

# 2019

## Shareholder Webcast

May 9, 2019

**ExxonMobil**



# Agenda

10:00 **Welcome**

10:05 Executive Compensation Overview

10:30 Shareholder Proposals

10:45 **Q&A**

# Cautionary Statement

## Executive Compensation Overview

**Statements regarding future events or conditions are forward-looking statements.** Actual future results, including project plans and developments, timelines, and financial results, as well as the impact of these results on and the effects of compensation incentives on future results of compensation values, could differ materially due to: changes in oil and gas prices and other market factors affecting our industry; the outcome of exploration and development projects; timely completion of production and construction projects; technical or operating conditions; the outcome of commercial negotiations; political and regulatory factors, including changes in environmental, executive compensation, and tax laws; and other factors described in Item 1A Risk Factors in our most recent Form 10-K.

**Footnotes and Definitions.** Footnotes used in this presentation are presented on slide 24. See also the Frequently Used Terms on slide 25 for definitions of important terms relating to compensation used in this presentation. For more information on return on average capital employed (ROCE), cash flow from operations and asset sales, and total shareholder return (TSR) referenced on slide 11 see the Frequently Used Terms available on the Investors page of our website at [www.exxonmobil.com](http://www.exxonmobil.com). 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.

# Shareholder Engagement

- Ongoing engagement is essential
  - Keeps shareholders informed on relevant business matters
  - Provides Board and management with key shareholder perspectives
- Variety of venues:
  - Annual Shareholders Meeting
  - Annual publications and website
  - Quarterly earnings calls
  - Webcasts
  - Roadshows , spotlight events, and institutional investor conferences
  - Direct communication with Directors
- Value shareholder input; considered in company deliberations and disclosures
- Significantly grew engagements in 2018 and continuing in 2019



