

EXXON MOBIL CORP
Form DEFA14A
May 14, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

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EXXON MOBIL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Audio Webcast

May 14, 2015

9:30 a.m. CT

Before

you

cast

your

vote

on

Management

Resolution

Item

3

Advisory

Vote

to

Approve

Executive
Compensation

please
review

the
Executive

Compensation Overview, as well as the more detailed information
included in the Compensation Discussion and Analysis, compensation
tables, and narrative in ExxonMobil's 2015 Proxy Statement.

1

Good morning and welcome to today's webinar to discuss ExxonMobil's executive compensation program.

This webinar is part of a broad shareholder outreach effort at the direction of the Compensation Committee of the Board of Directors.

Randy and I would like to thank you for the opportunity to discuss this important topic and we appreciate you taking the time to join us this morning.

We expect our prepared comments to take about 40 minutes, leaving the balance of our time today for questions and answers. We encourage you to submit your questions via the Internet at any time during the session.

Before you cast your vote on Management Resolution *Item 3 – Advisory Vote to Approve Executive Compensation*, please review the Compensation Overview, as well as the more detailed information included in the Compensation Discussion and Analysis, compensation tables and narrative in ExxonMobil's 2015 Proxy Statement.

2
Reported
Pay
is
Total
Compensation
reported
in
the
Summary
Compensation
Table,
except
for
years
2006
to
2008,

where
the
grant
date
value
of
restricted
stock
as
provided under current SEC rules is used to put all years of compensation on the same basis.
Realized
Pay
is
compensation
actually
received
by
the
CEO
during
the
year,
including
salary,
current
bonus,
payouts
of
previously
granted
Earnings
Bonus
Units
(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
other
companies
include
salary,
bonus,
payouts
of
non-equity
incentive
plan
compensation,
and

All
Other
Compensation
as
reported
in
the

Summary
Compensation

Table,
plus
value
realized
on
option
exercise
or
stock
vesting
as
reported
in
the
Option
Exercises
and
Stock
Vested
table.

It
excludes
unvested
grants,
change
in
pension
value,
and
other
amounts
that
will
not
actually
be
received
until
a
future
date,
as
well
as
any
retirement-related
payouts
from

pension
or
nonqualified
compensation
plans.
Unrealized
Pay
is
calculated
on
a
different
basis
from
the
grant
date
fair
value
of
awards
used
in
the
Summary
Compensation
Table.
Unrealized
Pay
includes
the
value
based
on
each
compensation
benchmark
company's
closing
stock
price
at
fiscal
year-end
2013
of
unvested
restricted
stock
awards;

unvested
long-term
share
and
cash
performance
awards,
valued
at
target
levels;
and
the
in
the
money
value
of
unexercised
stock
options
(both
vested
and
unvested).
If
a
CEO
retired
during
the
period,
outstanding
equity
is
included
assuming
that
unvested
awards,
as
of
the
retirement
date,
continued
to
vest
pursuant
to

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

of
April 15, 2015.
Please
also
read
the
footnotes
contained
throughout
the
Executive
Compensation
Overview
for
additional
definitions
of
terms
we
use
and
other
important
information.
See
also
the
Factors
Affecting
Future
Results
and
Frequently
Used
Terms
available
through
the
Investors
page
of
our
website
at
www.exxonmobil.com.
Statements
regarding
future
events
or

conditions
are
forward-looking
statements.
Actual
future
results,
including
project
plans,
schedules,
and
results,
as
well
as
the
impact
of
compensation
incentives,
could
differ
materially
due
to
changes
in
oil
and
gas
prices
and
other
factors
affecting
our
industry,
technical
or
operating
conditions,
and
other
factors
described
under
the
heading
Factors

Affecting
Future
Results
in
our
most
recent
Form
10-K.
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.

Cautionary Statement and Definitions

Cautionary Statement and Definitions

2

I would particularly call your attention to the definitions of certain compensation-related terms on Slide 2, which differ in some compensation totals reported in the proxy statement tables. We will be discussing these terms in more detail in today's webinar.

You may also refer to the Investors section of our website, www.exxonmobil.com, for additional information as well as definitions and operating terms that we will use today.

9:30am
Shareholder
Engagement

.....

Jeff
Woodbury
Agenda
Agenda
Vice President, Investor Relations and Secretary
Key Focus Areas
Basis for Compensation Decisions
Financial and Operating Performance
Strategic Business Results
Long-Term Business Performance
CEO
Compensation

.....

Randy

Powers,
Manager,
Compensation,
Benefit
Plans
and
Policies
Annual Bonus Program
Equity Incentive Program
Determination of Equity Award Levels
Vesting Periods that Far Exceed Most Industries
ExxonMobil Program vs. Formula-Based Pay

10:10am

10:30am

3

We will begin our review with a quick recap of our shareholder engagement in 2014 and the business performance for this period on the basis of compensation decisions made by the board Compensation Committee.

The balance of the review will focus on how the compensation program is carefully designed to support our business and incentivize management to achieve long-term, sustainable growth in shareholder value.

In response to shareholders' feedback, we have included new information in this year's disclosure regarding how the Compensation Committee determined the level of share grant in our long-term incentive program for the senior executives, including the CEO.

We will also address the suggestion from some shareholders that ExxonMobil consider a formula-based methodology based on performance versus the industry.

We will have time for questions and answers at the end of this session.

4
2014 Shareholder Engagement
2014 Shareholder Engagement
Say-On-Pay Results: 89.8 percent For
Multiple conference calls with institutional shareholders preceding shareholder meeting
Webcast on May 14, 2014, available to all shareholders
Executive
Compensation
Overview
brochure
issued
to
all
shareholders

4

Ongoing shareholder engagement is a high priority for ExxonMobil and the Compensation Committee of the Board of Directors. We are committed to engagement between shareholders and the Company to fully understand diverse viewpoints on the topic of executive compensation and to ensure shareholder understanding of ExxonMobil's executive compensation program.

