ExxonMobil Low Carbon Solutions Spotlight Transcript

This transcript presents the ExxonMobil Low Carbon Solutions spotlight held on April 4, 2023.

Jennifer Driscoll: Good morning, everyone. Welcome to ExxonMobil's Low Carbon Solutions Spotlight. We appreciate you joining us today and your continued interest in ExxonMobil. I'm Jennifer Driscoll, Vice President of Investor Relations, and I'm joined by Darren Woods, Chairman and Chief Executive Officer; Kathy Mikells, Senior Vice President and Chief Financial Officer; and Dan Ammann, President of Low Carbon Solutions. The slides and supplemental information for this presentation are now available on our website.

As a reminder, today's call is being recorded. Shortly, Darren will provide a few comments before turning the call over to Dan. We'll make sure there's ample time for Q&A before we conclude at about 10.30 AM Central Time.

Much of our presentation today is forward-looking, so we encourage you to read the cautionary statement in our slides. Additional information on the risks and uncertainties that apply to these comments are listed in our most recent Form 10-K and other filings. And now I'll turn it over to Darren.

Darren Woods: Thank you, Jennifer. Good morning and thanks for joining us. For more than 140 years, ExxonMobil has successfully delivered the energy and products needed to improve living standards and drive economic growth around the world. At the heart of our long-running success is the ability to evolve, to meet changing societal needs, and develop new technologies. This ongoing evolution is the focus of our Low Carbon Solutions spotlight today.

Our strategy focuses on meeting the world's needs for reliable and affordable energy and products as we reduce our own greenhouse gas emissions and help others do the same. You've heard us

refer to this as the and equation: providing the world with products that support modern living and reducing emissions.

Over a century of sustained global economic growth has resulted in the world's current levels of greenhouse gas emissions. Looking forward, getting on a path to net zero will require unprecedented innovation and collaboration among governments, companies, universities, and others. Something that is not happening today.

To achieve sustained emissions reductions, we'll need a thoughtful and comprehensive approach. One that balances benefits and costs; is sensitive to people's needs; and avoids economic hardships, market disruptions in energy, and product shortages.

When considering the skills and capabilities required to achieve this, there's no question that the energy industry has a critical role to play. One much bigger than most people realize. ExxonMobil is doing our part. This is illustrated by the reductions of our emissions, as you can see in the chart. Since 2016, we've made significant progress reducing our scope 1 and 2 operated emissions at a far faster rate than society as a whole.

And we're committed to do even more, with further reductions built into our future operating plans. As we delivered on our past commitments and work to achieve our plan objectives, we see the opportunity to help other essential industries and customers achieve their goals to lower emissions.

That's why we've established ExxonMobil's Low Carbon Solutions business. As Dan will explain shortly, the world's climate challenge is immense, and the opportunity it creates is equally immense. We believe the market for emission reductions could potentially reach $14 trillion by 2050. We're working to establish a competitively advantaged foundation that secures a leading position in this

new market. Focused on the hard to decarbonize sectors where cost-effective solutions are lacking and where we can make a unique and significant contribution. This sector alone potentially represents a $6 trillion opportunity by 2050.

The same competitive advantages that have underpinned our success for over 100 years and driven outstanding performance in our upstream and product solutions businesses will serve as the foundation for building a world-class, competitively advantaged Low Carbon Solutions business.

As we showed earlier, the challenge is enormous. To tackle it, the world needs large, world-scale solutions. We need them deployed globally and at much lower costs than today. The world needs to establish a new industry, a carbon reduction industry, with new value chains and products, and we need it sooner rather than later.

These needs play to our strengths. Over our entire history and across the globe, we have built industries and value chains where none previously existed. We see this even today with our developments in Papua New Guinea, Guyana, and Mozambique. In the U.S. Gulf Coast, we've established new end-to-end global value chains connecting production in the Permian with manufacturing assets on the coast, and chemical, fuels, and LNG customers in the U.S., South America, Africa, Europe, and Asia.

We have a footprint in government and customer relations that span the globe and resources to develop the world's largest projects on or under budget and schedule, as we've recently demonstrated with our steam cracker in Corpus Christi and ongoing industry-leading developments in Guyana.

Critically, we have a track record of bringing innovative approaches and new to the world technologies to market, seen in the first of its kind chemical complex design in Corpus Christi and Rotterdam's unique to the world conversion process for lubricant basestocks currently being extended to Singapore.

At our core, we're a technology company that manages and transforms molecules at scale, bringing value-added solutions to our partners and customers. From modeling the subsurface and maximizing resource recovery through safe, reliable, and efficient logistics and manufacturing operations, to unique high-value products, science and engineering underpins our success. Our recent reorganizations, like the Global Projects Group and our newly formed global technology and engineering organization, further strengthen our capabilities in delivering on this.

Of course, all of our past successes and current strengths stem from the commitment, experience, and capabilities of our people. Their skills, tenacity, and resiliency are the bedrock on which our company is built.

Our Low Carbon Solutions business leverages all these capabilities, giving us the ability to invest in the largest and highest return low carbon opportunities anywhere in the world. Our reputation as an honest, hardworking organization that meets commitments, delivers capital-efficient projects on time, and sets the highest standards for safe and reliable operations, differentiates us from others, making us a preferred partner. You'll hear more about this from Dan in a few minutes.

As the energy system evolves, our focus on the fundamentals and investments in an integrated and diversified portfolio of advantaged businesses anchored in a common set of core capabilities positions us for industry-leading success. The strategy that we've developed, the organization we've

built, and the businesses we're focused on ensures ExxonMobil will continue to grow and create value for our shareholders for many decades to come.

Of course, success starts at home. To credibly offer low carbon solutions to others, we must demonstrate meaningful progress in reducing our own emissions. While we recognize there's more to do, we're making good progress. We've reduced operating greenhouse gas emissions intensity by more than 10%. We've reduced corporate-wide methane intensity by more than 50%. We're on track to meeting our goal of achieving zero routine flaring across all of our operated upstream assets by 2030, consistent with the World Bank Zero Routine Flaring Initiative. And we've eliminated routine flaring in our Permian Basin operations, which is a key part of our 2030 goal of achieving net-zero scope 1 and scope 2 greenhouse gas emissions from our unconventional operated assets. As we continue this work, we plan to further reduce our corporate emissions intensity by 20% to 30% by 2030.

With advances in technology, development of markets, and the support of clear and consistent government policies, we aim to achieve net-zero operating scope 1 and 2 greenhouse gas emissions by 2050. To this end, taking a comprehensive approach, we have developed emission reduction roadmaps for our major operated assets. The roadmaps build on our 2030 emissions reduction plans.

