An Industry under Siege

ALRDC, June 2022

"We're going to make sure everyone knows Exxon's profits…. Exxon made more money than God last year"

President, Joe Biden

June 10, 2022

2021 Exxon Dividends

Shares Outstanding	x	$/Share	=	Total Dividend
2,370,802,911		$ 3.49		$ 8,274,102,159.39

Exxon Shareholders

RANK	OWNER	SHARES	% OF TOTAL	CUMULATIVE
1	VANGUARD GROUP INC	364,432,696	15%	15%
2	BLACKROCK INC.	275,079,344	12%	27%
3	STATE STREET CORP	251,154,186	11%	38%
4	FMR LLC	117,623,095	5%	43%
5	GEODE CAPITAL MANAGEMENT, LLC	71,409,928	3%	46%
6	NORGES BANK	52,041,576	2%	48%
7	GQG PARTNERS LLC	51,800,709	2%	50%
8	BANK OF NEW YORK MELLON CORP	48,361,186	2%	52%
9	NORTHERN TRUST CORP	47,824,543	2%	54%
10	BANK OF AMERICA CORP /DE/	47,615,342	2%	56%
11	MORGAN STANLEY	31,727,230	1%	57%
12	CHARLES SCHWAB INVESTMENT MANAGEMENT INC	31,180,397	1%	59%
13	JPMORGAN CHASE & CO	30,729,609	1%	60%
14	STATE FARM MUTUAL AUTOMOBILE INSURANCE CO	30,520,300	1%	61%
15	CAPITAL WORLD INVESTORS	23,658,708	1%	62%

2,370,802,911 Total Shares

3,276 Institutional Holders

A Call to Arms

A Call to Arms

ThomsonReuters

THE WHITE HOUSE

WASHINGTON

June 14, 2022

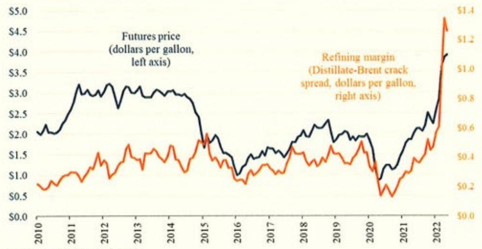
Dear Ms. Watkins:

I am writing to you about the high prices our fellow Americans are paying at the pump, and how we can all play a part in addressing them. Since the beginning of this year, gasoline prices have increased by more than $1.70 per gallon.

Vladimir Putin's war of aggression, and the bipartisan and global effort to counter it, has disrupted the global supply of oil and driven up the global price. But the sharp rise in gasoline prices is not driven only by rising oil prices, but by an unprecedented disconnect between the price of oil and the price of gas. The last time the price of crude oil was about $120 per barrel, in March, the price of gas at the pump was $4.25 per gallon. Today, gas prices are 75 cents higher, and diesel prices are 90 cents higher.

That difference -- of more than 15% at the pump -- is the result of the historically high profit margins for refining oil into gasoline, diesel and other refined products. Since the beginning of the year, refiners' margins for refining gasoline and diesel have tripled, and are currently at their highest levels ever recorded.

Wholesale diesel prices and refiner margins



Notes and Sources: Data from EIA

ThomsonReuters

To be sure, the shortage of refining capacity is a global challenge and a global concern. Around 3 million barrels a day of global refining capacity have gone offline since the onset of the pandemic, inhibiting our ability to ramp up supply of gasoline, diesel and jet fuel. I am working with allies and partners and countries around the world to encourage global refinery capacity to come back online. But, in the United States alone, oil refiners significantly reduced their capacity during the pandemic. In the year before I took office, refineries in the United States reduced their capacity by more than 800,000 barrels a day, leaving American refinery companies today at their lowest level of capacity in more than a half decade.

I understand that many factors contributed to the business decisions to reduce refinery capacity, which occurred before I took office. But at a time of war, refinery profit margins well above normal being passed directly onto American families are not acceptable.

There is no question that Vladimir Putin is principally responsible for the intense financial pain the American people and their families are bearing. But amid a war that has raised gasoline prices more than $1.70 per gallon, historically high refinery profit margins are worsening that pain.

Your companies and others have an opportunity to take immediate actions to increase the supply of gasoline, diesel, and other refined product you are producing and supplying to the United States market. With prices for your product where they are today, you have ample market incentive to take these actions, and I recognize that some of you have already begun to do so. I also encourage you to continue maintaining and expanding fuel supply safely.

In addition, my Administration is prepared to use all reasonable and appropriate Federal Government tools and emergency authorities to increase refinery capacity and output in the near term, and to ensure that every region of this country is appropriately supplied. Already, I have invoked emergency powers to execute the largest Strategic Petroleum Reserve release in history, expand access to E15 (gasoline with 15% ethanol), and authorize the use of the Defense Production Act to provide reliable inputs into energy production. I am prepared to use all tools at my disposal, as appropriate, to address barriers to providing Americans affordable, secure energy supply.

The crunch that families are facing deserves immediate action. Your companies need to work with my Administration to bring forward concrete, near-term solutions that address the crisis and respect the critical equities of energy workers and fence-line communities. I have directed the Secretary of Energy to convene an emergency meeting on this topic and engage the National Petroleum Council in the coming days. In advance of that, I request that you provide the Secretary with an explanation of any reduction in your refining capacity since 2020 and any concrete ideas that would address the immediate inventory, price, and refining capacity issues in the coming months -- including transportation measures to get refined product to market.

The lack of refining capacity -- and resulting unprecedented refinery profit margins -- are blunting the impact of the historic actions my Administration has taken to address

ThomsonReuters

Vladimir Putin's Price Hike and are driving up costs for consumers. I appreciate your immediate attention to this issue and your efforts to mitigate the economic challenges that Vladimir Putin's actions have created for American families.

Sincerely,

Gretchen Watkins
President
U.S. Country Chair
EVP Unconventionals
Shell USA, Inc.
200 North Dairy Ashford Road
Houston, Texas 77079

ThomsonReuters

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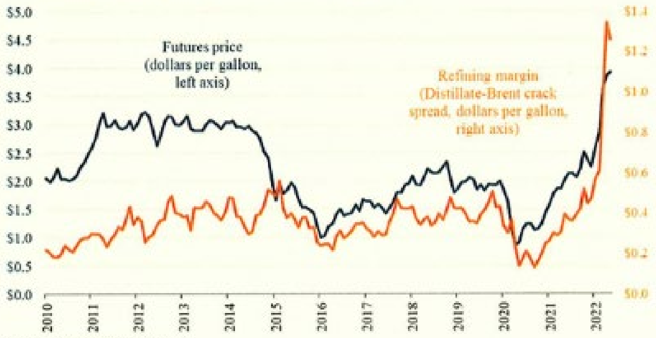

Notes and Sources: Data from EIA

- Vladimir Putin is responsible for 85% of the higher prices

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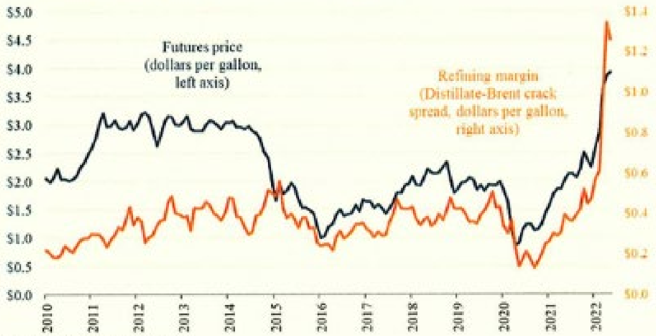

Notes and Sources: Data from EIA

"The lack of refinery capacity and the unprecedented higher refiner profit margins are blunting the impact of the historical actions my administration has taken to address Vladimir Putin's price hike and driving up costs to consumers"