The Committee has carefully considered the results of the 2014 advisory vote in which almost 90 percent of votes cast supported the Pay resolution.

The Compensation Discussion and Analysis (CD&A) and Executive Compensation Overview describe our exchange with shareholders both before and after the vote on executive compensation.

This expansive dialogue provided an excellent opportunity to exchange perspectives and improve understanding.

A summary of shareholder engagement specifically on ExxonMobil's executive compensation program is described on this slide.

5
Key Focus Areas
Key Focus Areas
Level
of
Stock
Awards:
New
illustration
of
how
the
Compensation
Committee
determined
the
CEO s
stock-based

award
level
Stock
Holding
Requirement:
Vesting
periods
of
up
to
10
years
or
longer
require
that
executives
hold
their
equity
compensation
through
commodity
price
cycles
Annual
Bonus:
Formula
linked
to
annual
earnings,
consistently
applied
for
13
years;
individual
awards
determined
and
differentiated
based
on
performance
CEO s
Combined
Realized
and
Unrealized

Pay:
Market
orientation
at
the
39th percentile

No
Contracts:
No
employment
contracts,
severance
agreements,
or
change-in-control
arrangements

Common
Programs:
All
U.S.
executives,
more
than
1,000
including
the
CEO,
participate
in
common
programs
(the
same
salary,
incentive,
and
retirement
programs)

5

Before you cast your vote on Management Resolution *Item 3 Advisory Vote to Approve Executive Compensation* for 2015, here are the headlines of our compensation program to consider.

These focus areas were based on shareholder's feedback and requests for additional information. We will be reviewing specifically and elaborate on these key points during this webinar.

We have added a new section to illustrate how the Compensation Committee determined the level of the CEO's stock-based awards.

Determination of Equity Award Levels - This section illustrates that award levels range from zero to the maximum level depending on company and the executive perform with respect to the performance measures.

ExxonMobil Vesting Methodology: Half of the stock-based grants require 10 years or longer to vest and that results in vesting periods that are more than three times longer than those of industry group and compensation benchmark companies. In fact, you will see that the CEO's awards have a vesting period of 15 years. These uniquely long vesting periods sharply raise the risk profile of the stock awards, including the inability to monetize equity until awards vest, relative to more traditional formula-based programs that pay out in three years. This inability to monetize equity early results in executives experiencing the impact of commodity price cycles much like the experience of long-term shareholders.

The annual bonus program formula is linked to annual earnings and has been consistently applied for 13 years. Half of the annual bonus is delayed to strengthen alignment with sustainable growth in shareholder value and allow for forfeiture in the event of executive detrimental activity. Individual awards are determined and differentiated using a method similar to individual stock-based awards.

In the last few years, the media and others have reported that ExxonMobil's CEO is at the 100th percentile versus comparator companies' reported pay. However, we believe a more accurate description is illustrated in this year's disclosure. We have conducted a detailed analysis using combined realized and unrealized pay that shows a market orientation at the 39th percentile in 2014 (was 41st percentile in 2013). Also, our senior executives do not have employment contracts, severance agreements, or change-in-control arrangements; and, all U.S. executives, more than 1,000 including the CEO, participate in common programs (the same salary, incentive, and retirement plans).

Basis for Compensation
Decisions

6

We often get asked about the basis of the Compensation Committee's assessment of the CEO's performance. In the next few slides, we will share the metrics and the business results that the Committee reviews. It is a rigorous assessment that looks at both the short-term business performance as well as strategic business results.

7

Earnings of \$32.5 billion in 2014 compared with \$32.6 billion in

2013. Five-year annual

average of \$36.3 billion in earnings

Distributed \$23.6 billion to shareholders in dividends and share

purchases in 2014, for a

distribution yield of 5.4 percent. Distributed \$342 billion in dividends and share purchases

since the beginning of 2000. Dividends per share increased for the 32nd consecutive year

Industry-leading return on average capital employed (ROCE) of 16.2 percent, with a five-

year average of 21 percent

Strong environmental results and best-ever safety performance supported by effective risk

management

Financial and Operating Performance

Financial and Operating Performance

For more information concerning ROCE, see pages 44 and 45 of the *Summary Annual Report* included with the 2015 Proxy Statement

7

The Compensation Committee links the short-term incentive compensation to key short-term financial and operating performance. The 2014 results reflect our focus on the fundamentals and the strength of our integrated businesses amid global economic challenges, uncertainties, and price volatility.

We delivered industry-leading earnings of \$32.5 billion in 2014, compared with \$32.6 billion in 2013. Over the last five years, we averaged almost \$36.3 billion in earnings. Total shareholder distributions were \$23.6 billion. Dividends per share increased for the 10th consecutive year.

We also maintained an industry-leading return on average capital employed of 16.2 percent.

Key to sustainability and maintaining our license to operate, we achieved strong environmental results and best-ever safety performance supported by effective risk management.

8

Strategic Business Results

Strategic Business Results

Downstream

Commissioned the Clean Fuels Project at our joint venture refinery in Saudi Arabia

Completed a lube basestock expansion in Singapore and a lubricant plant expansion in Tianjin, China

Chemical

Started construction of a major expansion at our Texas facilities, including a new world-scale ethane steam cracker and polyethylene lines

Progressed construction of a 400-thousand-tonnes-per-year specialty elastomers project in Saudi Arabia with our joint venture partner

Started construction on a new 230-thousand-tonnes-per-year specialty polymers plant in

Singapore

Upstream

Increased proved reserves by 1.5 billion oil-equivalent barrels

Completed eight major projects with working interest production capacity of more than 250 thousand oil-equivalent barrels per day

Initiated commissioning activities at the Kearl Expansion in Canada and Banyu Urip in Indonesia

Successfully drilled the first ExxonMobil-Rosneft Joint Venture Kara Sea exploration well in the Russian Arctic

Progressed a large and diverse portfolio of LNG opportunities in North America, Australia, and Africa

8

Another key performance criterion underlying the compensation decisions made by our Compensation Committee in 2014 was achieved on several long-term strategic priorities. These accomplishments, outlined on Slide 8, are expected to have a positive Company performance for decades, potentially generating significant shareholder value.