We completed these roadmaps at the end of last year and will update them as needed to reflect technology, market, policy, and other developments. These roadmaps provide investment options for over 800 potential projects with estimated costs and emissions reductions. In the absence of market incentives to initiate and support these opportunities, we advocate for clear and consistent government policies.

The light blue shading represents the estimate of potential impacts from policies that exist today in multiple countries. When we consider the potential incentives from the U.S. Inflation Reduction Act, it is clear to see the importance of constructive policy in supporting efforts to help decarbonize the economy. These charts contrast the cost of abatement without policy, with policy, and lastly with aggressive policy like the U.S. Inflation Reduction Act. This clearly illustrates the impact policies like the IRA can have.

Ultimately, a market for emissions reduction will be required to achieve society's net-zero ambition. But to catalyze emissions reductions, accelerate advances in technology, and drive scale to improve cost, supporting policy remains critical at this early stage. As you can see from the chart, the world has a long way to go, as the cost of many abatement opportunities is still too high. But like the Chinese proverb says, "A journey of a thousand miles begins with a single step." This is how I think about our efforts in tackling this challenge. The beginning steps of a long journey.

As I mentioned earlier, we're off to a good start with significant progress in reducing our own emissions, with solid plans to improve further and extend our efforts to third parties. We're planning to invest about $17 billion on lower emissions initiatives from 2022 through 2027. About 60% of our investments will contribute to further reducing emissions in our own operations. We'll do this through CCS, hydrogen, and the use of other lower-emission sources of energy in our operations, as well as further reducing methane emissions.

About 40%, or roughly $7 billion, is what Dan will be talking to you about in a few minutes. Profitably growing our Low Carbon Solutions business to help others reduce their emissions. Before he does this, I want to be extremely clear. The investments in this business, like all of our other investments, must be advantaged versus industry and deliver competitive returns to successfully compete for capital. We expect the Low Carbon Solutions business to generate reliable earnings under long-

term contracts and, as it grows, deliver strong double-digit returns. Global emission markets have the potential to grow rapidly and reach a massive size. This, in turn, provides significant opportunities for our Low Carbon Solutions business, which represents an important and attractive element of our growth plans.

Importantly, our organization is clear-eyed on the challenges, understands the unique and important contributions we can make, and is embracing the new opportunities. Our customers, many governments, and other stakeholders recognize the unique combination of experiences, skills, and capabilities that ExxonMobil brings to help meaningfully reduce the emissions of others. Our robust strategy ensures shareholders enjoy industry-leading returns and growth in value, regardless of the pace or direction of the energy transition. And finally, society benefits as we leverage our advantages to help address one of the defining challenges of our age.

With that, I'd like to introduce the President of our Low Carbon Solutions business, Dan Ammann. Dan brings a lot of energy and a full suite of relevant experiences to this role, including startup experience. He has the full backing and resources of ExxonMobil to help grow the LCS business, and I know he's excited to talk about the incredible progress our company has been making and the opportunities that lie ahead. Welcome, Dan.

Dan Ammann: Thanks, Darren. I'm really excited to be here. Throughout my career, I've worked on several big high-impact challenges. But if you were to make a list of the biggest challenges facing humankind right now, most people would put climate change and the energy transition right at the top of that list. And at the same time, if you were to make a list of the companies in the world that have a credible chance of actually helping bend the curve for the world's path to net zero, then I'd put ExxonMobil at the top of that list. And that's why I'm here today.

I'd like to begin with the mission of the ExxonMobil low carbon team. And, like the broader ExxonMobil mission, it involves an and equation. We're helping accelerate the world's path to net zero and we're building a compelling new business. And it's our belief that these two elements go hand in hand. One won't be successful without the other. The world needs to urgently find a path to net zero. But the cold, hard reality is the energy transition won't happen if there's not an economically viable path to abate greenhouse gas emissions. And that's why our low carbon solutions business is intensely focused on helping to accelerate the world's path to net zero by making that path economically viable and making it executable at a scale that matters. The great news is momentum is building. We've got several exciting projects underway, including the one we just announced for CCS with Linde, and many, many more in the development pipeline.

Darren highlighted the immense challenge in front of us as a society to get to net zero. So let's break that down into a bit more detail. The pie chart on the left here shows the sources of the 33 billion metric tons of energy-related CO_2 emissions that the world generates today. And what's interesting here is the huge proportion of emissions that come from industrial sources, from power generation, and from commercial transportation. And together they account for 80% of all energy-related emissions, and these are the hard to decarbonize sectors that we at ExxonMobil are most focused on. And while light vehicle electrification is important and gets a lot of the headlines, it's worth noting that the industrial sectors we're focused on contribute roughly eight times as much to emissions than does light vehicle transportation, and therefore they must be tackled. And that's where our capabilities come in.

So what's it going to take to abate these emissions? The pie chart on the right shows the estimated size of the markets that need to be built to abate these emissions, and they're estimated at roughly $14 trillion annually by 2050. Of this, a bit less than half, or about 6 trillion, will come from managing

molecules, and that includes carbon capture and storage, hydrogen, and biofuels, and a bit more than half is expected to come from electrons, primarily renewables.

We're focused on the $6 trillion molecules opportunity as that's what lines up with our competitive advantages. And just to put that in context, a $6 trillion industry is about two and a half times bigger than the entire global telecom industry is today. However, only a small subset of the total opportunity is currently economically viable.

Over time, the pace of unlocking the full scope of the potential market will be a function of two primary factors. First, the continued increase in the actual or implicit cost of carbon, whether that's in the form of policy support, carbon taxes, voluntary or compliance-based trading schemes, and of course, true end-market demand. The Inflation Reduction Act incentives are a step in the right direction in this regard. And second, continued decrease in the cost of abatement, which will be a function of technology breakthroughs, as well as achieving economies of scale. And these two factors working in concert will drive the opportunity growth in the potential market, which brings us to our ambition to scale into that addressable market and to grow exponentially with it.

To tackle this, we've divided our growth targets into three phases. We're calling our first phase "0 to 1," which we expect to unfold over the next few years. One of the things that's been surprising to me coming into this space is how few definitive projects have been announced in the industry so far. There's been lots of press releases about collaboration and MOUs, but very few definitive project agreements. And that is why it's our immediate priority to build what we call our foundational projects - these are projects that work with today's policy, today's technology, and today's infrastructure - and to demonstrate that these projects can attract customers and earn solid returns. The market at this stage could be in the tens of billions of dollars with our annualized revenue on

contract reaching the billions over the next few years. At the same time, we'll be investing in new technologies that will help unlock cost reductions later.