ThomsonReuters

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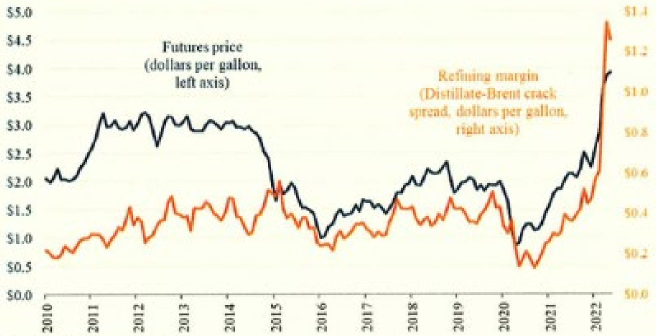

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"I request you provide the secretary with an explanation of any reduction in refining capacity since 2020…"

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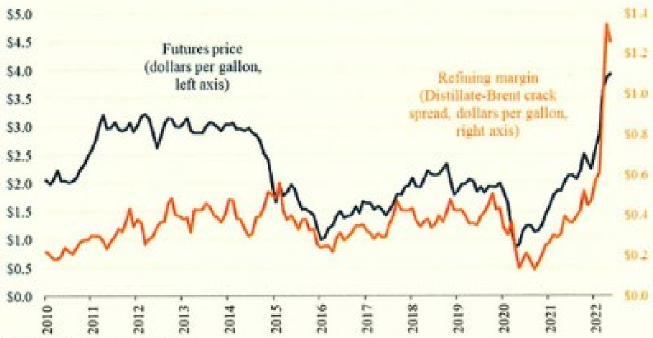


Notes and Sources: Data from EIA

"Your companies need to work with my administration to bring forward concrete, NEAR TERM solutions that address the crisis..."

Back to Exxon

Newsroom

ExxonMobil statement regarding President Biden Letter to Oil Industry

IRVING, Texas – ExxonMobil today released the following statement in response to a letter from President Biden.

News

June 15, 2022

We have been in regular contact with the administration to update the President and his staff on how ExxonMobil has been investing more than any other company to develop U.S. oil and gas supplies. This includes investments in the U.S. of more than $50 billion over the past five years, resulting in an almost 50% increase in our U.S. production of oil during this period.

Globally, we've invested double what we've earned over the past five years -- $118 billion on new oil and gas supplies compared to net income of $55 billion. This is a reflection of the company's long-term growth strategy, and our commitment to continuously invest to meet society's demand for our products.

Specific to refining capacity in the U.S., we've been investing through the downturn to increase refining capacity to process U.S. light crude by about 250,000 barrels per day – the equivalent of adding a new medium-sized refinery. We kept investing even during the pandemic, when we lost more than $20 billion and had to borrow more than $30 billion to maintain investment to increase capacity to be ready for post-pandemic demand.

In the short term, the U.S. government could enact measures often used in emergencies following hurricanes or other supply disruptions -- such as waivers of Jones Act provisions and some fuel specifications to increase supplies. Longer term, government can promote investment through clear and consistent policy that supports U.S. resource development, such as regular and predictable lease sales, as well as streamlined regulatory approval and support for infrastructure such as pipelines.

###

About ExxonMobil

ExxonMobil, one of the largest publicly traded international energy and petrochemical companies, creates solutions that improve quality of life and meet society's evolving needs.

The corporation's primary businesses - Upstream, Product Solutions and Low Carbon Solutions - provide products that enable modern life, including energy, chemicals, lubricants, and lower-emissions technologies. ExxonMobil holds an industry-leading portfolio of resources, and is one of the largest integrated fuels, lubricants and chemical companies in the world. To learn more, visit **exxonmobil.com** and the **Energy Factor**.

Follow us on **Twitter** and **LinkedIn**.

Public Company Information: NYSE: XOM

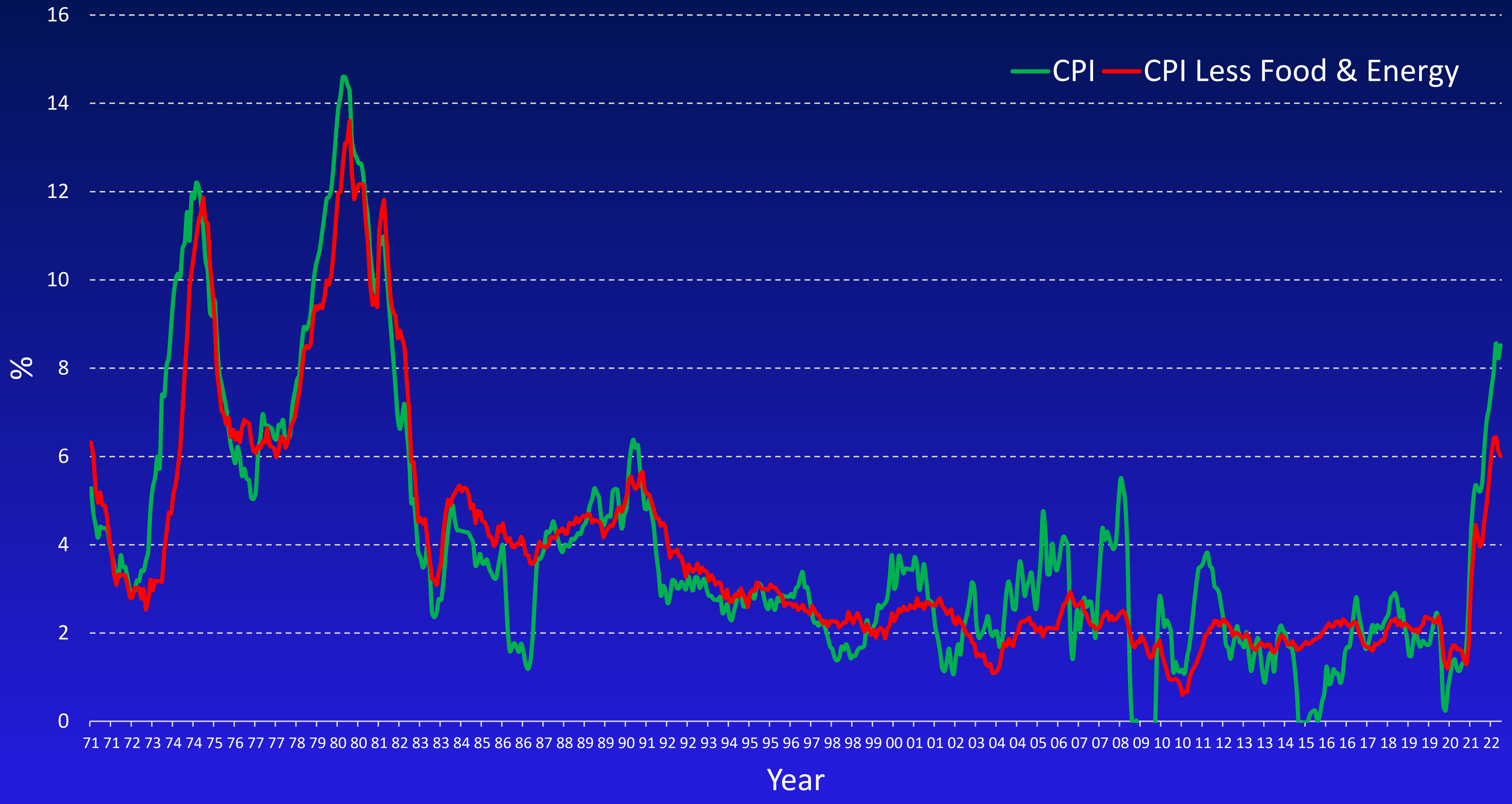
Contact: Media Line (972) 940-6007

Exxon Statement

- Over past 5 years…
  - U.S. investments >$50B
  - 50% increase in domestic production
  - Invested $118B globally
- During pandemic…
  - Lost $20B and Borrowed $30B
  - Invested in domestic capacity to meet increased post pandemic demand
  - Increased refining capacity by 250KBPD
- Suggested unused temporary options…
  - Waiver of the Jones act
  - Fuel specification waiver

Inflation

Consumer Price Index



“Green Energy”