9
Long-Term Business Performance
Long-Term Business Performance
(1)
Employees
and
contractors.
Includes
XTO
Energy
Inc.
data
beginning
in
2011.
(2)
Workforce
safety

data
from
participating
American
Petroleum
Institute
companies
(2014
industry
data
not
available
at
time
of
publication).
(3)
Competitor
data
estimated
on
a
consistent
basis
with
ExxonMobil
and
based
on
public
information.
For
more
information
concerning
ROCE,
see
pages
44
and
45
of
the
Summary
Annual
Report
included
with
the
2015

Proxy
Statement.

Safety is a core value for ExxonMobil, and nothing
receives more attention from management.

ExxonMobil's
proven
business
model
delivers industry-
leading
ROCE.

Best-ever
performance
in
2014.

Safety
results
are
a
leading
indicator
of
business
performance.

Disciplined
investments
through
the
business
cycle
position
the
Company
for
long-term
performance.

Strength
of
integrated
portfolio,
project
management,
and
technology
application.

9

In 2014, our workforce safety performance for both employees and contractors continued to improve and remained strong in the

ExxonMobil's return on average capital employed continued to lead our competitors. In 2014, ExxonMobil's ROCE of 16.2 percent was more than 5 percentage points higher than our nearest competitor. Over the past five years, ROCE averaged 21 percent, again about 5 percentage points higher than the nearest competitor. In a later Chart, Randy will examine our ROCE performance over much longer time periods, which illustrates consistent out-performance.

10
(4)
Competitor
data
estimated
on
a
consistent
basis
with
ExxonMobil
and
based
on
public
information.
BP
excludes

impact
of
GOM
spill
and
TNK-BP
divestment.
For
more
information
on
Free
Cash
Flow,
see
page
45
of
the
Summary
Annual
Report
included
with
the
2015
Proxy
Statement.
(5)
Competitor
data
estimated
on
a
consistent
basis
with
ExxonMobil
and
based
on
public
information.
Total
shareholder
distributions
divided
by
market
capitalization.

Shareholder
distributions
consist
of
cash
dividends
and
share
buybacks.

For
more
information,
see
page
45

of
the
Summary
Annual
Report
included
with
the
2015
Proxy
Statement.

Long-Term Business Performance
Long-Term Business Performance
ExxonMobil's

superior
cash
flow
preserves
capacity
for
investments
and
shareholder
distributions.
ExxonMobil
maintains
industry-leading
shareholder
distributions
through
the
business
cycle.

Generated

\$117
billion
of
free
cash
flow
since
beginning
of
2010.

Reflects
strong
business
performance
and
disciplined
capital
allocation
approach.

Dividends
per
share
up
10
percent
per
year
over
past
10
years.

Distributed
46
cents
of
every
dollar
from
operating
cash
flow
and
asset
sales
generated
from
2010

to
2014.

10

Another measure of the value created by the business through strong financial and operating performance is the free cash flow fully funding attractive investment opportunities.

Free cash flow grew significantly, reflecting strong business performance as well as slightly lower Capex. The business generated \$17 billion of free cash flow in 2014, up more than \$7 billion from 2013. This growth reflects our financial and operating performance and disciplined capital allocation approach.

Over the past five years, ExxonMobil generated \$117 billion of free cash flow, which supported our growing and reliable dividend and industry-leading shareholder distributions.

As you can see on Chart 4, our shareholder distributions led the industry over the last five years. ExxonMobil distributed \$23.5 billion to shareholders in 2014 through dividends and share buybacks for a total cash distribution yield of 5.4 percent.

We continue to grow our dividend, with 2014 marking the 32nd consecutive year with a dividend increase. Further, dividends grew 55 percent over the last five years. On average, \$0.46 of every dollar generated by the business over the last five years has been distributed to our shareholders, which is almost double our nearest competitor.

11
(6)
Annualized
returns
assuming
dividends
are
reinvested
when
paid.
(7)
BP,
Chevron,
Royal
Dutch
Shell,
and
Total

weighted
by
market
capitalization.
Shareholder
return
data
for
Total
available
from
1992.

(8)
AT&T,
Boeing,
Caterpillar,
Chevron,
Ford,
General
Electric,
IBM,
Johnson
&
Johnson,
Pfizer,
Procter
&
Gamble,
United
Technologies,
and
Verizon
weighted
by
market
capitalization.

Long-Term Business Performance
Long-Term Business Performance
ExxonMobil
leads
the
industry
in
total
shareholder
return
(TSR)
in
all
performance

periods.
ExxonMobil
generated
superior
returns
through
a
range
of
economic
environments
and
business
cycles.

The
most
relevant
TSR
comparison
is
across
companies
in
the
same
industry
of
comparable
size
and
scale.

11

The most relevant Total Shareholder Return or TSR comparison is across companies in the same industry of comparable size and market capitalization. ExxonMobil leads the industry in TSR in all performance periods shown, ranging from one to 30 years.

Chart 6 shows that ExxonMobil generated superior returns through a range of economic environments and cycles, including superior performance through the financial crisis.

CEO Compensation

12

I will now turn it over to Randy who will take you through the highlights of the CEO compensation.

13
Reported Pay
Reported Pay
(1)
Interest
rate
changes:
from
3.5%
for
2011
to
2.5%
for
2012;
to
3.5%
for

2013;

to

3.0%

for

2014.

