Jennifer Driscoll

Good morning, everyone. Welcome to the investor call to discuss ExxonMobil’s merger with Pioneer.

I’m Jennifer Driscoll, Vice President - Investor Relations. I’m joined by Darren Woods, Chairman and CEO of ExxonMobil; Kathy Mikells, Senior Vice President and CFO of ExxonMobil; and Scott Sheffield, CEO of Pioneer. Our slides, script and this morning’s merger announcement are available on the Investor section of both companies’ websites.
Let me begin with two reminders.

First, with the proposed transaction, it’s important to remember that this communication is informational and not intended to be an offer to buy or sell any security or to solicit your vote. Details are shown here; please read this information carefully.
Second, during the presentation, we’ll make forward-looking comments. These are subject to risks and uncertainties. Please read our cautionary statement on slide 3. You may find further information on the risks and uncertainties that apply to any forward-looking statements in ExxonMobil’s and Pioneer’s SEC filings on our respective investor websites.

Note that we have provided certain supplemental information on slides located in the back of today’s presentation as well.

In a moment, I’ll turn it over to Darren to talk about the strategic logic of the merger and what it means for our upstream business and investors.

We’ll recap this information during our live call that will begin at 11 central standard time this morning. This live call will be recorded and include a Q&A session. We will post a transcript afterward on our investor websites.

And with that, please turn to slide 4 for Darren’s remarks.
Good morning. Thanks for joining us today on such short notice.

We’re pleased to announce this morning our agreement to merge ExxonMobil and Pioneer, arguably the best Permian pure-play company with the largest undeveloped, tier-one inventory in the Midland basin. Their acreage is also highly contiguous — which is critical to realizing the full benefits of our development approach and technologies. As importantly, Pioneer is a company known for its innovative, hard-working people who've demonstrated time and again their deep knowledge of unconventional operations in the Permian, where they have approximately 7,000 producing wells.

When combined with our technology and industry-leading operational capabilities, we know that, together, we can unlock far more value than either of us could alone. The combined company will produce approximately 2 million low-cost oil equivalent barrels per day from the Permian by 2027. Our combined capabilities will enable us to get more resource out of the ground, more efficiently and with a lower environmental impact, thereby enhancing our ability to serve consumers and strengthen U.S. energy security.
As you can see on this slide, Pioneer has a very large position in the Midland basin. Their 856,000 net acres, shown in green, are highly contiguous and adjacent to our acreage. Together with ExxonMobil, there’s an estimated Permian resource of 16 billion oil equivalent barrels, with 15 to 20 years of remaining inventory.

Altogether, this merger more than doubles our Permian acreage and production volumes, and importantly, it creates the industry’s highest quality undeveloped, high-return unconventional inventory. We estimate our combined Permian production will reach approximately 2 million oil equivalent barrels per day in 2027.
The merger enables us to add a very resilient, complementary, low cost-of-supply, growth asset to our portfolio, with an average cost per barrel under $35. As you can see with the addition of Pioneer, by 2027 about 60% of our production will come from our low-cost, high-growth strategic assets, which include the Permian, Guyana, Brazil, and LNG, with total production of over 5 million oil equivalent barrels per day. Adding Pioneer to our portfolio increases our compounded annual production growth rate to 8 percent over our plan period.

To put this merger in context, our exposure to short-cycle barrels will increase to over 40% of our Upstream portfolio, from 28% today. When commodity markets have downcycles, the short-cycle assets provide additional capital flexibility as shale assets require less long-term capital commitments, compared to conventional operations. Similarly, our U.S. exposure, with fiscals that allow us to realize the full value of increases in price and volume, will increase to 45% of our production, from 31% today. And, because of the contiguous nature of Pioneer’s acreage, this increased short-cycle opportunity comes with even greater capital and operational efficiency as well as overhead savings.
As discussed on earnings calls, we have strengthened our investments in technology, focusing our efforts to accelerate bottom-line improvements - with a significant program in the Permian. This is paying off; our industry-leading technology allows us to successfully drill and complete long laterals, up to 4 miles, which result in fewer wells and a smaller surface footprint. We see our technology as a perfect complement to the entrepreneurial culture of Pioneer, a company with a well-deserved reputation for operational effectiveness. Together, we expect to significantly improve resource recovery which will drive the majority of the synergies from this transaction. Longer-term, our ambition is to double resource recovery.

With a development program that requires fewer wells, we expect to be able to increase capital efficiency. Further operating efficiencies driven by the combination of our scale, applying lessons learned in our Delaware operations and advantages of our remote operations center will drive further reductions in unit operating costs. It’s a powerful combination providing significant synergies that create value for all shareholders.

As we continue to invest in and deploy emerging technologies that have significant promise, we expect to further enhance resource recovery and the upside potential from this merger.
As we have said many times, we are working to solve the “and” equation, providing the energy and products society needs AND reducing emissions, both ours and others’. This commitment is reflected in today’s announcement; as we work to increase our Permian production while we decrease our combined Permian emissions.

Specifically, we will invest to accelerate Pioneer’s net-zero emissions commitment by 15 years, from 2050 to 2035. We will do this by reducing energy requirements, electrification of our operation, using renewable electricity where available, and reducing methane emissions. For methane, we will apply our own industry-leading technologies for monitoring, measuring, and addressing fugitive emissions throughout the combined Permian operations.

Our intent to reduce our environmental impact goes beyond greenhouse gases. For instance, Pioneer’s water recycling infrastructure is impressive, and we plan to leverage this expertise to further address our water usage in this water-scarce region. We expect to increase the amount of recycled water used in our combined Permian fracturing operations to more than 90% by 2030.
This merger also increases the integration between high-value, light Permian crude and ExxonMobil’s premier refinery and chemical footprint on the U.S. Gulf Coast. We have the most efficient logistics in the region and the pipeline capacity to handle additional volumes. This enables feed segregation and quality capture, while connecting the production to our crude export capacity and trading network.