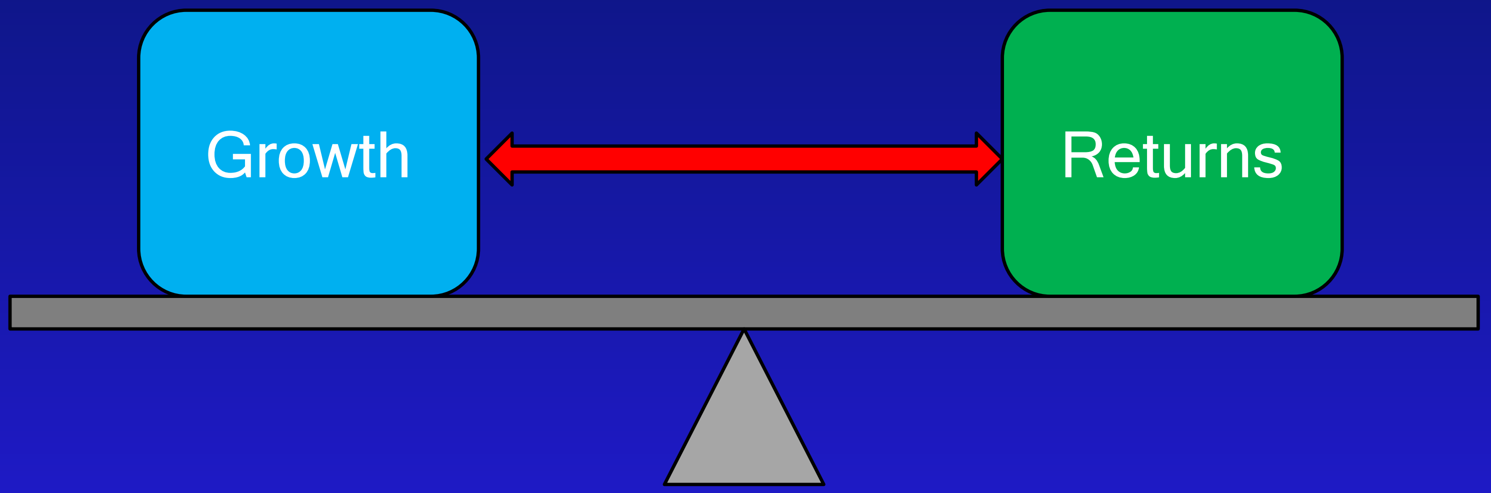
Automotive Manufacturers

Rank	Name	Market Cap. $B	Cumulative	Country	U.S. Mkt Share
1	Tesla	721		USA	2%
2	Toyota	225	225	Japan	15%
3	BYD	139	364	China	-
4	Volkswagen	109	473	Germany	3%
5	Mercedes-Benz	73	546	Germany	2%
6	BMW	55	601	Germany	4%
7	General Motors	51	652	USA	15%
8	Ford	50	702	USA	12%
9	Honda	43	745	Japan	10%
10	Great Wall	43		China	-