(2)

In

2013,

the

change

in

pension

value

was

negative

(-\$6.24

million),

but

under

SEC

reporting

rules,

a

negative

change

in

pension

value

must

be

shown

in

the

Summary

Pay granted to ExxonMobil

CEO in 2014 increased less

than 1 percent versus 2013

and 4 percent versus 2012,

while the stock grant price

increased about 1 percent and

9 percent respectively.

Primary

cause

of

fluctuating

pension

accrual

is

change

in
the
applicable
interest
rates.

Actual
pension
value
realized
will
be
dependent
on
salary,
bonus,
and
interest
rate
at
retirement.
Compensation
Table
as
zero.

13

Thank you, Jeff.

Chart 7 shows the Summary Compensation Table (SCT) reported pay for 2012 to 2014.

As shown in the Chart, almost all of the 2014 increase in reported pay is due to a valuation change in pension for accrual purposes. Pension will be realized only at retirement, with final value paid out dependent on salary, bonus, and the interest rate at that time.

In addition, almost two-thirds of the CEO compensation granted by the Compensation Committee and reported in the SCT for 2014 was in the form of a long-term equity award.

The CEO will not actually receive the stock for many years in the future, and until such time the award remains at risk of forfeiture.

As such, looking at reported pay in isolation is not the most complete way to view or compare compensation across a group of executives.

For this reason, we started disclosing realized pay of the CEO in our proxy and received positive feedback from you, our shareholders, on the additional perspective it brought.

14
Realized Pay vs. Reported Pay
Realized Pay vs. Reported Pay
(3)
Reported
pay
values
shown
correspond
to
the
companies
with
the
highest,
median,
and
lowest

realized

pay

values.

*Exercised

last

stock

options

granted

in

2001

that

would

have

expired

in

2011.

No

stock

options

granted

since

2001.

ExxonMobil

CEO s

realized

pay

averaged

46

percent

of

reported

pay

over

his tenure.

ExxonMobil

CEO s

realized

pay

ranked

8th

among

the

compensation

benchmark

companies.

The

median

of

the

benchmark
companies
is
almost
\$21
million
and
the
highest
is
almost
\$81
million.

14

Realized pay is compensation actually received by the CEO during the year. It includes salary, current bonus, payouts of pro-rated Earnings Bonus Units (EBU), net spread on stock option exercises, market value at vesting of previously granted stock-based awards, and Other Compensation amounts realized during the year.

Amounts for other companies include salary, bonus, payouts of non-equity incentive plan compensation, and All Other Compensation reported in the SCT, plus value realized on option exercise or stock vesting as reported in the Option Exercises and Stock Vesting. 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. We will, however, include these values in a separate chart.

Chart 8 shows the history of realized pay compared to reported pay for the CEO's tenure.

ExxonMobil CEO's realized compensation averaged 46 percent of reported pay over nine year period shown, which is the percentage that has been in the role.

2011 is a higher percentage as that was the year the CEO exercised his last stock options that were granted in 2001 that would have expired in 2011. No stock options have been granted since 2001.

Chart 9, which has been updated to include 2014 data, puts in perspective why relying solely on reported pay from the SCT to compare CEO's compensation relative to our benchmark companies may not result in the right conclusions.

Realized pay can differ significantly from reported pay for companies that grant stock options and/or have formula-based pay with various payout factors.

ExxonMobil CEO's realized pay ranked 8 of 13 among the compensation benchmark companies versus 2 of 13 for reported pay. The benchmark companies' realized pay median is almost \$21 million and the high is almost \$81 million.

15
Realized Pay and Unrealized Pay
Realized Pay and Unrealized Pay
Nonqualified
deferred
compensation
as
reported
for
some
benchmark
companies
may
include
executive
contributions.
ExxonMobil
CEO s

realized
pay
is
below
the
median
of
the
compensation
benchmark
companies
for
most
of
his
tenure.

ExxonMobil
CEO s
combined
realized
and
unrealized
pay
is
at
the
39th
percentile
of
the
compensation
benchmark
companies.

*
39
percent
of
ExxonMobil
CEO s
realized
pay
in
2011
was
from
the
exercise
of
stock
options

that
were
granted
in
2001
and
would
have
expired
in
2011.

No
stock
options
have
been
granted
since
2001.

With
pension
value
and
nonqualified
deferred
compensation
included,
the
orientation
is
between
the
38th
and
74th
percentiles,
depending
on
the
method
of
quantifying
pension
values.

15

The Charts on this slide have also been updated with data through 2014 and included in the April 21, 2015 supplemental disclosure.

Chart 10 compares ExxonMobil CEO's realized pay versus our compensation benchmark companies during the nine years in the role. ExxonMobil CEO's realized pay is below the median for most of his tenure.

In response to shareholder feedback, Chart 11 was developed to add the value of unrealized pay granted to the realized pay analysis. Chart 11 illustrates that ExxonMobil CEO's aggregate realized and unrealized granted pay is at the 39th percentile for the full tenure of the current CEO has been in the role through 2014.

For this purpose, unrealized pay means the current value not the grant date value used for reporting in the SCT of outstanding restricted stock and stock-based incentive awards as well as the current market value of unexercised in the money stock options granted during 2014. Award values are based on target levels of formula awards and fiscal year-end 2014 stock prices.

Depending on how pension values for the 2006 to 2014 period are determined, including pension value and nonqualified deferred compensation together with the realized pay and unrealized award values shown above would place the ExxonMobil CEO between the 38th and 74th percentile of the compensation benchmark companies.

This analysis clarifies the inaccuracy of reports by the media in the last few years that ExxonMobil CEO was the highest paid CEO among the companies.

Additional Information:

ExxonMobil CEO would rank at the 38th percentile if pension and nonqualified deferred compensation values are based on nine years of pension service (nine years represents the time in position of the current ExxonMobil CEO through 2014). For comparison, one CEO during this period, the pension and nonqualified deferred compensation values for both paid and accumulated amounts are weighted by the tenure of the respective individual in the CEO position. Pension values are as reported in the Pension table and deferred compensation values are as reported in the requisite table and may include executive contributions as well as company contributions earned. ExxonMobil CEO would rank at the 74th percentile if pension value is simply calculated by aggregating the positive and negative Change in Pension Value column of the SCT for the covered period.