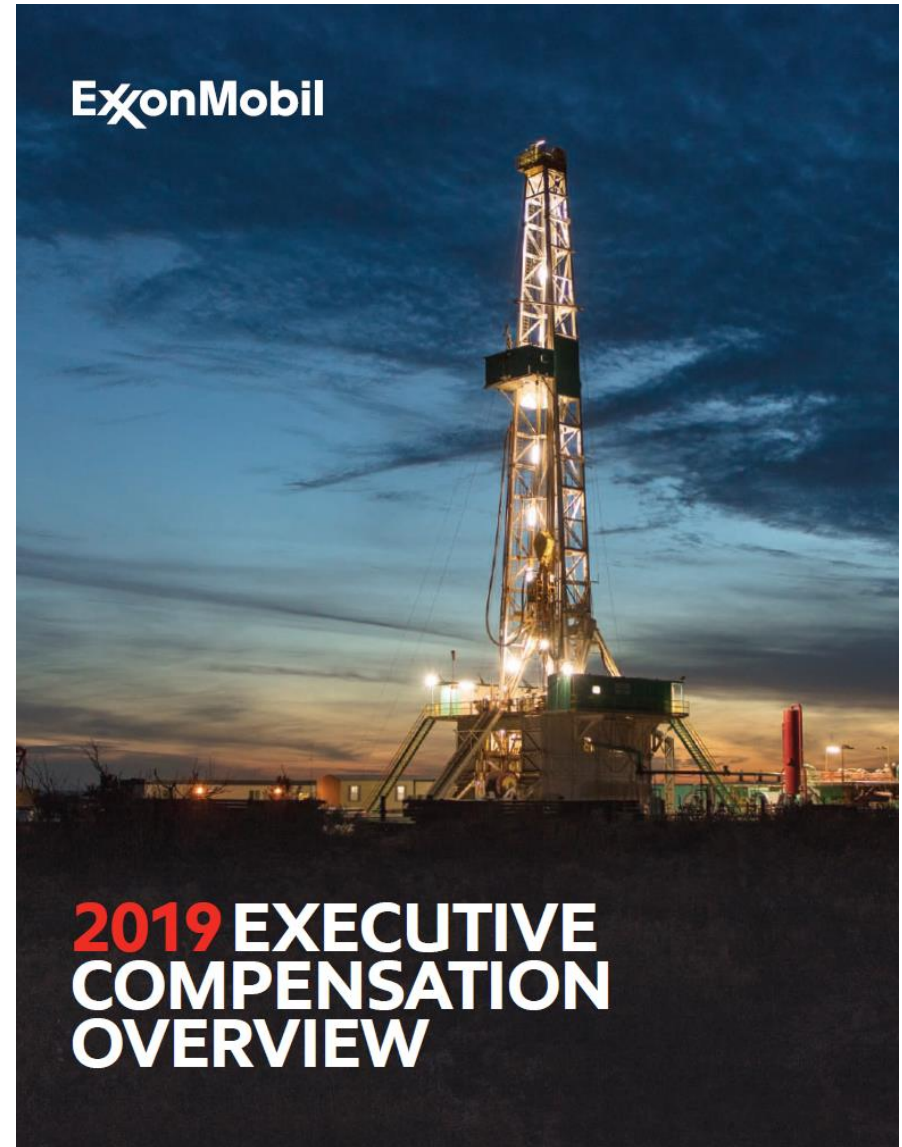
Key Messages

Performance Share Program

Bonus Program

Determining CEO Compensation

Pay for CEO Position



# Key Messages

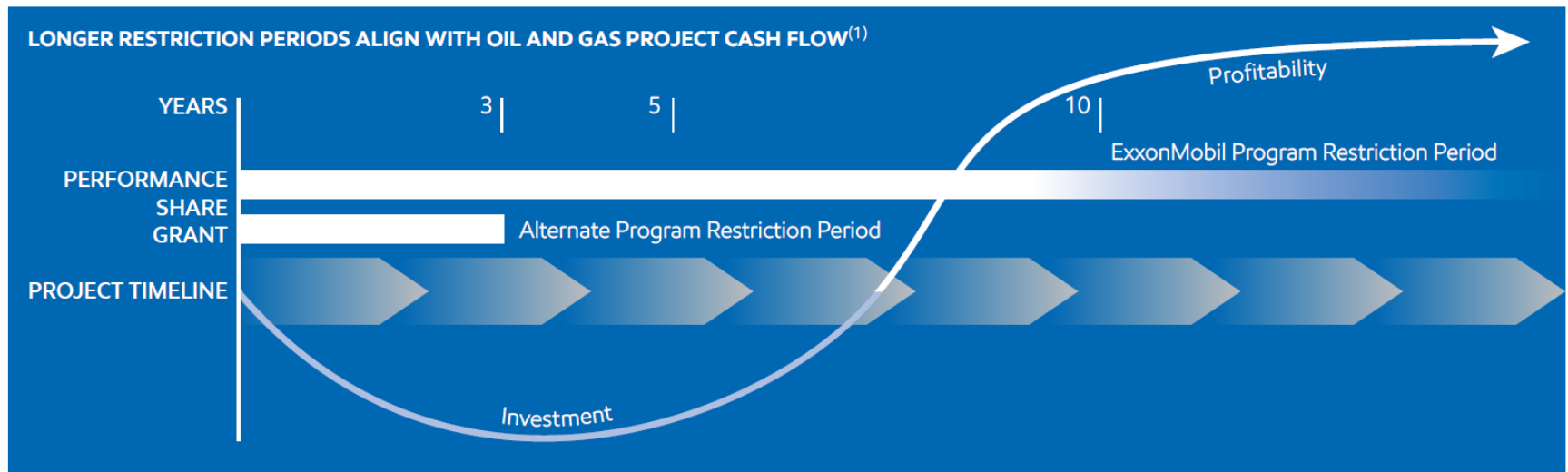
Compensation program design is fully **aligned with our business model** and the **returns of our long-term shareholders**

Executive pay is **highly performance-based** and ties to Company performance

CEO pay is at the **47th percentile** of benchmark companies based on 10-year realized and unrealized pay

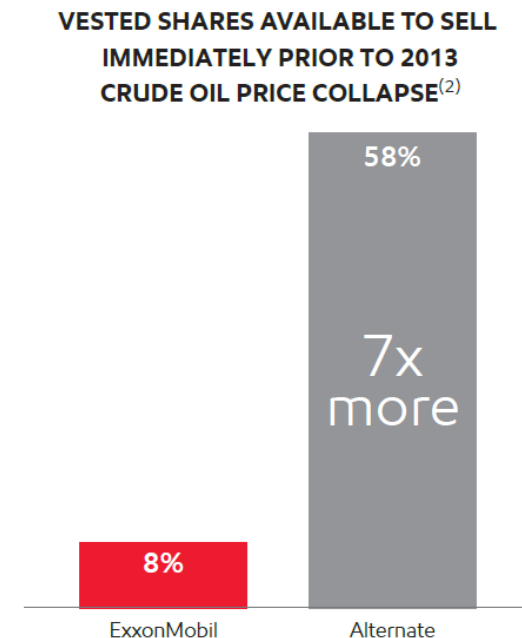
# Performance Share Program

- Recognizes the long-term nature of ExxonMobil's business model
- Encourages a long-term view through commodity price cycle
- Aligns experience of executives with that of long-term shareholders
- Long restriction periods, coupled with performance metrics applied at grant