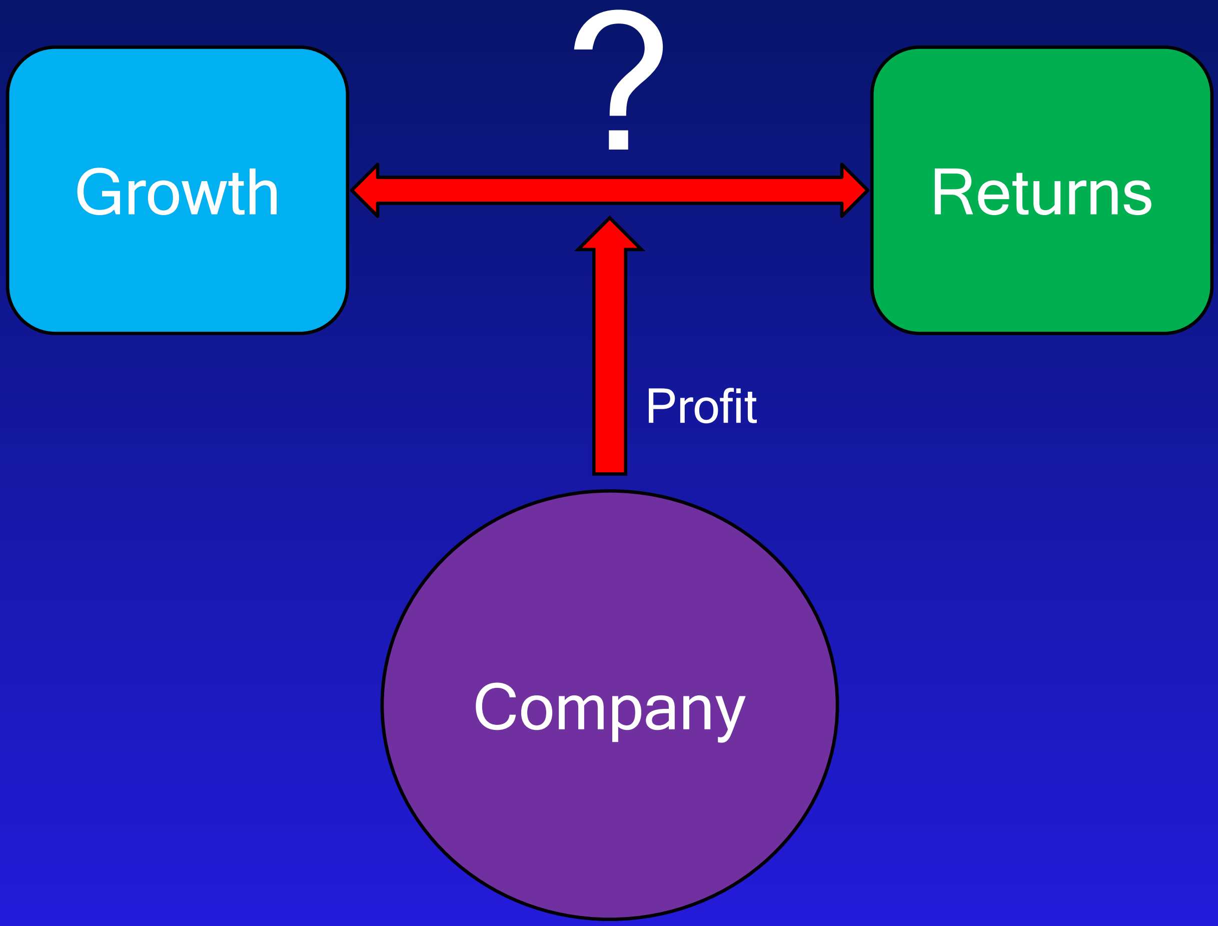
Tesla Market Cap

Financial Markets

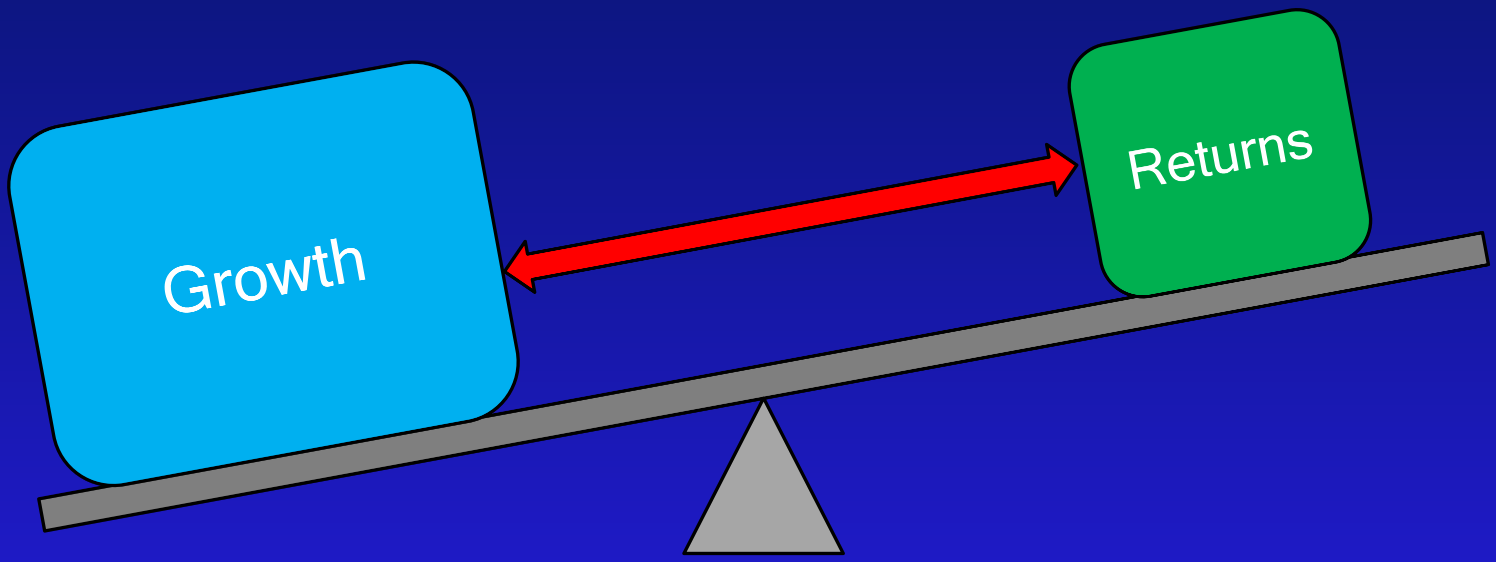
Shareholder Value



Growth vs. Returns



Shareholder Value



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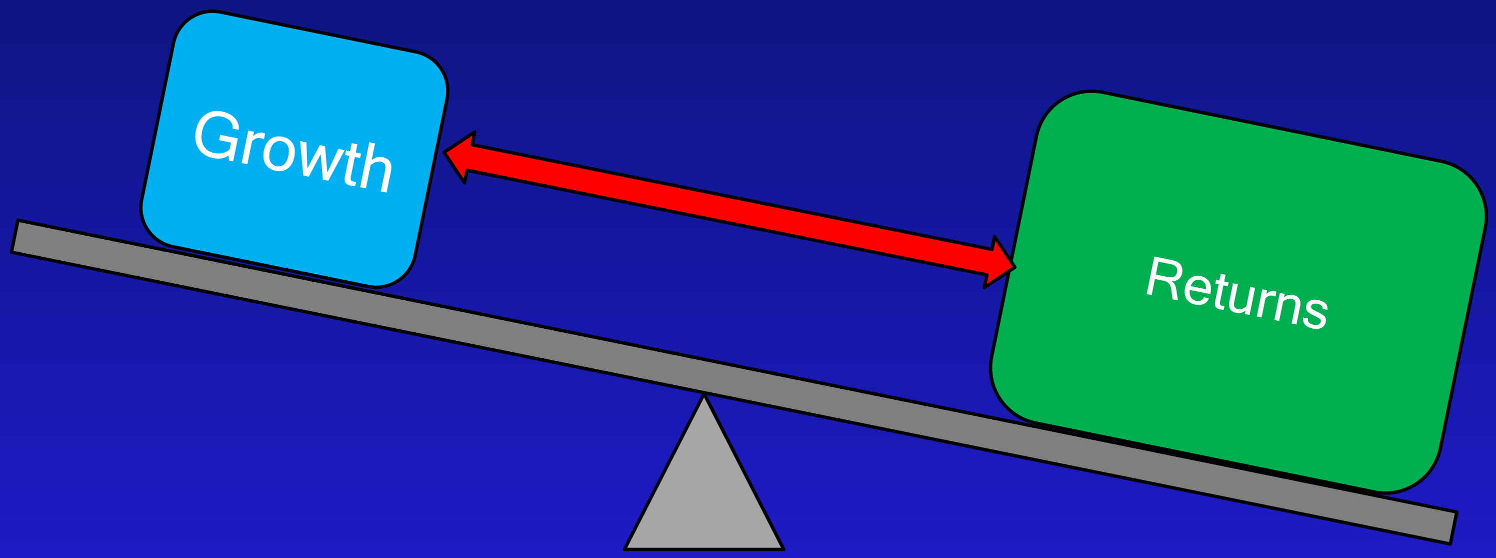
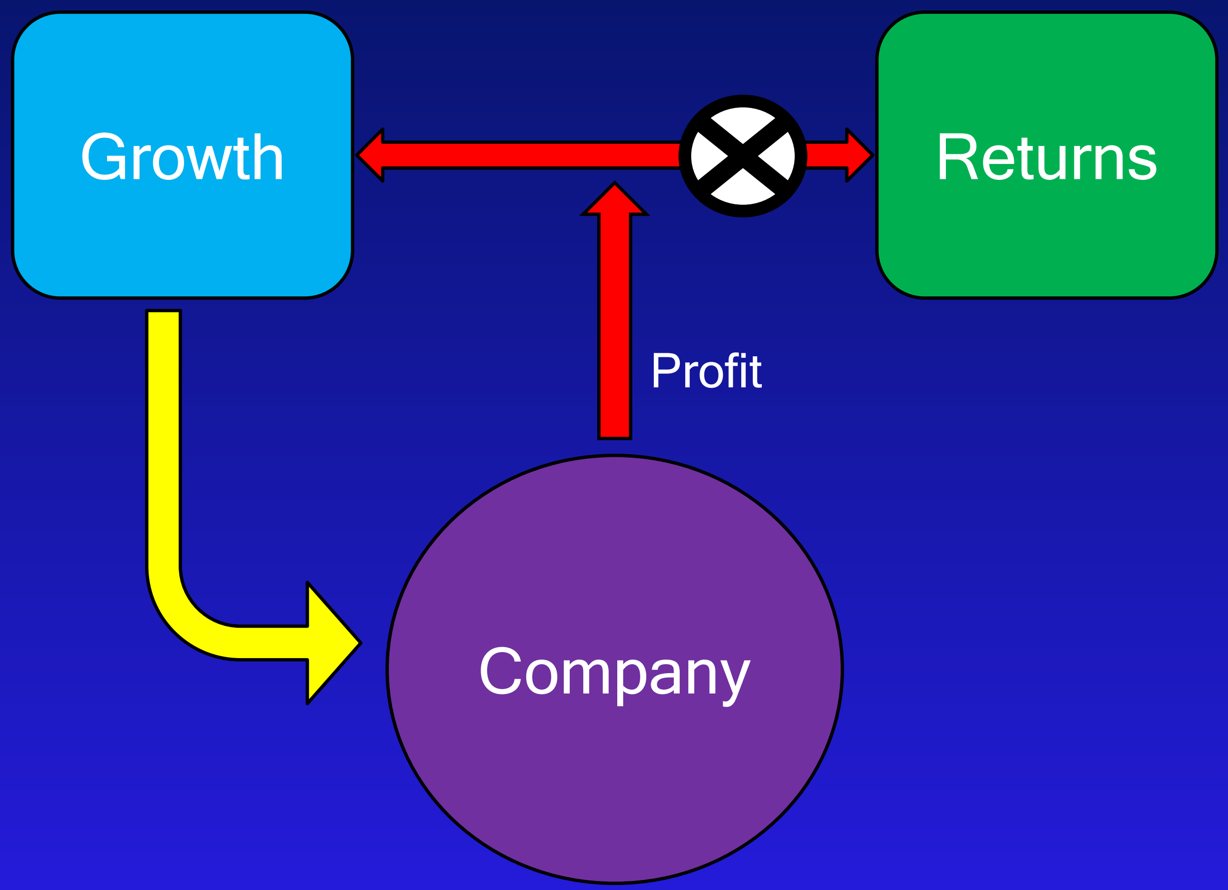