16
Scale and Scope of ExxonMobil
Scale and Scope of ExxonMobil
(4)
Financial
data
estimated
based
on
public
information.
Market
capitalization
is
as
of
December
31,

2014.

(5)

Trailing
twelve
months
(TTM);
excludes
excise
taxes
and
other
sales-based
taxes,
if
applicable.

(6)

Excludes
General
Electric
due
to
lack
of
comparability
resulting
from
how
assets
are
quantified
and
reported
for
its
financial
business.

(7)

Trailing
twelve
months
(TTM).

Size
and
complexity
of
ExxonMobil
are
considered
among

several
factors

The Compensation Committee
places the most emphasis on
individual performance and
business results in determining
compensation levels.

16

The CEO compensation charts are not adjusted for the substantial differences in scale and scope between ExxonMobil and the benchmark companies.

Chart 12 puts in perspective the scale and scope of ExxonMobil versus our compensation benchmark companies.

In determining compensation levels, the Compensation Committee places the most emphasis on individual performance and bu

However, the Committee also believes that the compensation program should recognize that our senior executives are responsible for managing a larger investment on behalf of shareholders relative to that of most other large, publicly traded companies. Size and ExxonMobil are considered among several factors.

ExxonMobil
Incentive Program

17

We now turn to the design of our incentive program.

18
Annual Bonus Program
Annual Bonus Program
Bonus Program Formula

*

The
purpose
of
the
two-thirds
adjustment
is
to
mitigate
the
impact
of
commodity

price
swings
on
short-term
earnings
performance.
Performance

Factors
that
Determine
Annual
Bonus

The bonus program is determined by
annual earnings.

The bonus program differentiates for
individual performance; similar to how
equity awards are differentiated.

Half of the annual bonus is delayed until
cumulative
earnings

per
share
(EPS)

reach
a specified level, further aligning the
interests of executives with sustainable
long-term growth in shareholder value.

The
annual
bonus
is
subject
to
recoupment
in

the case of a material negative restatement of
ExxonMobil's financial or operating results.

The
bonus
program
formula
has
been
applied
consistently
in
each
of
the
last

13
years,
including
years
in
which
earnings
declined.

18

Since 2002, the annual bonus program for more than 1,700 executives worldwide, including the CEO, has been determined based on the percentage change in projected net income according to the formula shown.

The net income (earnings) performance is tempered (two-thirds x earnings percent change) to mitigate the impact of commodity price volatility on short-term earnings performance.

As shown in Chart 13, the bonus program formula has been consistently applied in each of the last 13 years, including years in which earnings declined. The red line on Chart 13 shows the annual percentage change in earnings and the blue line is the annual change in the bonus program.

In addition to earnings performance being the basis for the size of the bonus program, there are other performance factors that are considered. Actual individual bonus awards are differentiated based on individual performance assessment and pay grade through a methodology that determines how the level of individual stock-based awards are determined and differentiated by performance. We will review this methodology periodically. The Compensation Committee awarded the CEO the same bonus award as 2013, consistent with 2014 earnings performance versus target. The bonus is intentionally a small portion of the CEO's total compensation (11 percent in 2014) to reflect the Compensation Committee's emphasis on long-term compensation.

Half of the annual bonus is delayed until cumulative earnings per share (EPS) reach a specified level, further aligning the interests of the CEO with sustainable long-term growth in shareholder value. The EPS threshold has been raised over the years, from \$3.00 per unit in 2014. The purpose of this delay is to strengthen our forfeiture flexibility.

The annual bonus is subject to recoupment in the case of a material negative restatement of ExxonMobil's financial or operating performance.

We benchmark the bonus program, along with all other compensation, to ensure alignment with the market.

Additional Information:

The annual bonus for the CEO decreased 20 percent in 2013 corresponding to a 27-percent decrease in 2013 corporate earnings. The bonus program, though TSR increased to 20.1 percent in 2013.

19

ExxonMobil Equity Program

ExxonMobil Equity Program

The Committee grants a top category award to the CEO only if the Company leads on key metrics over periods of time comparable to the investment lead times of the business.

Within this framework, the Compensation Committee determined that the CEO continues to demonstrate performance represented by the top category in the award matrix based on the strategic initiatives and performance metrics.

Performance

Assessment

Process

The performance of each executive is

assessed annually through a well-defined process.

Applies to the CEO and over 1,700 other executives worldwide across multiple business lines and staff functions.

Performance assessments are distributed across five quintiles with an average assessment of about the 50th percentile.

Each performance quintile corresponds to an award level. The award levels are widely differentiated between the highest and lowest performers at each pay grade.

19

During the 2014 proxy season, several shareholders requested more detail on how the level of individual stock-based awards is

We added a new section titled *Determination of Equity Award Levels* in our disclosure that more clearly delineates the several metrics utilized by the Compensation Committee in assessing performance and illustrates how it translates into individual stock levels.

It first starts with the performance assessment process. The performance of each executive is assessed annually through a well- process.

This annual performance assessment process applies to the CEO and over 1,700 other executives worldwide across multiple business staff functions.

These performance assessments are distributed across five quintiles with an average assessment of about the 50th percentile and levels are widely differentiated between the highest and lowest performers at each pay grade.

The Committee grants a top category award to the CEO only if the Company leads on these measures over periods of time commensurate with investment lead times of the business.

d

20
Determination of Equity Award Levels
Determination of Equity Award Levels
(1)
Competitor
data
estimated
on
a
consistent
basis
with
ExxonMobil
and
based
on
public
information.

