

Dr. Michael J. Boskin  
Director and Public Issues Committee Chair  
ExxonMobil Corporation  
c/o Henry H. Hubble, Secretary  
5959 Las Colinas Blvd.  
Irving, TX 75039-2298

Dear Dr. Boskin,

ExxonMobil's 2006 proxy statement goes to great lengths to describe to its owners the strategic nature and long-term focus of the company's executive compensation plans. It is a disservice that shareowners are not receiving the same quality of disclosure and assessment behind Exxon's energy strategy, particularly for such a forward-looking company.

The company notes in its newspaper ads that recent, robust energy earnings are "important for meeting the world's future requirements because they enable [ExxonMobil] to continue making sizable and vital investments that benefit everyone in the long run." And while the company adds that it invested \$50 million a day during 2005 to meet future oil and gas needs predicted by the International Energy Agency, less than 0.1% of that was spent on renewable energy development and research--including hydropower, biofuels, fuel cells, solar, wind, biomass, and other less polluting options.

It seems to many investors--and increasingly, energy analysts--that the Board of this company and its senior management have a fundamental disconnect between meeting future energy demand and their accompanying regulations, with viable solutions that will sustain the performance of this company over the long term. The company's current plans and existing commitments to meet future demand are significantly threatened by the following facts:

- The world is consuming oil at more than 2 times the rate of discovery of new supply, and efficiency has not offset rising demand.
- In the 1960s, 85% of known reserves worldwide were fully open to international oil companies--that number has since plunged to 16%. Meanwhile, nationalized oil company reserves have climbed from 1% to 65% (reserves that are now highly unstable for oil supermajor joint ventures).
- Global wind and solar markets reached \$11.8 billion and \$11.2 billion in 2005 — up 47% and 55%, respectively, from a year earlier. The market for biofuels hit \$15.7 billion globally in 2005, up more than 15% from the previous year.
- Even without federal intervention, global clean-energy markets will flourish. According to Clean Edge research, clean energy markets (biofuels, wind, solar pv and fuel cells) which equaled \$40 billion in 2005, will grow fourfold to \$167 billion within the coming decade.

- Since 1979, U.S and British oil companies' share of oil and gas production has halved, from 27.8% to 14%, according to Foresight Research Solutions.
- According to *Business Week* (5/15/06), ExxonMobil placed fourth amongst its competitors for its reserve replacement ratio, behind ConocoPhillips, Total and Chevron--a critical factor in meeting energy demand through oil and gas.
- The "easy energy" has already been developed and found, according to most industry experts. Supermajors are now focusing on tar sands, LNG, and reserves in hostile locales to attempt to meet demand. ExxonMobil is already forced to go to the harshest climates on Earth, and the politically least stable, to find new oil and gas--placing ever bigger bets on these strategies in the process.
- Oil companies are taking heat from national governments all over the globe that are ramping up isolationist policies and reclaiming oil and gas fields. Nationalized oil companies are wresting control from international oil partners and increasingly calling the shots.
- Crude oil has remained near \$70 a barrel during all of 2006, making alternative energy, and its related investments, more economical and feasible than in the past. Morgan Stanley estimates that the cost of finding and developing a barrel of oil has tripled since 1999, to over \$10.
- Already, certain industries are facing mandatory limits on CO2 emissions and other greenhouse gases in some of the 129 countries that have signed the Kyoto Protocol, and these are countries where ExxonMobil does business.
- Bankers, institutional investors, energy analysts, and insurers have begun tallying the trillions in financial losses posed by climate change and oil and gas bottlenecks.

ExxonMobil reported \$8.4 billion in earnings last quarter, and yet, unless the world's most profitable company starts hedging its bets on oil and gas, it will find itself at a competitive disadvantage in the *very near term* as other supermajors invest in renewable infrastructure, biofuels, and policy changes, while also gobbling up the expertise and patents that go with these newer ventures. In addition, if ExxonMobil continues its strategy of returning cash to its shareholders instead of making investments to greatly diversify its energy mix, it will find itself swiftly tumbling from its current stable financial position.

The public and international scientific community have already largely accepted climate change and energy diversification as reality. But even more importantly, with political pressure rising to reduce greenhouse gas emissions and curb global warming, companies with a head start on greener technologies and production will have far more credibility to participate in, or even shape, the debate over the future of energy and emissions markets. As investors in ExxonMobil Corp., that's a place we want our company to be.

Sincerely,