Growth vs. Returns



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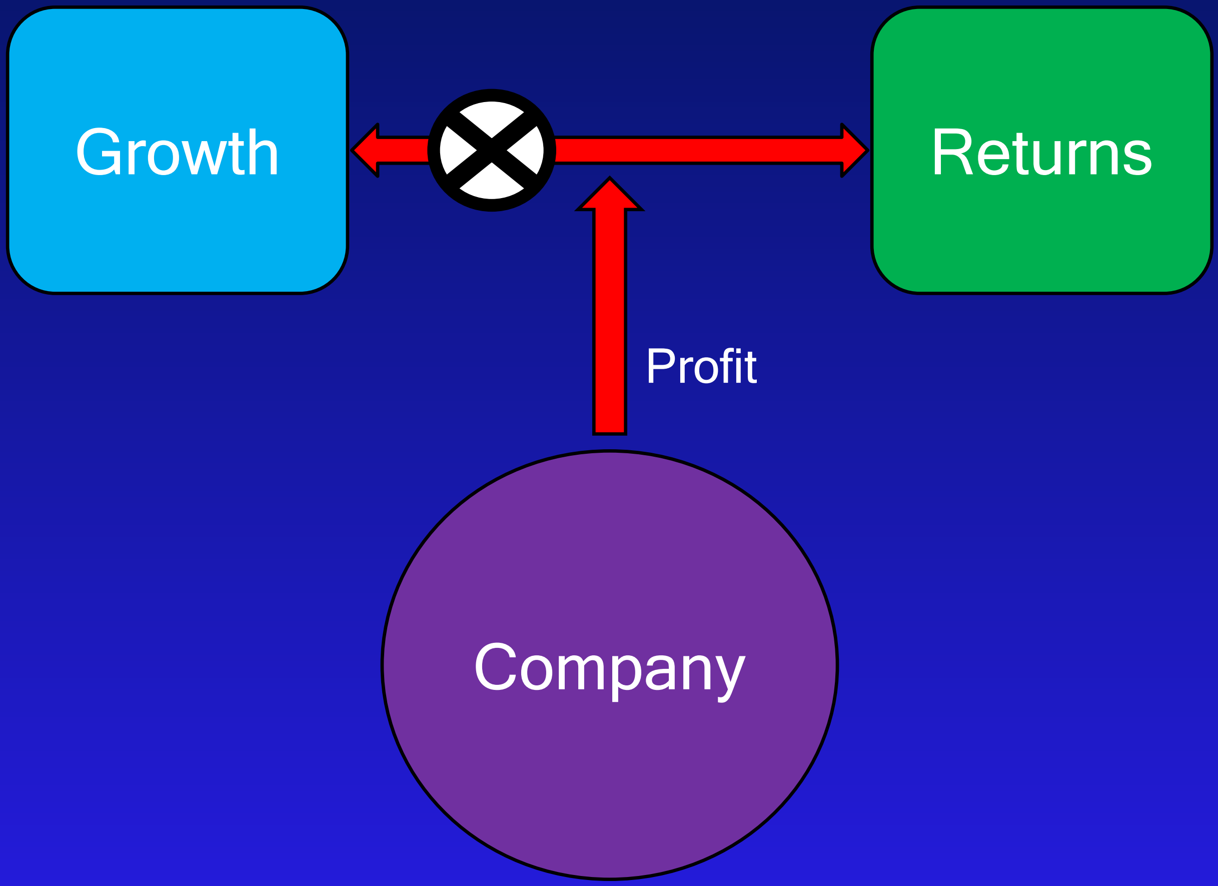
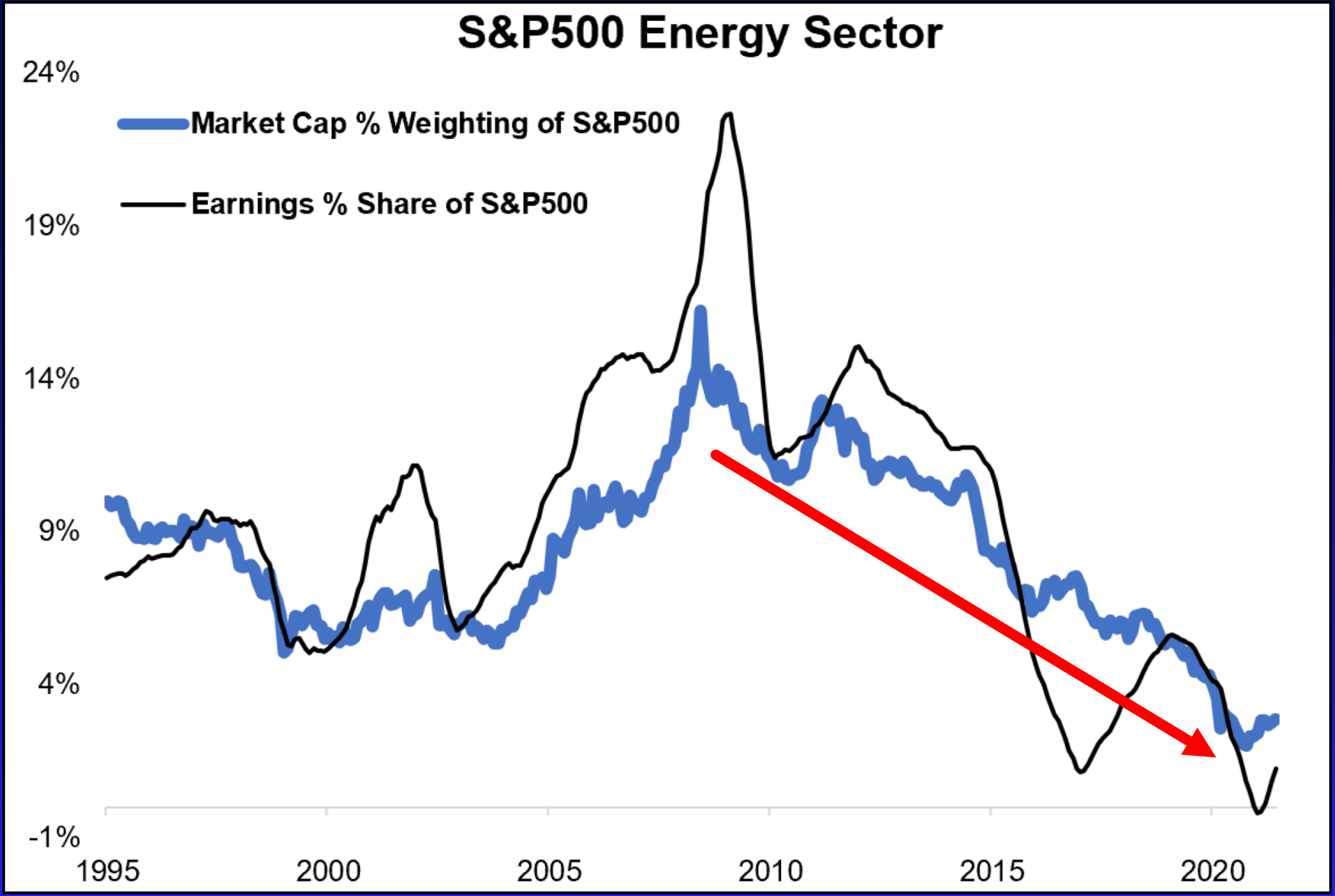
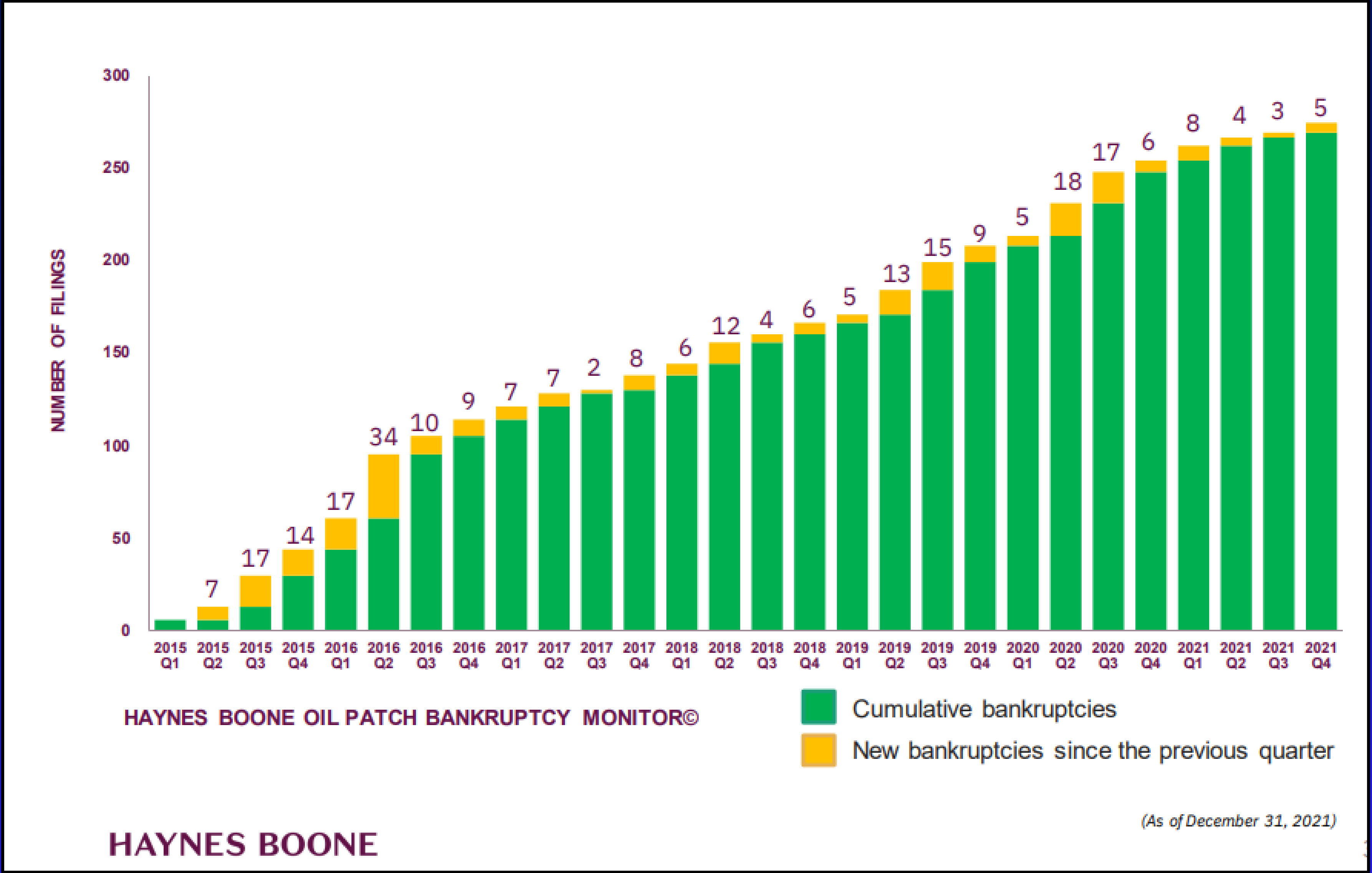