For
more
information
concerning
ROCE,
see
pages
44
and
45
of
the
Summary
Annual
Report
included
with
the
2015
Proxy
Statement.
(2)
BP,
Chevron,
Royal
Dutch
Shell,
and
Total.
Data
for
Total
1999
through
2014
only.

20

Chart 14 illustrates the performance metrics considered and how stock-based award levels are differentiated. Each performance metric corresponds to an award level.

The award levels are widely differentiated by performance and range from zero to the maximum level depending on how the CEO and other executive perform with respect to the seven measures.

The Compensation Committee considered the Company's performance on these performance measures and strategic business units covered in the earlier slides as well as Chart 15, Example of Performance Assessment - 10-Year Average ROCE, shown on the slide at an overall assessment. While not explicitly mentioned in Chart 14, the results in the areas of corporate governance, diversity and inclusion, and other factors pertinent to the sustainable growth in shareholder value are also considered to arrive at an overall assessment. The size and complexity of the business and the CEO's experience are also factors.

Business Results & Basis for Compensation Decisions - section on pages 2-3 and Chart 15 on page 7 of the Overview.

Within this framework and based on the results mentioned, the Compensation Committee determined that the CEO continues to demonstrate performance represented by the top category in the award matrix.

The Committee does not use narrow, quantitative formulas in determining compensation levels. For the Company to be an industry leader and effectively manage the technical complexity and global scope of ExxonMobil, the most-senior executives must advance multiple strategic objectives in parallel, versus emphasizing one or two at the expense of others that require equal attention.

21

Expected to perform at the highest level or they are replaced
Performance must be high in all key performance areas to receive
an overall superior
evaluation

Outstanding performance in one area will not cancel out poor performance in another
Officers do not have employment contracts, severance agreements,
or change-in-control
arrangements

The Company has a long history of applying this standard of performance with consistency

Made possible by a deep bench of qualified talent for senior positions generated by a disciplined
management development and succession planning process

Process allows for ever-increasing performance levels uninterrupted by separations and
retirements, resulting in continuity of leadership and industry-leading business performance
Highest Performance Standards for 21 Executive Officers, Including the CEO
Determination of Equity Award Levels

Determination of Equity Award Levels

21

All 21 executive officers are expected to perform at the highest level or they are replaced. If it is determined that another executive officer can make a stronger contribution than one of the current officers, a succession plan is implemented and the incumbent is reassigned or separated from the Company.

Performance must be high in all key performance areas to receive an overall superior evaluation. Outstanding performance in one area cannot cancel out poor performance in another.

For example, a problem in safety, security, health, or environmental performance could result in a reduced incentive award even if an officer's performance against financial and other metrics was superior.

The risk and consequences to officers of performance that does not meet the highest standards are increased as officers do not have employment contracts, severance agreements, or change-in-control arrangements.

The Company has a long history of applying this standard of performance with consistency.

This is made possible by a deep bench of qualified talent for senior positions generated by a disciplined management development and succession planning process.

This process allows for ever-increasing performance levels uninterrupted by separations and retirements, resulting in continuity of leadership and industry-leading business performance.

22

Stock Holding Requirement

Stock Holding Requirement

Sixty-five percent of the CEO's 2014 reported compensation is in restricted stock units

50 percent vests in 10 years from grant date or retirement, whichever is later (i.e., will not vest until 2024), and the other 50 percent vests in five years

Inability to monetize equity compensation early results in executives experiencing the impact of commodity price cycles much like the experience of long-term shareholders

Reinforces strong retention of experienced executives, which contributes to competitive advantage

(1)

Includes

shares

granted

to

the

CEO

between

2002
and
2005
before
his
appointment
to
CEO.
(2)
Assuming
retirement
at
age
65
in
2017,
50
percent
of
shares
granted
in
2002
will
vest
at
retirement
in
a
15-year
vesting
period.
The
vesting
period
for
50
percent
of
shares
granted
in
(3)
Average
vesting
period
of
2014
formula-based
programs.

Vesting Periods that Far Exceed Most Industries

ExxonMobil's

extended

vesting

periods

better

reflect

and

align

with

the

time

frames

over

which

business

decisions

affect

long-term

shareholder

value

in

our

industry.

2003 is 14 years; 2004 is 13 years; 2005 is 12 years; 2006 is 11 years; and 2007 is 10 years.

22

ExxonMobil's equity incentive program aligns with long investment lead times by granting restricted stock units with long vesting periods. In 2014, 65 percent of the CEO's reported compensation is in restricted stock units with vesting periods far longer than most companies in the industry. Specifically, half of the annual equity award is restricted for 10 years from grant date or until retirement, whichever is later; the other half is restricted for five years.

As illustrated in Chart 16, the 10 years or retirement, whichever is later feature results in senior executives holding equity grants for three times longer than the average of three years among the industry group and compensation benchmark companies. For example, if the CEO retires in 2017, 50 percent of equity granted in 2002 will have a 15-year vesting period. Vesting is not accelerated for death. Tying the actual award value to the stock price at the end of these extended vesting periods in effect creates the ultimate measurement and link to Company performance.

Unlike the typical three-year formula-based programs, the ExxonMobil senior executive cannot monetize equity compensation until the end of the vesting period, which results in executives experiencing the impact of commodity price cycles much like the experience of long-term shareholders.

Equity grants also include meaningful risks of forfeiture prior to vesting.

These design features reinforce expected behaviors and ensure the executive's commitment to creating long-term, sustainable shareholder value. In addition, the cumulative value of these restricted equity grants acts as a strong retention mechanism for our top performing ExxonMobil executives who are highly sought after in the industry.

23
Potential
Misalignment
of
Formula-Based
Pay
with
Long-Term
Shareholder
Experience
Potential unintended consequences of an alternate
formula-based program:
Compensation that is misaligned with the gains or
losses incurred by long-term shareholders through the
use of steep payout factors
A focus on short-term results at the expense of long-
term sustainable growth in shareholder value
Undermining the critical importance of sustainable risk

management strategies

A shorter payout period due to the practical inability to forecast events much beyond the typical three-year vesting period

Undermining of the executive retention strategy

Compensation paid out or realized that differs significantly from grant values

The ExxonMobil method of granting equity or stock-based awards will result in executives seeing a one-for-one change in compensation through stock price that coincides with the experience of the long-term shareholder.