The next stage, which we're calling "1 to 10," would be to grow our business off our foundational projects by about 10x. The market will have grown to hundreds of billions of dollars due to the combined effect of an increase in the cost of carbon by roughly 1 to 2 times of what it is today and a realization of 10% to 20% reduction in the cost of abatement due to technology improvements and scale efficiencies relative to where we are today. At this stage, we're still mostly reusing and repurposing existing infrastructure, and by this point in time, our business could now be measured in the tens of billions of dollars of annual revenue on contract.

Beyond this time frame, we aim to grow another order of magnitude from "10 to 100." Supporting conditions for this include a cost of carbon of 2x to 3x relative to where it is today, and 30% to 70% reductions in the cost of abatement versus today, driven by technology breakthroughs and very large-scale economies. The addressable market now could be in the trillions of dollars consistent with the pie chart we saw earlier and our business potentially measured in the hundreds of billions of dollars and quite possibly larger than ExxonMobil's base business is today as the world approaches net zero.

Two things that we think are underestimated by nearly everyone and that will feature in long-term solutions in the path to net zero. One is the role of infrastructure and the need to find ways to reuse it, mostly as is. If our primary modes of carbon abatement are reliant on replacing existing infrastructure with new, they will almost certainly be cost prohibitive. The second is the need for truly carbon negative solutions such as direct air capture technology to offset the hardest to abate sources of emissions.

As you just saw, bringing down the cost of abatement is critical to accelerating the path to net zero. Technology is already playing a critical role here, and it's where we have a clear competitive advantage. To expand that advantage further, we're tailoring our approach in any given abatement technology as a function of two things. One, how much technology upside or runway remains? For example, is the technology early stage or is it already very mature? And two, where does ExxonMobil bring real competitive advantage?

First, we're applying resources and driving development in those areas where we think there is a lot of technology runway and where we bring real competitive advantage. These are the areas where we're working on the development of new and potentially breakthrough technologies. Examples of this include in direct air capture, alternate methods of hydrogen production, and in leveraging our deep capabilities in the subsurface for carbon storage and other potential new areas. And while we're leading the technology development in these programs, we're going to continue to work with other companies or academic institutions that can bring unique value to the table.

Next are areas where there is significant runway, but where we have less existing advantage. And in those areas we're going to look to partner. An example of this is the Mitsubishi Heavy Industries post-combustion capture partnership, where we are integrating existing MHI technology into our one-stop-shop CCS offering, and where we're working on joint technical development with MHI to further advance the technology with the goal of bringing the cost of abatement down.

Lastly, where technology is mature and we do not bring a unique competitive advantage, we're going to look to purchase or license from existing, established vendors as a smart buyer. A good example here is ammonia production technology, which is very mature. We will be in the ammonia production business, but we will license that technology from established licensors. Similarly, in renewable power, this is a mature area with several very experienced developers and OEMs, and we

expect many of our projects will involve renewable power as part of reducing carbon intensity that we expect to be a smart buyer here as well.

Another area of truly unique competitive advantage for us is ExxonMobil's global projects capability. ExxonMobil was recognized for developing and executing some of the largest and most challenging and innovative projects in the energy industry or, frankly, in any industry. Our low carbon business is already leveraging this expertise, as we're getting underway with execution plans for building a world-scale low carbon hydrogen plant. We're drilling CO_2 wells and building pipeline infrastructure.

Most importantly, our customers are recognizing the knowledge and depth that we bring to the table. There's this almost automatic presumption that when ExxonMobil commits to a project, that that project is going to get delivered on time, on budget, and perform to expectations. To put it simply, when you need to build a multibillion-dollar project under some of the most challenging conditions and constraints imaginable, no one else in the industry has a project organization who can deliver like ours.

So we have a technology advantage, project execution advantage, and our third area of significant advantage is expected to come from integrated low carbon value chains. So what does that mean? One of the questions we often get is what do you think the split will be between hydrogen and carbon capture and storage or biofuels or other alternatives? And the reality is no one knows for sure. In any given situation, the optimal solution might be different based on cost, available infrastructure, regional policy, and so on. Therefore, we will be advantaged if we're able to offer a variety of decarbonization solutions and if we can reduce cost by integrating the value chains that support those solutions, for example, by leveraging the same investment or capability for different purposes.

So let's look at an example. Many of our natural gas and LNG customers have significant post-combustion emissions that they'd like to abate, and we already offer a one-stop shop CCS solution from capture through transportation to storage, and that will enable these customers to reduce their emissions.

Now that we've established CCS infrastructure to help these third-party emitters decarbonize, we can leverage that same infrastructure to support the production of blue hydrogen, which requires a CCS solution. And once we're in the hydrogen production business, we can market that hydrogen to customers for multiple use cases, such as fuel switching out of natural gas, displacing existing gray hydrogen, converting to ammonia for energy exports, and potentially for use in heavy transportation. Many of the customers here are already natural gas customers, so we would leverage those existing relationships. And once we've established those sales channels for low-carbon blue hydrogen, we'd have the ability to swap in other potential hydrogen sources, such as green or even some of the alternate technologies that we're working on. So then, we'd be leveraging our gas and CCS value chains to support both CCS and a full range of hydrogen solutions. But we can leverage all this even further.

For example, it could be cost-efficient to plug in truly carbon negative solutions such as biofuels with CCS and direct air capture. By leveraging these value chains to provide multiple solutions off the same infrastructure and into many of the same markets, we would have significantly reduced investment and have a corresponding cost advantage, which in turn would unlock more of the overall opportunity and help accelerate a path to net-zero societal emissions.

Now let's see how this is taking shape along the U.S. Gulf Coast, where we've started building out some of these integrated value chains. Strategically, the Gulf Coast is a great place to start because of the concentration of emitters, the proximity to feedstocks, and access to permanent carbon

storage. And those factors plus the Inflation Reduction Act also contribute to these early projects supporting solid returns.

Starting on the left, we have advantaged low carbon intensity feedstock with our previously announced Permian net-zero plans. Moving to the Houston area, we're working on the world's largest blue hydrogen facility, leveraging all of the existing infrastructure at the existing ExxonMobil Baytown site, including the port for ammonia export. Supporting this hydrogen plant will be a large-scale CCS network, which will offer CCS services to third-party emitters in the Houston area.

Moving east again to the Port Arthur and Beaumont area, we've just entered into another landmark commercial offtake agreement with Linde to capture, transport, and permanently store up to 2.2 million metric tons of CO_2 annually. It's not hard to imagine us leveraging this for future potential activity at our nearby Beaumont site, and obviously, we'll be welcoming other third-party emitters to join as well.