Where it makes economic sense, our Product Solutions business integrates our Permian production into our Gulf Coast sites, which recently expanded capacity for light oil processing by 250,000 barrels per day in Beaumont. In the past two years, we also started up a chemical complex in Corpus Christi with 2 million metric tons per annum of total production, and a polypropylene unit with 450,000 tons per annum of production capacity. Our Baytown integrated facilities just started up a chemical expansion in September and will ramp to 750,000 tons per annum of total production. All that new capacity benefits from the logistically advantaged, low-cost, high-quality feed supplied by the Permian.

This merger also strengthens our Low Carbon Solutions business by increasing the volume of low-cost and lower-carbon Permian feed into our planned Baytown low-carbon hydrogen and ammonia facilities.

With that, I’ll turn it over to Kathy.
Kathy Mikells

Thanks, Darren. This combination is very attractive because it unlocks significant value for both ExxonMobil and Pioneer shareholders, leading to double-digit returns.

Each Pioneer shareholder will receive 2.3234 ExxonMobil shares as total consideration, which represents an 18% premium on the undisturbed closing price on October 5th and a 9% premium from Pioneer’s 30-day, volume-weighted average price on the same day. This is a market premium for this unique asset, which complements ExxonMobil’s existing business and is consistent with our long-term strategy and capital allocation priorities. Pioneer shareholders will have continued ownership in the business through shares of a much larger, more diversified company with longstanding financial priorities of investing in advantaged businesses, maintaining a strong balance sheet, and rewarding shareholders.

We’re leveraging the strong value of our equity currency while maintaining our balance sheet strength and future flexibility to further enhance shareholder returns. Shareholders of ExxonMobil and of Pioneer will benefit from the resulting synergies of the combination... as well as further upside potential from emerging technology investments which Darren discussed earlier. Synergies are approximately $1 billion beginning the second year post-closing, growing substantially over the next 5 years and averaging about $2 billion per year over the next decade. At a high level, this can be broken down to about two-thirds from improved resource recovery and one-third from capex and opex efficiencies.
We expect the transaction to be immediately accretive to our earnings per share, cash flow, and free cash flow. Pioneer offers peer-leading asset margins, and immediately adds $5 billion in annual free cash flow. The transaction is more accretive in the mid- to long-term as synergies build, and it offers a long cash flow runway. With synergies, we expect incremental free cash flow of $6 billion in the second full year post-closing, growing to more than $10 billion by the end of the decade.

The strong balance sheet and incremental cash flows generated post-closing will provide even more opportunity to enhance shareholder distributions.

So, you can see that it’s a powerful combination that drives value for all shareholders.

With that, I’ll turn it back to Darren.
Darren Woods

In closing, we have always said that the value of a deal has to be greater than the sum of the parts, ...one plus one has to equal three ...or more. Today’s announcement meets that goal by any measure. It gives us an industry-leading undeveloped high-quality, high-return U.S. unconventional inventory. Pioneer’s assets strengthen our position in the most prolific U.S. unconventional basin, transforming our portfolio and increasing our exposure to short-cycle, low cost-of-supply liquids in the United States. We’ll increase resource recovery by leveraging our technologies and industry-leading development. This will be an immediately accretive transaction in the short term with a very long cash flow runway that will generate double-digit returns by improving capital efficiency and cost performance.

Importantly, we will do this while materially improving the environmental impact of our combined Permian assets, reducing methane and CO₂ emissions, and reducing water usage.

I look forward to welcoming Pioneer employees into ExxonMobil. Each of our companies has a proud culture of succeeding where others have not. What Scott and his team have built is remarkable, and I am grateful to him and his team for their hard work in getting our two companies to this point.

Now, I’ll hand it over to Scott to say a few words.
“Pioneer is a clear leader in the Permian with a premier asset base and people with deep industry knowledge. The combined capabilities of our two companies will provide long-term value creation well in excess of what either company is capable of doing on a standalone basis.”

Darren Woods
ExxonMobil Chairman and CEO
Scott Sheffield

Good morning. This combination is both strategically compelling and financial attractive for the shareholders and stakeholders of both companies. For the shareholders of Pioneer, I would like to emphasize a few key points. The transaction implies a total enterprise value, including debt, of 65 billion for Pioneer, and represents an 18% premium to Pioneer and Exxon’s undisturbed closing prices on October 5th and a 10% premium to Pioneer’s prior 30-day volume weighted average price on the same day.

The financial benefit for our shareholders in the immediate term is clear. We are confident in the long-term value this transaction will unlock by combining Pioneer's asset portfolio, industry expertise, and operational capabilities with ExxonMobil's diversified scale, technology, and resources. By combining with ExxonMobil, we'll also be able to play a great role in the nation's energy security and accelerate our commitment to net zero emissions in the energy transition.

The consolidated company will extend its leadership position, driving efficiencies through the combination of our adjacent contiguous acreage in the Midland Basin in our highly talented employee base. I also want to underscore, what this combination means to the Pioneer family. Our employees have been at the center of my life for nearly 45 years. It is thanks to them that we have established a reputation for the highest levels of integrity, efficiency, safety, and environmental responsibility. Without them, this landmark combination would never have been possible. Darren and I have worked together to ensure that most of our employees will have attractive opportunities to pursue expanded career opportunities in the combined company. In short, both our shareholders and employees will be better positioned for long-term success.
through a size and scale that spans the globe and offers diversity through its product portfolio and its exposure to the full energy value chain.

I look forward to an extraordinary future for our combined companies.