Financial Markets

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
ENRS 34.4%	CONS -15.4%	INFT 61.7%	REAL 32.3%	UTIL 19.9%	FINL 28.8%	COND 43.1%	REAL 30.2%	COND 10.1%	ENRS 27.4%	INFT 38.8%	HLTH 6.5%	INFT 50.3%	INFT 43.9%	ENRS 54.6%	INFT 938.3%
MATR 22.5%	HLTH -22.8%	MATR 48.6%	COND 27.7%	CONS 14.0%	COND 23.9%	HLTH 41.5%	UTIL 29.0%	HLTH 6.9%	TELS 23.5%	MATR 23.8%	UTIL 4.1%	TELS 32.7%	COND 33.3%	REAL 46.2%	COND 560.2%
UTIL 19.4%	UTIL -29.0%	COND 41.3%	INDU 26.7%	HLTH 12.7%	REAL 19.7%	INDU 40.7%	HLTH 25.3%	CONS 6.6%	FINL 22.8%	COND 23.0%	COND 0.8%	FINL 32.1%	TELS 23.6%	FINL 35.0%	HLTH 461.0%
INFT 16.3%	TELS -30.5%	REAL 27.1%	MATR 22.2%	REAL 11.4%	TELS 18.3%	FINL 35.6%	INFT 20.1%	INFT 5.9%	INDU 18.9%	FINL 22.2%	INFT -0.3%	S&P 31.5%	MATR 20.7%	INFT 34.5%	CONS 357.9%
CONS 14.2%	COND -33.5%	S&P 26.5%	ENRS 20.5%	TELS 6.3%	HLTH 17.9%	S&P 32.4%	CONS 16.0%	REAL 4.7%	MATR 16.7%	HLTH 22.1%	REAL -2.2%	INDU 29.4%	S&P 18.4%	S&P 28.7%	S&P 356.8%
INDU 12.0%	ENRS -34.9%	INDU 20.9%	TELS 19.0%	COND 6.1%	S&P 16.0%	INFT 28.4%	FINL 15.2%	TELS 3.4%	UTIL 16.3%	S&P 21.8%	S&P -4.4%	REAL 29.0%	HLTH 13.5%	MATR 27.3%	INDU 286.6%
TELS 11.9%	S&P -37.0%	HLTH 19.7%	S&P 15.1%	ENRS 4.7%	INDU 15.4%	CONS 26.1%	S&P 13.7%	S&P 1.4%	INFT 13.9%	INDU 21.0%	CONS -8.4%	COND 27.9%	INDU 11.1%	HLTH 26.1%	MATR 264.2%
HLTH 7.2%	INDU -39.9%	FINL 17.2%	CONS 14.1%	INFT 2.4%	MATR 15.0%	MATR 25.6%	INDU 9.8%	FINL -1.5%	S&P 12.0%	CONS 13.5%	TELS -12.5%	CONS 27.6%	CONS 10.8%	COND 24.4%	UTIL 242.4%
S&P 5.5%	REAL -42.3%	CONS 14.9%	FINL 12.1%	S&P 2.1%	INFT 14.8%	ENRS 25.1%	COND 9.7%	INDU -2.5%	COND 6.0%	UTIL 12.1%	FINL -13.0%	UTIL 26.4%	UTIL 0.5%	TELS 21.6%	TELS 220.1%
COND -13.2%	INFT -43.1%	ENRS 13.8%	INFT 10.2%	INDU -0.6%	CONS 10.8%	UTIL 13.2%	MATR 6.9%	UTIL -4.8%	CONS 5.4%	REAL 10.9%	INDU -13.3%	MATR 24.6%	FINL -1.7%	INDU 21.1%	REAL 204.4%
REAL -17.9%	MATR -45.7%	UTIL 11.9%	UTIL 5.5%	MATR -9.6%	ENRS 4.6%	TELS 11.5%	TELS 3.0%	MATR -8.4%	REAL 3.4%	ENRS -1.0%	MATR -14.7%	HLTH 20.8%	REAL -2.2%	CONS 18.6%	FINL 79.8%
FINL -18.6%	FINL -55.3%	TELS 8.9%	HLTH 2.9%	FINL -17.1%	UTIL 1.3%	REAL 1.6%	ENRS -7.8%	ENRS -21.1%	HLTH -2.7%	TELS -1.3%	ENRS -18.1%	ENRS 11.8%	ENRS -33.7%	UTIL 17.7%	ENRS 41.7%


S&P500 Energy Sector
24%
19%
14%
9%
4%
-1%
Market Cap % Weighting of S&P500
Earnings % Share of S&P500
1995
2000
2005
2010
2015
2020