Lastly, in Louisiana, we're underway on execution of our previously announced foundation CCS project with CF Industries, and we expect to announce other emitters joining this network before too long. And again, this is adjacent to our existing operations at Baton Rouge and we'll be looking at future integration opportunities here, just as we're doing at Baytown today. Looking ahead, we expect to leverage the value chains we're building here for new carbon negative opportunities in the biofuel and direct air capture areas.

So let's dive into a few of these projects in a bit more detail. What's really exciting is that these projects are moving into execution. They're moving off of PowerPoint and into the real world. We recently awarded feed contracts and have begun site work at our Baytown blue hydrogen facility, and that's expected to be the world's largest when it starts up in 2027-2028, with the capacity to

produce 1 billion cubic feet a day of hydrogen. And that's the equivalent of the energy needed to power 1.5 million homes. We expect to capture more than 98% of the CO_2, or about 7 million metric tons a year, that's associated with producing this hydrogen. In addition, tapping into Permian net-zero natural gas should give us an additional advantage in carbon intensity that will be very difficult for others to match. Leveraging the existing Baytown site gives us huge advantages in terms of existing utility infrastructure, steam integration, staffing, and built-in demand for approximately half the output of our facility, all of which lowers our cost of supply for third-party customers.

We're seeing very significant demand in the market for Baytown offtake, both for the local hydrogen and fuel switching markets as well as ammonia for export, such as with our recently announced heads of agreement with SK out of Korea and strong interest from other new and existing customers, especially from our LNG value chain. And we know our customers are placing significant weight on our execution capability. They're wanting a partner they can count on to deliver, and ExxonMobil brings that capability to the table for very large-scale projects like this in a new value chain.

Meanwhile, in Louisiana, we're also progressing our foundation CCS project with CF Industries. The project is expected to capture 2 million tons a year of CO_2 from CF's Donaldsonville facility that you see here, and startup is targeted for 2025. That’s equivalent to replacing 700,000 gas powered cars with EVs. Think about that. One project at one facility having a bigger impact than all the EVs sold in the United States last year.

We’re developing our carbon storage site at Pecan Island, and we’re working jointly with EnLink on the midstream infrastructure. We’re now building on this existing infrastructure to bring other emitters into the system, and we expect to have more announcements here soon.

Looking further ahead, the Mississippi River corridor is one of the highest concentration areas of industrial emitters, and we expect to have opportunities along many of the adjacent value chains that we've discussed today, including integrating into our complex at Baton Rouge.

On the biofuels front, earlier this year, our majority-owned affiliate Imperial Oil announced final investment decision for a 20 KBD renewable diesel facility at the Strathcona refinery in Canada, with start-up targeted for 2025. This is an example of how we're investing to support our ambition to supply 200 KBD of lower emission fuels by 2030. This project is expected to deliver renewable diesel that could reduce CO_2 emissions by 3 million tons a year compared to utilizing conventional fuels. Feed for this project will include locally grown canola-based feedstock. Clear policy and marketplace support like we see in Canada are critical to investments such as this.

So as you can see, we have some very exciting projects well underway to build the foundation and to take us from "0 to 1" as part of our overall ambition. And just as important, we also have a full pipeline of projects that we're developing beyond these initial foundation projects.

Total capital currently in the plan for our low carbon business is roughly $7 billion for the 2022-2027 period for our third-party business. And revenue from our first CCS projects could begin as soon as 2025. Measured in emissions reductions terms, the projects currently in plan could reduce emissions by approximately 20 million tons a year, which is the equivalent of replacing 7 million gas powered cars with EVs.

Beyond these projects, we're building a significant backlog of attractive opportunities. Currently, that backlog is approximately 4x what we have in the plan, which gives you a sense for the scale and the momentum that is starting to build. We're evaluating each of the opportunities in our pipeline to

determine if and when they earn a place in our future plans and we'll keep you updated as our plans evolve. We're very excited about the growth that lies ahead.

As we look at the global opportunity set, we're seeing the most activity here in the U.S. driven by the Inflation Reduction Act. In Asia Pacific, we're seeing energy customer activity ramping up and Europe still evolving as policy there is currently more prescriptive, focusing on how emissions should be reduced versus on what we're trying to get done.

I'd like to close out with some thoughts on our target business model and the all-important topic of returns expectations. Starting with the business model, we see evidence in our early commercial agreements that the profile of the low carbon business is going to be quite different from most of the other businesses of ExxonMobil today. The core oil and gas business, as we all know, sells into primarily a spot commodity market and, as a result, is highly cyclical. For the low carbon business, we see a number of very attractive attributes taking shape.

First, we're in a highly advantaged position and expect to continue to build that advantage over time, leveraging our technology, our scale, and our integration capabilities. And this is the foundation for a long-term returns potential. Second, this is obviously a market with very high growth potential from a relatively small start today, up to a multitrillion-dollar TAM over time. Third, we're building the business on a foundation of long-term contracts that will underpin stable and more predictable margins and cash flow compared to a commodity market. And all of that should drive robust double-digit returns.

Diving a bit further into returns… Going back to the beginning, we said that the energy transition won't be successful if it's not economically viable. And that's true for our business as well. It's why

we're pursuing foundation projects that work with today's technology and today's policy with the ambition to grow exponentially from that starting point.

The initial returns expectations that were set for the business reflect the business model I described just a minute ago. Attractive, stable returns built on long-term contracts combined with sustained high growth rates. We expect that the return opportunity could improve further with time as markets take shape, leadership positions are established, technologies deployed, and scale efficiencies are realized.

Four key takeaways to sum up. One, we're accelerating the world's path to net zero, and we're building a compelling new business. Two, we have tremendous advantage built on our technology, our scale, our project execution, and our value chain integration. Three, we're building a new business model with attractive, less cyclical returns, and very high growth. And four, we're leading now with real-world projects moving into execution and a rich pipeline of future opportunities.

Bottom line, we believe this will be a compelling new business for ExxonMobil that can underpin future growth and returns for the corporation for decades to come. Momentum is definitely starting to build, and it's going to be an exciting and high-impact time ahead. Now, let me hand things back to Jennifer.

Jennifer Driscoll: Thank you, Dan. We'll now begin our Q&A session. Please note, as usual, we'll ask our analysts to limit themselves to a single question as a courtesy to the others and so that we can take questions from more people. However, we do ask that you also remain on the line with your video on in case we need to ask you any clarifying questions. And to indicate that you have a question, please use Zoom's "Raise Your Hand" feature. We'll now take our first caller. Our first question comes from Neil Mehta of Goldman Sachs. Hi, Neil.

Neil Mehta: Good morning and thank you for doing this. My question is, just how do you see this business as a part of the broader enterprise? And I think, Darren, you've made comments before. You could see low carbon one day getting as big as chemicals or refining. So just give us a sense of how do you think about the terminal scale of this business as you look out over a longer period of time.