# Performance Share Program

- An alternate, formula-based program with short-term target setting and three-year vesting would enable executives to monetize performance shares at a much faster pace
- In this example, shares are granted to an executive each year over the 10-year period from 2008 to 2017
  - In 2013, on the eve of a greater-than-50-percent decline in crude price, only 8 percent of awards granted in the ExxonMobil program had vested
  - In the alternate program with three-year vesting, 58 percent of awards granted would have vested – 7 times more than the ExxonMobil program



THROUGH LONG RESTRICTION PERIODS, EXXONMOBIL EXECUTIVES ARE INCENTIVIZED TO TAKE A **LONG-TERM VIEW** IN DECISION MAKING



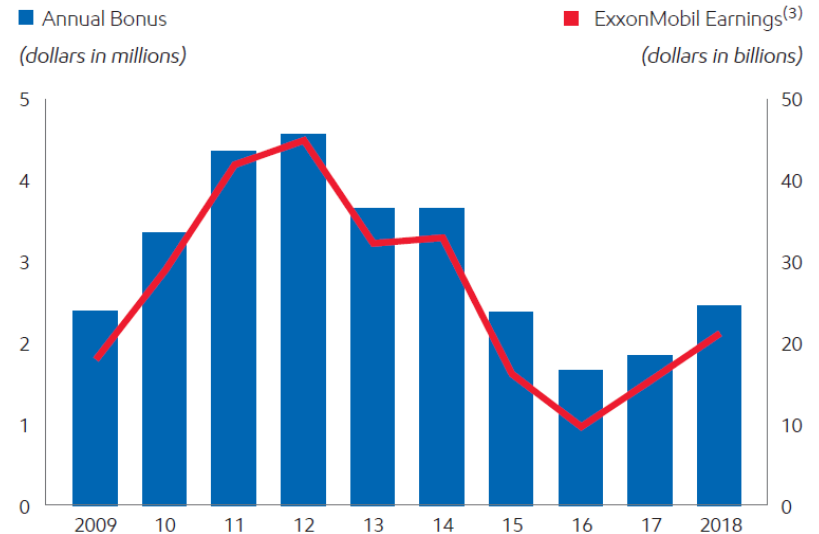
# Bonus Program

- Size of bonus program aligned with change in annual earnings

$$\% \text{ change in bonus program} = (\% \text{ change in annual earnings}) \times (2/3)$$

- Individual grant levels determined by the above formula, changes in pay grade, and performance
- Bonus delivered using two vehicles:

ANNUAL BONUS AWARD TO CEO POSITION AND EXXONMOBIL EARNINGS



**50% Cash**  
Paid in year of grant



**50% Earnings Bonus Units (EBU)**  
Vesting delayed until cumulative earnings per share (EPS) reaches \$6.50 per share

BONUS PROGRAM ENCOURAGES **STRONG EARNINGS PERFORMANCE** IN THE  
NEAR- AND MID-TERM WHILE MAINTAINING RISK OF FORFEITURE