ExxonMobil Equity Program

ExxonMobil Equity Program

23

As mentioned earlier, some shareholders have suggested that ExxonMobil consider a formula-based methodology based on the company's performance versus the industry. Chart 17 shows a typical approach to this formula-based methodology.

The Compensation Committee reviewed and assessed this approach and determined that there is a potential for such a program to have the following unintended consequences:

A risk/reward profile that is misaligned with that of long-term shareholders due to the use of steep payout factors, e.g., a one-percent difference over benchmark companies could result in a payout of 200 percent regardless of the absolute value of TSR.

With just a three-year vesting, executives can monetize compensation in a short period of time at the expense of long-term shareholders by taking short-term optimization actions to achieve a higher compensation payout. ExxonMobil senior executives, on the other hand, with the program's long vesting periods, are held accountable for those decisions that they make.

Given the nature of our industry, the steep leverage of a formula-based approach does not reinforce the critical importance of sustainable risk management strategies.

A formula-based plan by design necessitates a shorter payout period due to the practical inability to forecast events much beyond the typical three-year vesting period. However, in the oil and gas industry, management decisions on large, capital-intensive projects have significant financial and operating results for decades into the future.

The shorter payout period does not reinforce our retention strategy or management development programs and succession planning. These programs help achieve continuity of leadership and competitive advantage and reinforce our focus on long-term, sustainable growth in shareholder value.

Compensation paid out or realized could also differ significantly from grant values as shown in the prior charts.

The ExxonMobil method of granting equity or stock-based awards will result in executives seeing a one-for-one change in compensation as the stock price changes, which is different from the experience of the long-term shareholder.

24
Potential Misalignment of Formula-Based Pay with ExxonMobil's Business Model
Approximately
70
percent
of
cumulative
stock-based
awards granted over the
illustrated
time
period
for
the
ExxonMobil program will
remain
unvested
and

at
risk
during employment, versus
approximately 30
percent for
the alternate program
After retirement, the
ExxonMobil
senior
executive
will
continue
to
have
grants
unvested and at risk of
forfeiture for 10 years
The
ExxonMobil
design
of
granting
and
vesting
stock-based
awards
better
aligns
with
the
long-term
investment
lead
times
and
risks
of
our
business.
Annual
investment
required
and
cash
flow
generated
by
a
typical
ExxonMobil

project.
ExxonMobil
equity
program:
50
percent
of
an
annual
grant
of
restricted
stock
or
restricted
stock
units
vests
in
10
years
or
retirement,
whichever
is
later,
and
the
other
50
percent
vests
in
five
years.
Hypothetical
alternate
program:
Percent
of
target
shares
that
pay
out
are
shown
in
Chart
17

and
depend
on
ExxonMobil's
relative
three-year
TSR
rank
versus
our
primary
competitors:
BP,
Chevron,
Royal
Dutch
Shell,
and
Total.
TSR
ranking
has
been
determined
by
a
Monte
Carlo
simulation
that
applies
equal
probability
to
each
rank
position.
The
Monte
Carlo
simulation
method
is
consistent
with
U.S.
GAAP
accounting
principles
for

valuing

performance

stock

awards.

ExxonMobil Equity Program

ExxonMobil Equity Program

24

The ExxonMobil compensation program supports the ExxonMobil business model. To illustrate that, let's take a look at Chart 18. The purple line shows the project net cash flow of a typical ExxonMobil project, and the red and blue lines show the payout profiles of the ExxonMobil stock-based program and the alternate formula-based program, illustrated on the prior slide, respectively.

On this chart, to better demonstrate the difference in pace of payout, the total number of shares paid out under both compensation programs is the same.

Chart 18 illustrates how the ExxonMobil design of granting and vesting stock-based awards better aligns with the long-term investment lead times and risks of our business.

By contrast, the high degree of variability and earlier payout of the alternate formula-based program are misaligned with the investment profile of a typical ExxonMobil project and could result in an overemphasis on short-term business performance at the expense of sustainable risk management and long-term business results.

Approximately 70 percent of a senior executive's cumulative shares or stock-based awards granted over the illustrated time period are unvested and at risk during employment under the ExxonMobil program, versus approximately 30 percent for the alternate case.

Even after retirement, the ExxonMobil senior executive will continue to have shares unvested and at risk of forfeiture. Specifically, the vesting of stock-based awards is not accelerated upon retirement.

Sustainable growth in shareholder value relies on strong alignment between the design of compensation and the ExxonMobil investment strategy. The Compensation Committee believes the current ExxonMobil compensation program does that.

With that, I will turn it over to Jeff to close before we open it up for questions.

25

The Compensation Committee on multiple occasions has carefully analyzed alternative methods of granting stock-based awards and recognizing business performance and, for the reasons mentioned above, believes that a formula-based plan would not deliver the desired results for ExxonMobil or its shareholders.

The Committee believes that the current ExxonMobil equity program still best serves the long-term

interests

of

shareholders

and

more

effectively

achieves

the

following:

Accountability:

Holds

senior
executives
accountable
for
many
years,
extending
well
beyond
retirement
date,
with
long
vesting
periods;
Alignment:
Links
financial
gains
or
losses
of
each
executive
to
the
experience
of
the
long-
term
shareholder
and
aligns
strongly
with
the
ExxonMobil
business
model;
Performance
and
Results:
Keeps
executives
focused
on
delivering
industry-leading
results;

and,
Retention:
Supports
continuity
of
leadership
by
encouraging
a
career
orientation.
ExxonMobil Equity Program
ExxonMobil Equity Program

25

Thanks Randy.