Cumulative North American E & P Bankruptcies



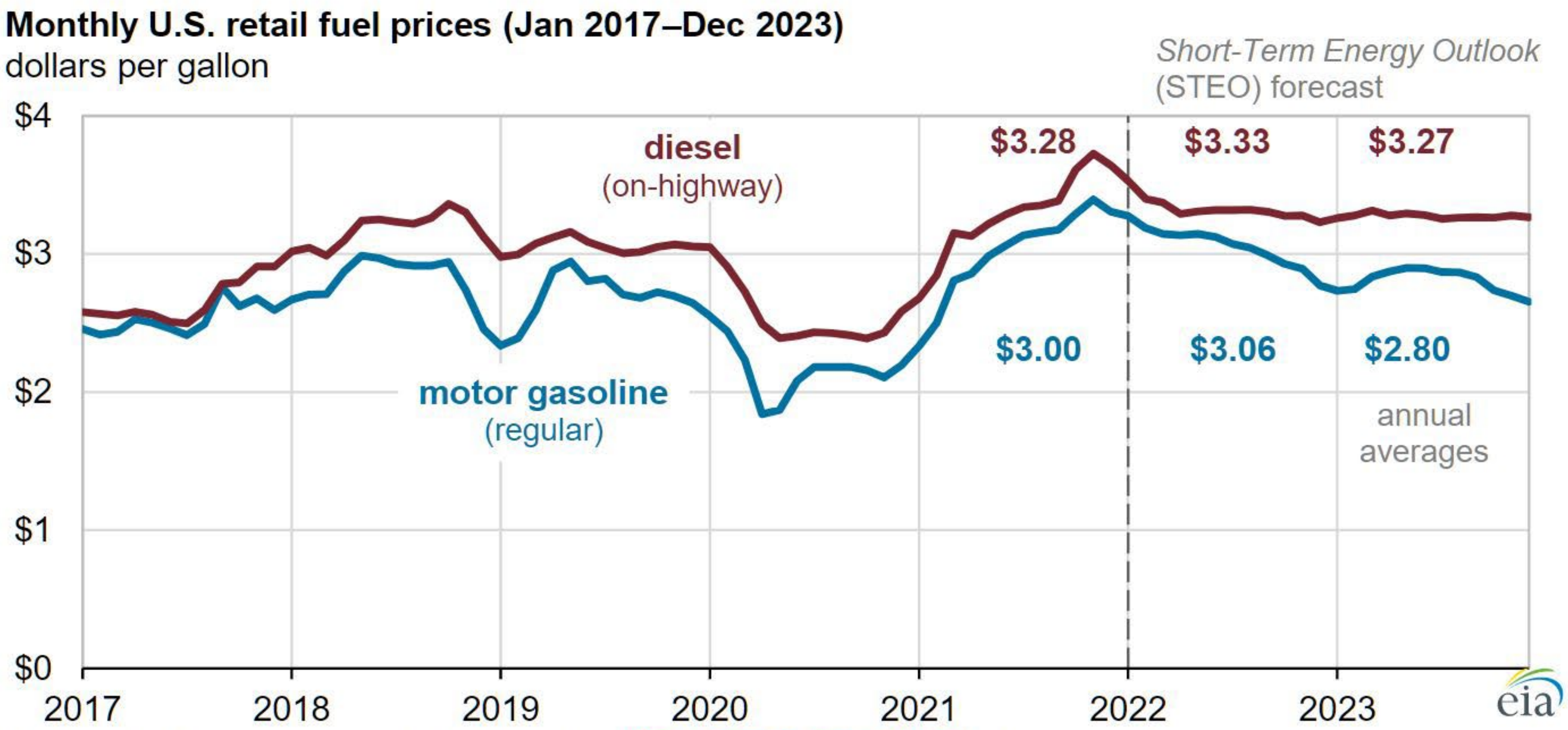
Fun Facts

FACT

?

JANUARY 13, 2022

EIA expects gasoline and diesel prices to fall in 2022 and 2023 as demand growth slows



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, January 2021

In our latest *Short-Term Energy Outlook*, we expect regular gasoline retail prices to average $3.06/gal in 2022, up from $3.00/gal in 2021, and then down to $2.80/gal in 2023. We expect on-highway diesel prices to increase to average $3.33/gal in 2022 before decreasing to $3.27/gal in 2023. In our forecast, annual average diesel demand reaches 2019 levels in the United States in 2022.

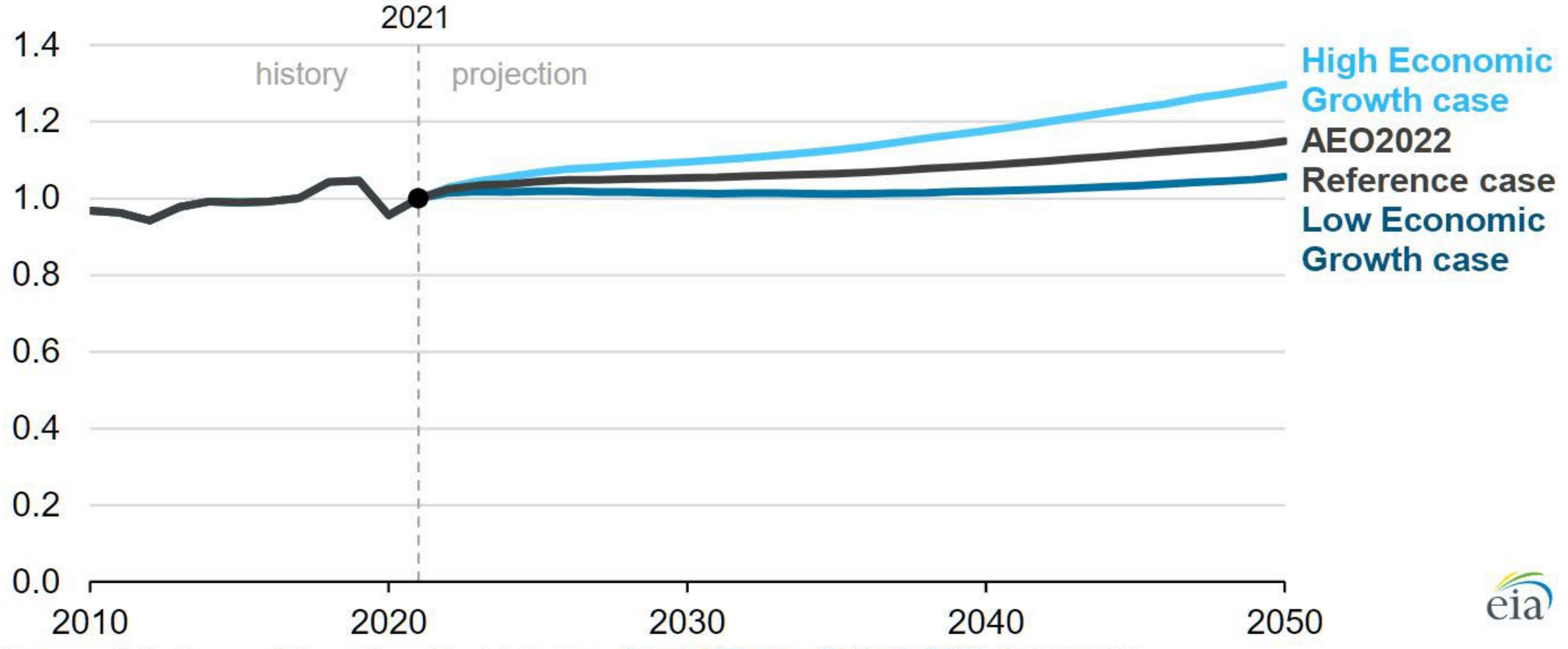
FACT

- EIA expects Energy demand to grow through 2050

MARCH 3, 2022

EIA projects U.S. energy consumption will grow through 2050, driven by economic growth

Indexed U.S. delivered energy across end-use sectors, by AEO2022 case (2010–2050)
2021 = 1.0



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2022* (AEO2022)

Energy consumption will increase in the United States over the next 30 years across a variety of economic scenarios as population and economic growth outpace energy efficiency gains, according to our *Annual Energy Outlook 2022* (AEO2022), which we will release later today.