Darren Woods: So good morning, Neil. It's good to see you. I'll build on the comments that Dan made in his presentation in that in the total capacity, the total available market we see growing pretty substantially. Our position in that market we anticipate being very consistent with our traditional businesses from a market position standpoint, a market share standpoint. And we build that market position based on these core capabilities that I touched on and then Dan emphasized more specifically, which comes back to the things that we've been doing for the last 100 years that we feel bring a substantial amount of advantage and value in these new markets. And so we see the potential growing very consistent with our traditional businesses. And as Dan said, potentially at some stage, depending on this transition and how rapidly it evolves, equaling if not exceeding some of our traditional businesses.

The good news on this, though, is we've got optionality. We've got a portfolio of businesses that are flexible in terms of the resources that we allocate because we're drawing on the same capability and resource set. And we will evolve consistent with policy, evolve as policy evolves, consistent with market developments, consistent with technology development. So I think we feel really good about, one, the opportunity, two, our ability to compete in that opportunity, and then three, the optionality and flexibility we have to address that. So basically, it's a question of where does this go? And we'll be there to basically take advantage of it.

Jennifer Driscoll: Thank you, Neil. Our next question is going to come from Biraj Borkhataria from RBC.

Biraj Borkhataria: Hi, thanks for the overview. So I wanted to ask about hydrogen and your views on end-user demand. So you are obviously a consumer of hydrogen in refining and chems and part of the initial push is going to be displacing gray hydrogen with green or blue into your facilities. But some of your peers have talked about the potential to ship ammonia around the world similar to the LNG industry. I just was kind of interested in taking your views on the next 10 to 15 years, what is the role of lower carbon sources of hydrogen, whether you think it's just going to be simply for industrial uses or whether you think there's a role for mobility and so on? Thank you.

Dan Ammann: Sure. I'm happy to take that. I think we see a very large opportunity for hydrogen. We see it going into exactly the markets you identified, into heavy industry and we see that really as the starting point. We have our project in Baytown that we're underway with, and we're in the market with offtake for that project today. And as I said in the prepared remarks, we're seeing very significant demand for that out of multiple different channels. We're seeing demand for that as a fuel to displace natural gas here on the Gulf Coast. We're seeing demand for that to back out gray hydrogen here on the Gulf Coast. And we're also seeing demand for that for conversion to ammonia for export into markets like Japan and Korea.

And a few weeks ago, we actually announced our first heads of agreement with SK out of Korea for blue ammonia offtake out of the Baytown project. So that market is taking shape in real time and we're seeing that demand begin to manifest itself and we see that scaling into a very large opportunity. I think there is also an opportunity in commercial transportation. I think that comes probably a little bit later and these markets that we're working our way into now will be the fairly obvious starting point.

Jennifer Driscoll: Okay. Thanks, Biraj. Our next question comes from Devin McDermott of Morgan Stanley. Devin.

Devin McDermott: Great. Thanks for taking my question and for the helpful presentation. So I had a higher-level question. You laid out a very compelling case for investments in the low carbon businesses, the high growth, the strong returns, and a very stable margin profile relative to the legacy businesses at Exxon. But when we step back and think about the investment opportunities you have across the enterprise, you also do have a very compelling set of projects on the upstream oil and gas, legacy refining investments as well. Can you talk a little bit about how you think about the competing priorities there? I guess if you have only a dollar to spend, how you allocate that across the new businesses versus the legacy Exxon enterprise?

Darren Woods: Sure. I'll take that. Devin, good morning. Thanks for joining us. I think the advantage or the approach that we take here is focused on the advantages that we bring to each of those businesses. And as we sit and talk about where we want to take each of those businesses, we've talked in the past about how we assess the opportunity in two really important criteria. First, that advantage translates into a competitive position, an advantaged, competitive position within the industry. So for each of the businesses, we're evaluating projects and where they sit on the cost of supply curve, making sure that irrespective of where we're at in the price cycle, the commodity cycle, or, for Dan's business, irrespective of how the market develops and the supply comes on or the abatement technologies come on, that we're very well positioned. So in advantaged projects, absolutely critical.

And then second, which goes hand in hand with that, is to generate very competitive returns. And we'll stack that up across the corporation and make sure that, from a strategy standpoint, we're growing those businesses at a pace that drives earnings and cash flow growth, which then translates obviously into shareholder value and allocate that capital based on the competitiveness of each of

those projects. Our sense is, and what we're seeing today in the current portfolio, is those advantages manifest themselves differently and we see really attractive opportunities in all three of the businesses.

So to date, we haven't been challenged to find something in one business or in fact have to trade something off for another business, I think. And the more successful we are, the more cash we generate, the more funds we'll have to invest and grow the business. So I think it'll be self-sustaining, self-supporting if we're successful at achieving that objective set of advantaged position versus the rest of the industry, grow earnings, grow cash and then fund additional investments.

Devin McDermott: Great. Thank you.

Darren Woods: You bet.

Jennifer Driscoll: Our next question comes from Sam Margolin from Wolfe Research.

Sam Margolin: Hi everyone. Good morning. Thanks so much for the call. So I noticed on your abatement cost curve, there's a pretty good slug that goes to zero from the IRA. And you probably don't want to say exactly what that is for competitive reasons, but I think a number of us can probably guess. But when you think about the time frame and the way that revenue scales from tens of billions in five years to hundreds of billions in ten and then into the trillions... In the next five years, is that mostly concentrated in the basically zero cost abatement with policy? And then as a follow-on to the same question, does that policy in the U.S. that takes abatement costs to zero have any traction anywhere else in the world? Because basically, free sequestration, at least to the operator seems like a pretty big opportunity. Thank you.

Darren Woods: Yeah, good morning, Sam. I'll start with that and then let Dan build on that with any additional comments. I think obviously the graph we showed was meant to illustrate the advantages or the need for policy to incentivize the emission reduction steps. And we think our roadmaps that we developed are actually leveraging some of our existing facilities and technology capabilities, our advantage versus the rest of the industry. In fact, what I would tell you is one of the premises of having outsized returns in this business is to take policy, which basically has to incentivize the broader industry, and bring an advantage to that so that we can actually generate greater returns.

And I think what you're seeing in that chart in part is a function of what we can bring to bear in addition to the policy. So I wouldn't take the shading on that chart as something that is available to everybody in industry. I would instead look at that's our portfolio, that's the work that we've done, and what we can see as the opportunity with that. And my expectation was that we'd be more advantaged versus others because of the things that Dan has talked about. It'd be one really important point to make.