The Compensation Committee on multiple occasions has carefully analyzed alternative methods of granting stock-based awards recognizing business performance and, for the reasons Randy mentioned, believes that a formula-based plan would not deliver results for ExxonMobil or its shareholders.

The Committee believes that the current ExxonMobil equity program still best serves the long-term interests of shareholders and effectively achieves the following:

- Accountability: Holds senior executives accountable for many years, extending well beyond retirement date, with long vesting
- Alignment: Links financial gains or losses of each executive to the experience of the long-term shareholder and aligns strongly with ExxonMobil business model;
- Performance and Results: Keeps executives focused on delivering industry-leading results; and,
- Retention: Supports continuity of leadership by encouraging a career orientation.

26

Vote FOR

Vote FOR

Item 3:

Item 3:

Advisory Vote to Approve Executive Compensation

Advisory Vote to Approve Executive Compensation

ExxonMobil's

compensation

program

supports

a

business

model

that

has

weathered

volatile

commodity
prices
and
industry
business
cycles
for
many
years.
Our
compensation
program
has
contributed
to
a
culture
of
performance,
integrity,
reliability,
and
consistency.
The
Company
has
taken
additional
steps
to
address
questions
raised
by
shareholders
including,
on
multiple
occasions,
careful
consideration
of
alternative
methods
of
granting stock-
based
awards.
Our
compensation

program
is
designed
to
ensure
that
executives
maintain
an
unwavering
focus
on
the
long-term
performance
of
the
business
and
the
interests
of
shareholders.

We
believe
ExxonMobil's
business
model
and
supporting
compensation
program
will
continue
to
serve
shareholders
well
in
the
future.

26

In conclusion, ExxonMobil's compensation program supports a business model that has weathered volatile commodity prices and business cycles for many years and consistently generated industry-leading financial and operating performance and shareholder value over a very long time.

The compensation program contributes to a culture of performance, integrity, reliability, and consistency. We hope that you also recognize that the compensation program has been a key ingredient in achieving these objectives.

The Company has taken additional steps to address questions raised by shareholders including, on multiple occasions, careful consideration of alternative methods of granting stock-based awards.

Our compensation program is designed to ensure that executives maintain an unwavering focus on the long-term performance of the Company and the interest of shareholders.

On behalf of your Board of Directors, we recognize your vote is important and encourage you to carefully consider the information provided today and vote FOR the advisory vote to approve executive compensation.

Item 4

Independent Chairman

Item 5

Proxy Access Bylaw

Item 6

Climate Expert on Board

Item 7

Board Quota for Women

Item 8

Report on Compensation for Women

Item 9

Report on Lobbying

Item 10

Greenhouse Gas Emissions Goals

Item 11

Report on Hydraulic Fracturing

The Board recommends you vote AGAINST the following proposals:

Shareholder Proposals

As we conclude our prepared remarks, I would like to take a moment to briefly comment on the shareholder proposals in our proxy statement. We have had robust dialogue with the proponents for each of the proposals submitted, some of which have resulted in the proposal being ultimately withdrawn. Further, we have carried on these discussions with our broader shareholders.

So first, I would like to reinforce that we truly value these communications and we encourage ongoing engagement.

In the interest of time, let me just briefly comment on a few of the remaining proposals in the proxy:

Regarding Item 4, Independent Chairman, the Board believes that the decision as to who should serve as Chairman and / or CEO is the proper responsibility of the Board, and the Board should retain the flexibility to determine the particular governance structure that best serves the long-term interests of the shareholders at the time.

As you know, 11 of our 12 directors are independent, with independent board leadership provided by the Presiding Director.

Moving to Item 5 on the Proxy Access Bylaw, the Board has considered the merits of proxy access and continues to monitor related developments. We are interested in defining the governance benefits from proxy access and identifying means to capture these benefits without creating additional risks or eroding existing well-established and successful processes.

As many of you will agree, governance is risk mitigation and is a key element of a high-integrity organization.

As we speak to investors, we hear varying positions:

Some feel strongly that this proposal, if approved, would provide a fundamental right to shareholders.

Others are opposed to proxy access and feel, like our Board, that the critical role of director selection is best left to the independent Board Affairs Committee.

Third, some investors are watching and waiting, developing a position after the dialogue has advanced to definition of merits and objectives.

We respect the input of all of our investors, but currently believe that our process is time-tested and will continue to serve the interests of all shareholders.

Item 6 calls for a climate expert on our Board. Our current director selection process requires candidates to have a breadth of experience and demonstrated expertise in managing complex organizations and situations with worldwide scope. The process has resulted in a board with a broad range of qualifications and expertise, including environmental / climate experience.

The Board is comprised of members with diverse backgrounds and views, including several who have engineering or science degrees, thus enabling the Board to properly address climate-related issues with the support of Company professionals and scientists with expertise in climate-related matters.

To set aside one seat for an environmental specialist, however that may be defined, or any other single attribute or expertise would not be in the best interest of our shareholders, as it would dilute the breadth needed by all directors to make informed decisions for the Company.

Skipping down to Item 11, Report on Hydraulic Fracturing, I'd like to highlight that after we received a similar resolution from the same proponent last year, the Company prepared a white paper called *Unconventional Resources Development, Managing the Risks*, which details the inherent risks and mitigations in hydraulic fracturing.

I would recommend you take a look at that report by going to our website.

I would also note that we do report related metrics in our Corporate Citizenship Report, as well as to State and Federal regulators.

The proponent is requesting certain additional quantitative information at the play or field level that in our view, taken exclusively, would not enhance our risk management or community engagement efforts.

As described in the white paper, we have well-established systems and processes to effectively manage risks.

There is unfortunately not enough time for us to address each of the shareholder proposals, but we would be happy to respond to your questions.

27.2

Questions?

28

That concludes our prepared remarks. We would now be happy to take your questions.

*
*
*
*
*
*