The Situation

- Highly Political

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- Driven by Emotion

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- Incomplete Data / Lack of Accountability

The Situation

- Highly Political
- Driven by Emotion
- Incomplete Data / Lack of Accountability
- Amplified by Media and War

Energy Industry

- Must recognize investor sentiment

Energy Industry

- Must recognize investor sentiment
- Stick to the Facts

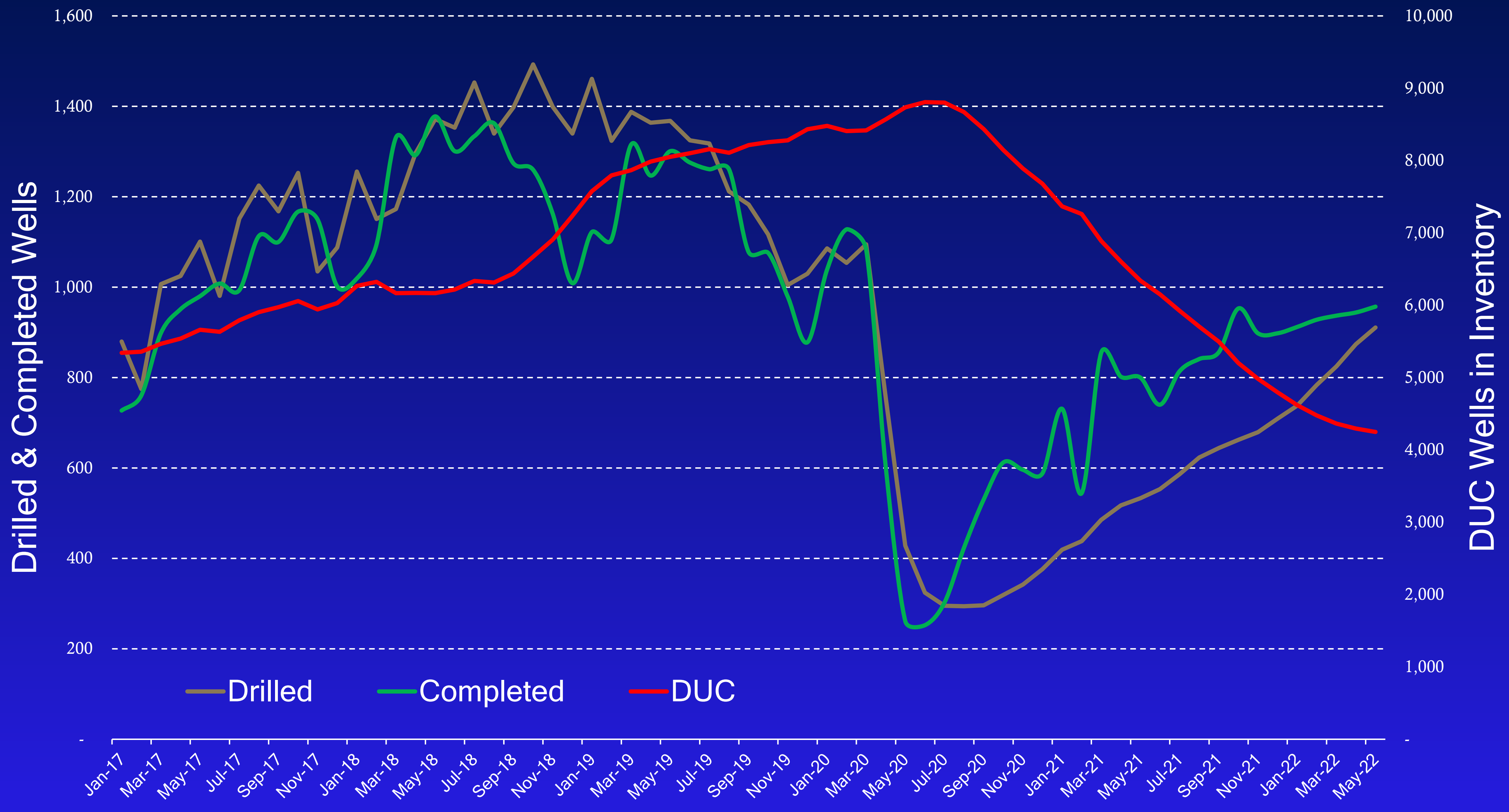
Energy Industry

- Must recognize investor sentiment
- Stick to the facts
- Take the high road

Artificial Lift is “The Place to Be”

- Accelerating Activity levels

DUC Wells



Drilled & Completed Wells
DUC Wells in Inventory
1,600
1,400
1,200
1,000
800
600
400
200
-
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
Jan-17
Mar-17
May-17
Jul-17
Sep-17
Nov-17
Jan-18
Mar-18
May-18
Jul-18
Sep-18
Nov-18
Jan-19
Mar-19
May-19
Jul-19
Sep-19
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Mar-20
May-20
Jul-20
Sep-20
Nov-20
Jan-21
Mar-21
May-21
Jul-21
Sep-21
Nov-21
Jan-22
Mar-22
May-22
Drilled
Completed
DUC

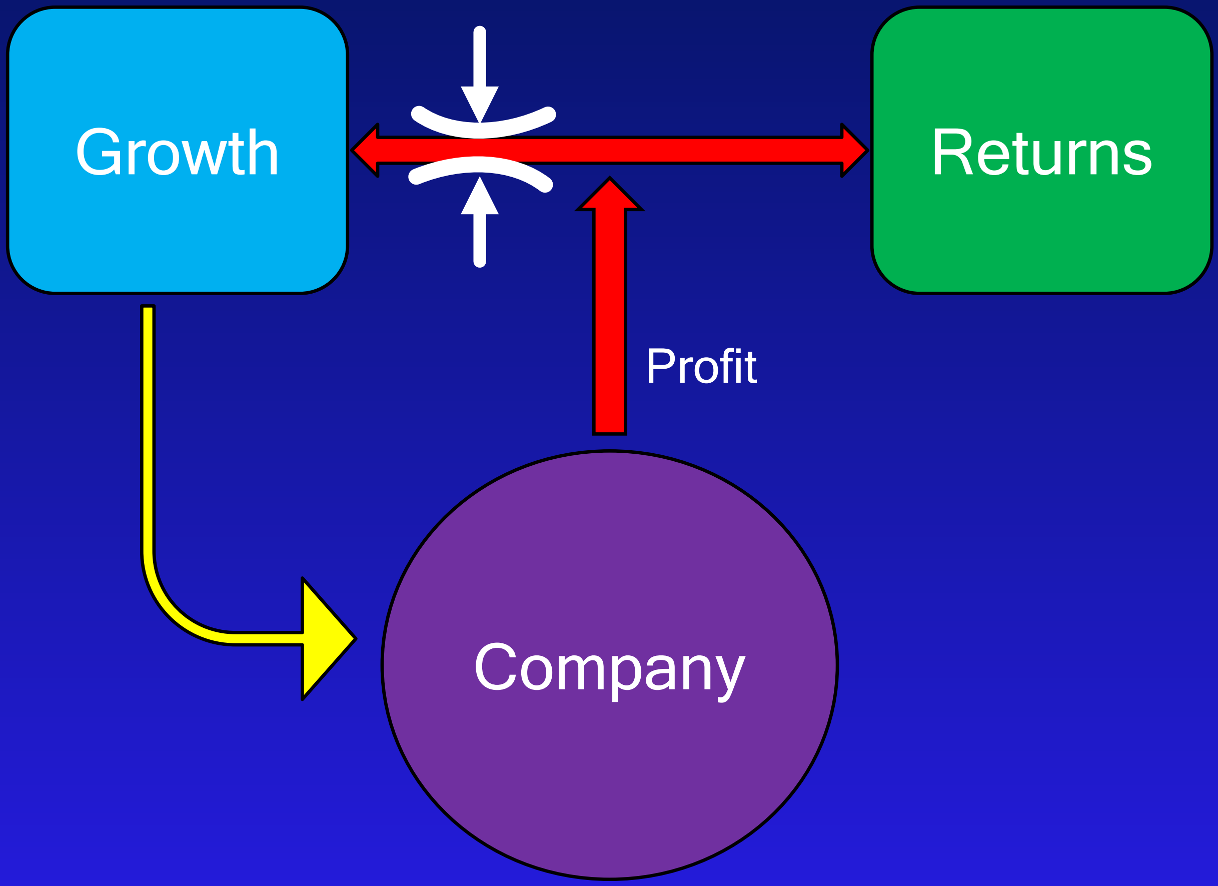
Artificial Lift is “The Place to Be”

- Accelerating Activity levels
- Most efficient use of capital $

Artificial Lift is “The Place to Be”

- Accelerating Activity levels
- Most efficient use of capital $
- Aligned with shareholder objectives

Returns with Throttled Growth



How Well we Perform will Determine our Future

ALRDC, June 2022

Charles Jones