And then the second one that I'll make before I hand it off to Dan is the sequencing of how we progress these projects. There are obviously other constraints associated with addressing these emissions and what's going on in conjunction with those investments. And I'll just give you one obvious example. Some of our facilities, they'll require turnarounds and units coming down. So we'll sequence those things, obviously, going after the most attractive, the highest emissions reductions for the lowest cost first. But sequencing that around, what I would say is the availability of the kit and the design work that we're doing. Dan anything to add to that?

Dan Ammann: Yeah, sure. Thanks, Darren. So I'd say as I mentioned in my comments, Sam, we're starting with projects that work under today's policy. And there were even a set of projects, the CF Industries Project would be an example, that were developed pre-IRA. And so they were working under the

previous incarnation of policy. Post-IRA, we've opened up the funnel – that has had the effect of opening up the funnel and we have a lot more projects that we're working on, including some of the ones that we've recently announced here. In terms of as we look around the world, we're seeing other policy regimes looking at IRA, understanding the impact that that's having on accelerating projects, and it's sort of changed the order in terms of which projects around the world are going to be most competitive. And that's why I said in my comments, we're really focused here in the U.S. as a starting point because that's where we are seeing the most activity because the funnel has been opened up on those sets of projects.

But importantly, it's not just the policy side that's going to drive this, it's also on the technology side. We're very focused on bringing down the cost of abatement because that's going to have a similar effect in opening up the funnel for projects, as will realizing scale economies as we get some of these projects underway and then we bring additional projects onto existing infrastructure, they're going to have a lower marginal cost of abatement as well. So it's really both on the policy side, ultimately the end market customer side, and the customer willingness to pay for a low-carbon product, all of that will help drive opening up the funnel, as will reducing the cost of abatement through both technology and scale efficiencies.

Jennifer Driscoll: Thank you. Our next question comes from John Royall of J.P. Morgan. John.

John Royall: Hey, guys. Good morning. Thanks for the presentation today. So I was hoping you could just talk a little bit about the buy versus build decision in this business. You highlighted your capability to develop projects organically, but can you just update us on your appetite to potentially play in the M&A market? And are there attractive opportunities out there now that could be additive to your business?

Dan Ammann: Yeah, sure thing. As you've already noted, the strategy is an organic first strategy and we're capitalizing on all the advantages we do bring to the table. And that's what is allowing us to be first to market with a lot of these definitive projects that you're seeing. Like in any business, we will look at M&A opportunities, but there's really a couple of gating requirements that we would look at there. First is, does one plus one equal three or four? There has to be real synergy that we can bring to an asset that may not be there.

And then secondly, what's the value equation? I'd say that a lot of assets in the market at this stage to us seem like they're pricing in a lot of activity and a lot of things that are going to happen. Our view is that ideas are easy in this space and execution is hard. And that's what we're finding as we're bringing these projects to market. We think we have a highly differentiated position inside of that. And so we'll look at opportunities as they come along, but it's really an organic first strategy and if there's an opportunity to really accelerate something, then we'd look at that.

Jennifer Driscoll: And our next question comes from Roger Read of Wells Fargo.

Roger Read: My question probably follows along the lines of the M&A, but think of it in the terms of in your upstream business, it's a very partner-defined business. I think of chemicals and downstream more of the in-house. But as a way to expand the value of, I'll call it, relatively limited CAPEX, if we look at what's planned through 2027, do you expect to bring in partners, have partners fund part of this, or are things like the IRA sufficient to get things going for the, say, next five years? Or will it change beyond the next five years?

Dan Ammann: I think certainly in these early stages we're most focused on getting these projects underway, getting them into execution, and what we're finding is that we're able to move, in most cases, move most quickly by leading that ourselves. The magnitude of the spending here is

something that obviously the corporation is well equipped to handle. And so our goal is to be first to market with highly advantaged projects, demonstrate that they can work, demonstrate that they can earn good returns, and that will get the flywheel going here in a sense. But if there's a compelling opportunity to partner up on a project for one reason or another, then we'll definitely look at that on a case-by-case basis. But again, the starting point is an organically built business led by us and then we'll bring in and involve others where it makes a compelling case.

Darren Woods: And I'll add to that, Dan. I think as we said earlier, execution is hard. Ideas are easy, execution is hard. And I think as you look at the opportunity set out there today, we're not limited by dollars and CAPEX. We're limited by putting together the incentives, putting together the elements and pieces of the value chain to construct something that generates a competitive return and delivers on the emissions reduction at a cost that's competitive. And so that's a challenging space. I would say this market is in its very early stages of development.

We feel like we've gotten here at a really good time and are bringing our capabilities and expertise to bear in that marketplace. And that, frankly, is where the effort and the work is right now and what Dan's focused on. I think as this matures and things become, let's say, established, we'll look again to see what that opportunity space looks like. But certainly right now, and I think in the immediate near term, it's really going to be about how we piece these pieces together to make something that is a successful value chain at reducing emissions.

Roger Read: Sounds great. It sounds like a target-rich environment. Thanks.

Dan Ammann: Just to give you one real-world example on that, in the CF Industries project we announced last October, we're involving EnLink as a partner in the midstream side, capitalizing on some existing infrastructure that was in place at that point in time. So that allowed us to bring the cost of the

project down, competitiveness of the project up. So that's an example of where we did bring in a partner into a project.

Jennifer Driscoll: Okay. Thank you. Our next question comes from Alastair Syme from Citi.

Alastair Syme: Thanks very much and thanks for the presentation. I was just interested in your assessment of IRA about whether you think that the funding under this program is adequate for all the things you want to pursue or for the markets you want to pursue. Or do you think there's going to be an arms race for people to get projects through the queue before the funding starts to expire? Thank you.

Dan Ammann: Thanks. Well, I'd certainly say that IRA has, as we said, increased the momentum and the velocity of projects that we're seeing, both in terms of what we have announced, what's in execution and then what's in the pipeline before this. As I also said, we're very focused on leading the way and being first to market and helping define how these value chains work. It's a lot different to take a concept and actually turn it into a fully, definitively agreed value chain here. And so we're very focused on getting these projects moving, getting them to execution, and demonstrating that they can work in the real world.

And we think that will pick up and accelerate the velocity of projects that come in behind this. I think as we also, as Darren mentioned, as we continue to drive down the cost of abatement, realize scale efficiencies, we'll open up the funnel of projects that work under this policy as well. And we'll continue to see that funnel and that pipeline continue to expand. But it's a very deliberate move on our part to be a first mover into the space and define how these value chains come together.

Jennifer Driscoll: And our next question comes from Jason Gabelman of TD Cowen.

Jason Gabelman: Hey, thanks for taking my question. I wanted to ask about the returns shown on slide 21. Are those the indicative returns kind of on these foundational projects or do you need to get to this next phase "1 to 10" in order to hit those returns? And then also on the topic of returns, do you incorporate any project financing into those return expectations? Is that an opportunity that you account for within that 17 billion of CAPEX? Thanks.