# Determining CEO Compensation

## PROCESS

### INPUTS TO COMPENSATION COMMITTEE



Financial and Operating  
Performance



Progress Toward  
Strategic Objectives



Annual  
Compensation  
Benchmarking



COMPENSATION COMMITTEE DELIBERATIONS



COMPENSATION COMMITTEE  
DECISION ON CEO COMPENSATION



# Determining CEO Compensation

## 2018 Performance Share Grant

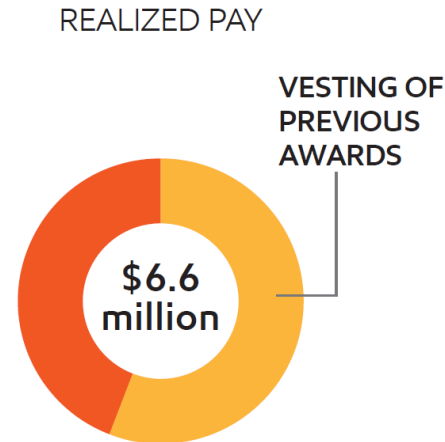
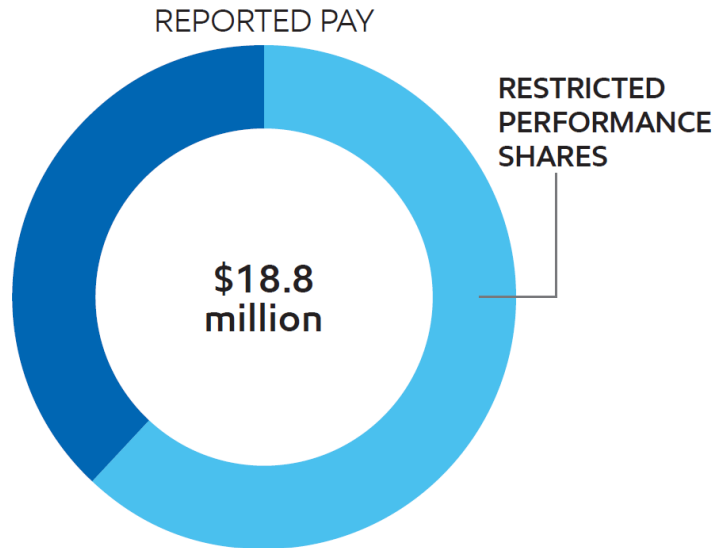
CONSIDERATIONS		
FINANCIAL AND OPERATING PERFORMANCE	PROGRESS TOWARD STRATEGIC OBJECTIVES	ANNUAL COMPENSATION BENCHMARKING
<p><b>Leading</b></p> <ul style="list-style-type: none"><li>▪ Safety and Operations Integrity</li><li>▪ Return on Average Capital Employed</li><li>▪ Cash Flow from Operations and Asset Sales</li></ul> <p><b>Not Leading</b></p> <ul style="list-style-type: none"><li>▪ Total Shareholder Return</li></ul>	<p>Strengthened Company growth strategy</p> <p>Significant 2018 accomplishments in advancing strategic objectives</p>	<p>10-year combined realized and unrealized pay for the CEO position is at the <b>47th percentile</b> of compensation benchmark company CEOs<sup>(4)</sup></p>

- **Strengthening** the Upstream Portfolio
- **Upgrading** Downstream Production
- **Leading** in Chemical Growth
- **Reducing** Environmental Impacts
- **Investing** with Discipline

