Total Capitalization."

**How do we link performance and pay?** Chart 9: (1) Benchmark company data based on public information. Data represents the fiscal year ending in 2016, except market capitalization, which is as of December 31, 2016. Revenue includes sales-based taxes. Intersegment revenues are excluded.

**How did we pay? Bonus Program:** (1) The bonus program is based on an estimate of year-end earnings made in November of each year, such that payment can occur in that calendar year. Differences between actual and estimated earnings, either over or under, are factored into the following year's program. (2) The purpose of the two-thirds adjustment is to mitigate the impact of commodity price swings on short-term earnings performance. **Performance Share Program:** (3) The terminology used to describe our equity program has been updated to "Performance Share Program" to better reflect the strong connection between performance and pay; there have been no changes to the design of the program.

**How did we pay?** Charts 13-14: For definitions of the terms "Reported Pay," "Realized Pay," and "Unrealized Pay" as used in this presentation, as well as a list of our compensation benchmark companies, see Frequently Used Terms on page 36. (2) Exercised last stock options granted in 2001 that would have expired in 2011. No stock options granted since 2001.

**How do we manage risk?** Chart 15: For the example in chart 15, for both the ExxonMobil and Alternate programs, 100 shares are granted each year from 2006 to 2016. (1) ExxonMobil performance share program: 50 percent of an annual grant of performance shares vests in 5 years and the other 50 percent vests in 10 years or retirement, whichever is later. (2) Hypothetical alternate formula-based program: percent of target shares that pay out depending on ExxonMobil's relative three-year TSR rank versus our primary competitors: Chevron, Royal Dutch Shell, Total, and BP. TSR ranking has been determined by a Monte Carlo simulation that applies equal probability to each rank position. The Monte Carlo simulation method is consistent with U.S. GAAP accounting principles for valuing performance stock awards. Payout schedule as follows: 200% of target if ranked 1; 150% of target if ranked 2; 75% of target if ranked 3; and, 0% of target if ranked 4 or 5. (3) Annual data calculated as average of daily prices from U.S. Energy Information Administration (EIA).

# Frequently Used Terms

## Executive Compensation Overview

Please also read the footnotes contained throughout this presentation for additional definitions of terms we use and other important information.

**Reported Pay** is Total Compensation reported in the Summary Compensation Table, except for years 2006 to 2008, where the grant date value of restricted stock as provided under current SEC rules is used to put all years of compensation on the same basis.

**Realized Pay** is compensation actually received by the CEO during the year, including salary, current bonus, payouts of previously granted earnings bonus units (EBUs), net spread on stock option exercises, market value at vesting of previously granted stock-based awards, and All Other Compensation amounts realized during the year. It excludes unvested grants, change in pension value, and other amounts that will not actually be received until a future date. Amounts for compensation benchmark companies include salary, bonus, payouts of non-equity incentive plan compensation, and All Other Compensation as reported in the Summary Compensation Table, plus value realized on option exercise or stock vesting as reported in the Option Exercises and Stock Vested table. It excludes unvested grants, change in pension value, and other amounts that will not actually be received until a future date, as well as any retirement-related payouts from pension or nonqualified compensation plans.

**Unrealized Pay** is calculated on a different basis from the grant date fair value of awards used in the Summary Compensation Table. Unrealized Pay includes the value based on each compensation benchmark company's closing stock price at fiscal year-end 2016 of unvested restricted stock awards; unvested long-term share and cash performance awards, valued at target levels; and the "in the money" value of unexercised stock options (both vested and unvested). If a CEO retired during the period, outstanding equity is included assuming that unvested awards, as of the retirement date, continued to vest pursuant to the original terms of the award.

**Compensation Benchmark Companies** consist of AT&T, Boeing, Caterpillar, Chevron, Ford Motor Company, General Electric, IBM, Johnson & Johnson, Pfizer, Procter & Gamble, United Technologies, and Verizon. For consistency, CEO compensation is based on compensation as disclosed in the Summary Compensation Table of the proxy statements as of April 19, 2017.

**Free Cash Flow** is cash flow from operations and asset sales less additions to property, plant and equipment, and additional investments and advances, plus collection of advances. For additional information, see page 45 of the *Summary Annual Report* included with the Corporation's 2017 Proxy Statement and available on our website at [exxonmobil.com](http://exxonmobil.com).

**Shareholder Distributions** represent the cash to shareholders in the form of both dividends and share purchases. Shares are purchased both to reduce shares outstanding and to offset shares issued in conjunction with company benefit plans and programs. For purposes of calculating distributions to shareholders, the Corporation only includes the cost of those shares purchased to reduce shares outstanding. The yield represented in chart 4 is the total shareholder distributions divided by market capitalization. For additional information, see page 45 of the *Summary Annual Report* included with the Corporation's 2017 Proxy Statement and available on our website at [exxonmobil.com](http://exxonmobil.com).

**Return on Average Capital Employed (ROCE)** for the Corporation is net income attributable to ExxonMobil excluding the after-tax cost of financing, divided by total corporate average capital employed. For this purpose, capital employed means the Corporation's net share of property, plant and equipment, and other assets less liabilities, excluding both short-term and long-term debt. For additional information, see pages 44 and 45 of the *Summary Annual Report* included with the Corporation's 2017 Proxy Statement and available on our website at [exxonmobil.com](http://exxonmobil.com).

# Disclosures and References

## Energy and Carbon Summary

- Corporate Citizenship Report  
(<http://corporate.exxonmobil.com/en/community/corporate-citizenship-report>)
- Climate Policy material  
(<http://corporate.exxonmobil.com/en/current-issues/climate-policy>)
- Current issues relating to energy and climate  
(<https://energyfactor.exxonmobil.com/perspectives/managing-climate-risk/>)
- Special reports on energy and managing climate risks  
(<https://energyfactor.exxonmobil.com/perspectives/managing-climate-risk/>)
- Outlook for Energy  
(<http://corporate.exxonmobil.com/en/energy/energy-outlook>)
- ExxonMobil Energy Factor blogs  
(<https://energyfactor.exxonmobil.com/>)
- SEC Form 10-K  
(<http://ir.exxonmobil.com/phoenix.zhtml?c=115024&p=irol-finlanding>)

*Reference materials on our website cited above are for information only and not proxy solicitation materials.*