Dan Ammann: So on the first question, these are the returns that we see for the foundation projects as a portfolio. And it really comes back to the underlying sort of principle view that we have, which is in order for the energy transition to go to the scale that we need it to go to, it's going to need to attract a lot of capital. And we need to demonstrate really from the outset that there's a path and a clear path and not a long-term path, but a near-term path to earn attractive returns on that portfolio and so that's why we're focused on that. For our foundation projects, they work with today's policy, today's technology, today's infrastructure. We're not waiting for anything else to happen to be able to demonstrate that. Secondly, on the project finance side, there's nothing reflected in these return parameters for project finance. That's something that we can look at as we move forward down the road.

Kathy Mikells: And then the other thing I'd add to that, Jason, is obviously every single project is not going to have the exact same return parameters associated with it. And the portfolio of projects are at different stages in their evolution. So a good example of that would be our Strathcona project has already been FID'd. We talked about Baytown. We've now let out the FEED contract for Baytown. So they're at different points in their evolution and not every project is going to have exactly the same returns. We had previously said the entire portfolio of our lower emission projects, both the things that we're doing to reduce ExxonMobil's emissions and growing the third-party business had an excess of a 10% return.

Clearly, we would expect that some of the things we're doing to reduce our own emissions may have lower returns associated with them. We talked about what the abatement curve looks like for lowering our own emissions. We've got to build a robust third-party business to ensure that that business is going to be stable and growing. We know at the end of the day that if the business doesn't generate strong economics, then the business isn't going to continue to grow. It does have to compete for capital within ExxonMobil's portfolio. So the projects are at different points in their evolution. They will drive differing levels of return. And there's no surprise that the projects that are farther along, many times we kind of saw that policy coming forth. And so the projects have been in the pipeline for a longer period of time.

Darren Woods: Yeah. Maybe I'll just add one final thought to that, which is we've been very encouraged at how well the advantages that we bring to this space are manifesting themselves in these projects and the returns that we're able to generate with that. I think as we built this – we did the work to build the strategy of how we respond to the transition, we felt very strongly that those competitive advantages would be a real strength in developing this business opportunity. I'm very pleased to see that with Dan's work, that's beginning to be realized. And you see that with the returns that we're generating with these projects. This is a, I think, a reflection of the advantages we've been talking about manifesting themselves in a brand-new market.

Jason Gabelman: Thanks.

Darren Woods: Thank you.

Jennifer Driscoll: Our next question comes from Sam Burwell from Jefferies.

Sam Burwell: Thanks, guys. On the Baytown hydrogen project specifically, what do you think is needed in terms of takeaway infrastructure to handle 7 million tons per annum of CO_2 in 2027? Is there existing CO_2 pipeline infrastructure that can be leveraged? Is there nat gas pipe that can be retrofitted? To what extent is new infrastructure that needs to be built from scratch and how do you plan to address getting the associated CO_2 into permanent storage by 2027?

Dan Ammann: Yeah, sure thing. So we're, as you'd imagine, well into concept development for that CCS infrastructure right now. The sizing that we've indicated is roughly 10 million tons of capacity of which 7 million is associated with the Baytown project itself and then 3 million tons of capacity available for third-party emitters. As we see that market continue to evolve, we anticipate there'll be opportunity beyond that, but that's the approach that we're taking for that initial project. To your question, we expect most of that will be more new build infrastructure. And if there's an opportunity to take advantage of some existing infrastructure, we'll look at that in the same way that we did over in Louisiana. But I think in this case it'll most likely be majority or entirely new build.

Jennifer Driscoll: And our next question comes from Nitin Kumar from Mizuho Securities.

Nitin Kumar: Hi, Good morning, and thanks for taking my question. I guess just following up on Jason's question. As the LCS business grows, you talked a little bit about it being less cyclical than your legacy business. What does the balance sheet look like? Are you comfortable with higher balance sheet leverage as LCS becomes a bigger part of your corporate mix, or do you see any limiters from a balance sheet perspective as you grow this business?

Kathy Mikells: Yeah, so great question. I'd say one of the things that we've talked about frequently is the fact that we need to make sure we're building a fortress balance sheet so we have all the flexibility that we need, including flexibility to increase capital investment over time in the LCS business, which

clearly has a very large growth opportunity associated with it. So I'm happy to say we've made a huge amount of progress in that area. If you looked at our net debt to cap as we kind of ended the fourth quarter of 2022, it's down to about 5%. We had just under $30 billion of cash on our balance sheet.

So I'd say we feel very good about the overall balance sheet and that that gives us the flexibility that we're going to need to both anticipate the cycles within our base business and give us flexibility to ensure that we can fund the growing LCS business. So I'd say we feel really good and know we have to have a fortress balance sheet, but it's in great shape as we sit here today.

Nitin Kumar: Thank you.

Jennifer Driscoll: You're welcome. Next question comes from Ryan Todd of Piper Sandler. Ryan.

Ryan Todd: Good. Thanks. Maybe a question on the markets. To this point, successful penetration of many of the low carbon businesses has been driven primarily by regulatory mandate or kind of fiscal credit style incentives. Longer term, many of these markets seem to require the development of a voluntary credit abatement market or at least the development of kind of premium-priced markets for these low carbon products. What are you seeing in the development of that market currently? What are the challenges and how important is that to the buildout of these businesses? Are you at the point where the consumers of these products seem like they're willing and able to pay premium prices for these products?

Dan Ammann: Yeah, great question. So I'd say it's obviously early days. And one of the advantages of a policy like the Inflation Reduction Act is that is it gets the flywheel going and it allows us to execute and deliver on some of the projects, the ones we've announced, the ones that we have in the

pipeline. And it allows those end markets to develop and their consumer demand to start to take shape over the course of the next several years. If you go back to the growth trajectory I outlined and the supporting conditions for that, in order to get to the kind of scale of opportunity that we talked about and the level of emissions reductions that we were talking about, we will need to see a continued evolution in the cost of carbon however you want to characterize that proxy, whether that's in the form of regulatory support like we have today, whether it's in the form of voluntary carbon trading or carbon markets, and then ultimately consumer end-market demand and a willingness to pay there.

So we see all of those things evolving as we move through time, the flywheel getting going with the policy support that we have today, but then an opportunity for real end-market demand to continue to build in over time. I will say there are some markets where we start to see that, evidence of that already. But it's relatively nascent and we expect that to open up with the passage of time here.

Ryan Todd: Are you willing to say what markets you're seeing that play out already?