COMPENSATION COMMITTEE GRANTS PAY THAT IS **HIGHLY PERFORMANCE-BASED** AND TIED TO COMPANY PERFORMANCE

# Pay for CEO Position

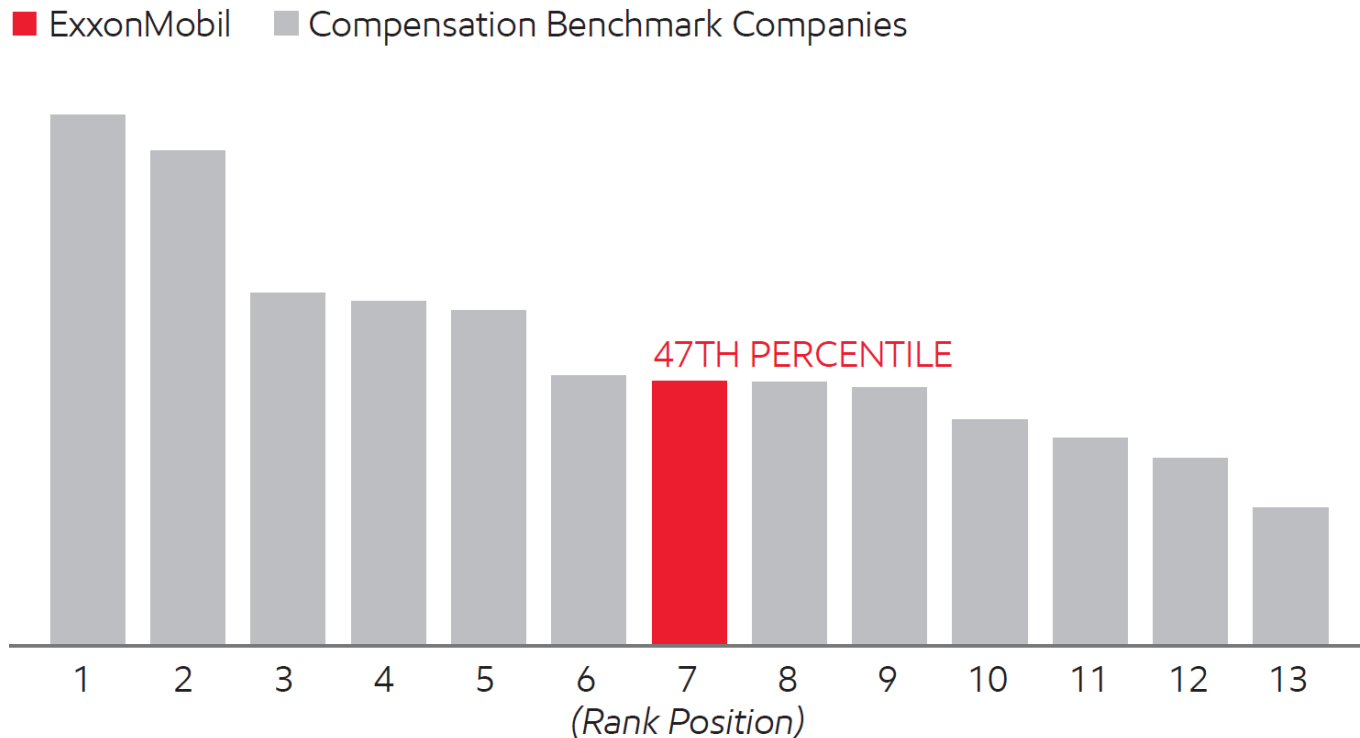
## 2018 Reported and Realized Pay



- Over 60 percent of CEO pay delivered in the form of performance shares with restriction periods of 5 years, 10 years, and longer
- Realized pay is 35 percent of reported pay

# Pay for CEO Position

10-Year Combined Realized and Unrealized Pay  
(2009 to 2018)



# Summary – Why Vote “FOR” Say-on-Pay?

Executive pay is aligned with **Company performance**

Compensation program ties executive pay to **shareholder returns**

Enhanced disclosure in response to **shareholder feedback**



# 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 through the year beyond proposals

# Item 4: Independent Chairman

Proposal: Adopt a policy to require that whenever possible the Chairman be an independent member of the Board; phase in for next CEO transition

ExxonMobil's Board recommends a vote **AGAINST**:

- Agree with importance of a strong, independent Board
- Significant benefit in having Chairman with deep company knowledge and industry experience to bring existing and evolving issues to Board's attention
- All directors, including Presiding Director, are independent, other than CEO
- Board seeks to retain flexibility to select the best leadership structure

# Item 5: Special Shareholder Meetings

Proposal: Amend bylaws to give holders in the aggregate of 10% of outstanding common stock the power to call a special shareholder meeting without the need for a court petition

ExxonMobil's Board recommends a vote **AGAINST**:

- Ten percent of shareholders have the right to call a meeting on a showing of good cause
- Showing of good cause demonstrates legitimate purpose and informs all shareholders
- If Board agrees with need for a special meeting, one can be scheduled by Board without the need for a showing of good cause

# Item 6: Board Matrix

Proposal: Provide in a matrix form a disclosure of each director's race/ethnicity, skills, experience and attributes most relevant to ExxonMobil's business, long-term strategy and risks

ExxonMobil's Board recommends a vote **AGAINST**:

- Board composition and competencies important information for shareholders
  - Gender/ethnic diversity of Board exceeds S&P averages
- Proxy disclosure enhanced this year to provide greater detail on relevant Board competencies, collective attributes, and director biographies
  - Individual matrix may mislead shareholders into believing that only certain directors contribute to particular decisions
- Board leverages collective wisdom of group to represent all shareholders' interests

# Item 7: Climate Change Board Committee

Proposal: Establish a board committee to evaluate ExxonMobil's strategic vision and responses to climate change, inform decision making, and engage in formal review and oversight of corporate strategy

ExxonMobil's Board recommends a vote **AGAINST**:

- Climate-related risk may manifest in many different ways; evaluating climate risk requires consideration of a range of interrelated risks across multiple areas of expertise
- Entire Board is responsible for the oversight of all Company risks, including climate-related risks, and each Director brings important expertise to the analysis
  - Audit Committee assesses overall risk management approach and structure to ensure risks are being managed appropriately
  - Public Issues and Contributions Committee reviews environmental performance, including steps taken to identify and manage climate-related risk, across business, strategic, financial planning and environmental settings

## Item 8: Report on Risks of Gulf Coast Petrochemical Investments

Proposal: Prepare a report assessing the public health risks of expanding petrochemical operations and investments in areas increasingly prone to storms, flooding and sea level rise

ExxonMobil's Board recommends a vote **AGAINST**:

- Investments only made where potential risks can be managed to safe levels
- Operations Integrity Management Systems proven effective to ensure readiness and resiliency to extreme weather conditions
- Detailed and continuously evaluated emergency response plans are tailored to each facility to assist in responding to unplanned events, including extreme weather
- When events occur, Company acts quickly and safely to protect operational integrity and proactively assist the surrounding communities in recovery efforts



# Item 9: Report on Political Contributions

Proposal: Prepare a report disclosing the policies and procedures for making political contributions and expenditures with corporate funds, including the Board's role, and monetary and non-monetary contributions or expenditures that are not deductible for U.S. tax purposes as ordinary business expenses

ExxonMobil's Board recommends a vote **AGAINST**:

- Political contributions subject to strict internal review processes, including approval by the Chairman and annual review by Board
- Full compliance with all relevant political spending disclosure laws
- ExxonMobil's website discloses:
  - Company's Political Activities Guidelines addressing policies and procedures
  - Disclosure of multi-year contributions to candidates / political organizations

# Item 10: Report on Lobbying

Proposal: Prepare a report disclosing the policy and procedures governing lobbying; amounts and recipients; memberships in organizations that write model legislation; decision-making process; and oversight by management and Board

ExxonMobil's Board recommends a vote **AGAINST**:

- Fully comply with federal and state lobbying disclosure requirements
  - Support accountability and appropriate transparency
- Company policy positions reviewed by Management Committee and Board
- ExxonMobil's website discloses:
  - Company's Political Activities Policy and Guidelines
  - Positions on key issues and other lobbying details
  - Disclosure of Lobbying Disclosure Act filings
  - Contributions to more than 100 U.S.-based organizations

# Questions



# Footnotes

## Executive Compensation Overview

- 1) Example shows the integration of project net cash flow and performance share program design; illustrates that short-term vesting occurs prior to determination of project financial success or failure and that longer-term vesting better aligns with shareholder returns resulting from investment decisions. The project timeline is a hypothetical case that is representative of a typical major ExxonMobil project investment.
- 2) For both the ExxonMobil and Alternate programs, 100 shares are granted each year from 2008 to 2017. For 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. For the hypothetical alternate formula-based program, shares vest after 3 years based on TSR performance. Values shown represent percent of target shares that would pay out based on ExxonMobil's actual relative three-year TSR rank versus our industry peers: Chevron, Royal Dutch Shell, Total, and BP. Payout schedule as follows: 200% of target if ranked 1; 150% of target if ranked 2; 100% of target if ranked 3; 50% of target if ranked 4; and, 0% of target if ranked 5.
- 3) Bonus program is based on estimates of year-end earnings made in November of each year, such that payment can occur in that calendar year. The purpose of the two-thirds adjustment in the formula is to mitigate the impact of commodity price swings on short-term earnings performance.
- 4) Pay means the sum of Realized Pay and Unrealized Pay as described in the related Frequently Used Terms.

# Frequently Used Terms

## Executive Compensation Overview

**Performance Share Program** is the terminology used to describe our equity program to better reflect the strong connection between performance and pay.

**Compensation Benchmark Companies** consist of AT&T, Boeing, Chevron, Ford, General Electric, General Motors, IBM, Johnson & Johnson, Pfizer, Procter & Gamble, United Technologies, and Verizon. These are the same companies noted in the 2018 Proxy Statement. For consistency, CEO compensation in the Combined Realized and Unrealized Pay chart on page 13 is based on compensation as disclosed in the Summary Compensation Table of the proxy statements as of July 31, 2019.

**Reported Pay** is Total Compensation reported in the Summary Compensation Table.

**Realized Pay** is compensation actually received by the CEO during the year, including salary, current bonus, payouts of previously granted earnings bonus units (EBU), 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 than 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 2018 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.