Dan Ammann: Too soon to talk too much about it. I think we're starting to see some of our industrial customers starting to talk about end market demand in their markets where there's opportunities for them to – and customer demand on their side to start to develop those markets essentially from a pretty early stage.

Ryan Todd: Okay. Thank you.

Jennifer Driscoll: Our next question comes from Paul Cheng at Scotiabank.

Paul Cheng: Hi. Thank you. I think this is probably for Dan. Exxon has a fortress balance sheet. So I think the rising interest rate and the recent banking crisis is not going to impact you. But when you discuss with your customer and potential customer on the long-term contracts, does the interest rate environment and the current banking crisis have any impact on the pace of the business development here?

Dan Ammann: Yeah, I would say we've not seen any tangible evidence of that at this stage. I think the customers we're engaged with by definition are first movers and are looking to lead in their respective spaces. They view this as a very strategic investment. They view these as very strategic projects that are important to the long-term success of their businesses. And we're also dealing with very large industrial customers. They obviously also tend to be very financially strong as well - CF Industries, Linde, for example, on the CCS side. And so I think they're looking through, as we are, that sort of near-term noise, looking at these as very strategic moves and laying a strategic foundation for their businesses going forward.

Paul Cheng: Thank you.

Jennifer Driscoll: You're welcome. Our next and final question comes from Jason Gabelman at TD Cowen.

Jason Gabelman: Yeah, thanks. I wanted to ask a follow-up kind of along the lines of what Ryan asked on contract formation, thinking more about the carbon capture and hydrogen projects. As we think about how those contracts develop, is it just kind of you're sharing the carbon credit value throughout the value chain? Is that kind of the main price indicator we should be watching and understanding what the value is that you could generate from those contracts? Or is there

something else, maybe a fixed fee? Are there any kind of details that you could provide broadly on how these contracts are formed and the pricing dynamics we should be paying attention to? Thanks.

Dan Ammann: Yeah, sure thing. So that's one of the things we're doing here is really inventing these value chains in real time, figuring out how does risk and return get allocated across those value chains. And obviously, one of the major drivers of return is the policy support, who's collecting the policy support, how does that get shared across the value chain to enable that end-to-end low-carbon value chain to become economically viable? So there's no one size fits all answer to that. It's sort of bespoke to the given value chain and even bespoke to the specific situation that we're looking at. But what we certainly are seeing is evidence that there is sufficient economics in the overall equation to construct these value chains in a way that they're viable for each of the key participants along the way, particularly in these foundation projects.

Jason Gabelman: Thanks.

Jennifer Driscoll: We're going to squeeze in one more. Doug Leggate from Bank of America. Doug.

Doug Leggate: I'm sorry, guys. I had some technical issues, so thanks for squeezing me in. So I don't know who wants to take this, but first of all, I appreciate all the color you've given today. I guess what I'm really trying to understand is, you've talked about the scale of where the revenue is and the earnings can go. When you think about the scale of the pacing of the capital on that second phase of growth, when you go to phase one to phase ten, if you like, what proportion of your spending do you think this could actually become organically?

Kathy Mikells: So over time, Doug, I would point you in part to the ACS document where we actually tried to model out using a very aggressive decarbonization scenario, how the business could change over

time. So that's out there in the public domain, but it's a very aggressive decarbonization scenario. And we talk about how would the capital allocation of the company change over time. How do we think the cash flows of the company would change over time? It's today a nascent business that we're focused on growing, and we're not at all, I would say, looking at constraining the business and its growth. It's really about how fast we can convert these opportunities and opportunities that we have a high degree of confidence in are going to earn strong returns.

So that's really what we're focused on right now. The base business, obviously in the near term is throwing off a lot of excess cash flow. And so capital constraints really are not a concern. And we're going to have to just see how these opportunities develop over time to determine, I'll call it the long-term financing strategy for this business. As Dan articulated earlier, the business has fundamentally a different financial profile than the base business. Long-term stable contracts, good returns, high growth. And so as we build the business over the long term, we'll continue to look at what we think the appropriate funding strategies for the business are. But today, what I would say is we feel very good about how the business is developing and that we certainly have plenty of capital in order to ensure the growth of this business.

Darren Woods: Yeah. And I would add, Doug. I think as Dan mentioned, there's a lot of uncertainty here. We're talking about a change in a massive global energy system and just exactly the path that takes, how rapid that path is, what direction it goes in, I think are question marks. And what we've been very focused on is not trying to second guess the market or get out in front of it, but instead, focus on the fundamentals of what's going to be required to make this change, the transition go. And what can we bring to that and can we organize ourselves and position ourselves in a way that is responsive to that evolution and meeting the demands of society?

And I think from my perspective, we don't have to try to outsmart the market or everyone else. We just have to be attuned to how those developments are going. What you see is doing today us taking advantage of incentives that are there and the opportunities that we have to try to catalyze some of this action, to try to address the needs that society has and then continue to build on that as those markets evolve. And I think that's actually one of the strengths of the approach that we have here is we have the capabilities today, we can allocate those capabilities to wherever the greatest need is, we can grow those capabilities with time as needed.

That's a lot of flexibility. We don't have to place bets. We don't have to build brand-new organizations that have brand-new capabilities in them. This is leveraging off a very solid core. And, as Dan's talked about, a core that has value, a significant value in the new business as well as our old businesses. So I think if you look amongst our peers and other companies out there trying to compete in this broader space, we're uniquely positioned to basically drive value in this business and move with the markets as that value grows.

Kathy Mikells: And then just the last thing I'd say, Doug, is clearly we have to fund infrastructure in advance before we get to project start-up, very consistent with our base business. Once we get to project start-up, again with an expectation that these projects are going to be strong earnings, strong cash flow projects, then the business starts, I'll say, to get a bit more self-sufficient in terms of having current earnings and cash flow that are helping to support the business. But that profile, I would say, looks very consistent with the profile of large projects in our base business. We fund them upfront, they start up then they start to throw off earnings and cash flow for us.

Doug Leggate: Thanks for the answers. Appreciate it.

Darren Woods: Sure.

Jennifer Driscoll: That brings us to the end of today's call. Thanks, everyone, for joining us today to learn about the immense challenge we're addressing and how we're applying our unique competitive advantages to do so. Special thanks go out to all of our analysts for their questions today. The slides from today's presentation are already up on the ExxonMobil Investor website and our prepared remarks will be posted there shortly. The transcript of today's Q&A session will be posted in a few days on the new investor section of our website, which we're going to be launching on Thursday. Later today, we'll be filing our Form 8-K with considerations for our first-quarter earnings. And finally, be sure to follow us on our social media channels for more content on ExxonMobil. Thanks for joining, everyone. Have a great day.