EXXONMOBLLNSEE:Xoun

| TIMELIN |  | owered | 6/13 | High: Low: | $\begin{aligned} & \hline 41.1 \\ & 31.6 \end{aligned}$ | $\begin{aligned} & 52.1 \\ & 39.9 \end{aligned}$ | $\begin{aligned} & \hline 66.0 \\ & 49.3 \end{aligned}$ | $\begin{aligned} & \hline 79.0 \\ & 55.8 \end{aligned}$ | $\begin{aligned} & 95.3 \\ & 69.0 \end{aligned}$ | $\begin{aligned} & 96.1 \\ & 56.5 \end{aligned}$ | $\begin{aligned} & 82.7 \\ & 61.9 \end{aligned}$ | $\begin{aligned} & 73.7 \\ & 55.9 \end{aligned}$ | $\begin{aligned} & 88.2 \\ & 67.0 \end{aligned}$ | $\begin{aligned} & 93.7 \\ & 77.1 \end{aligned}$ | $\begin{array}{r} 101.7 \\ 84.8 \end{array}$ | $\begin{array}{r} 104.8 \\ 86.9 \end{array}$ |  |  | Target Pric | Range |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFETY <br> TECHN |  | Raised 6 <br> Lowered | $\begin{aligned} & 30 / 95 \\ & 11 / 28 / 14 \end{aligned}$ | $\begin{aligned} & \text { LEGEN } \\ & \ldots \ldots \\ & \hline \ldots .5 \end{aligned}$ | $\begin{aligned} & \text { VDS } \\ & 5 \text { x "lash } \\ & \text { lative Price } \end{aligned}$ | p sh |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{gathered} 2019 \\ -200 \end{gathered}$ |
| TECHN | $\text { CAL } 4$ | Lowered | 1/28/14 | $\begin{array}{ll} \ldots . . . & \text { Rel } \\ \text { 2-for-1 } \\ \text { spl } \end{array}$ | $\begin{aligned} & \text { lative Pri } \\ & \text { lit } 7 / 10 \end{aligned}$ | rength |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{array}{r} -200 \\ -160 \end{array}$ |
| BETA 9 | (1.00 = | Market) |  |  | area ind | rec |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | - | A | Total |  |  |  |  |  |  |  |  |  |  | +1, | 仿 $1+$ | - |  |  |  | 80 |
|  | rice | - | urn |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0 |
| High Low |  | $45 \%)$ | $\begin{array}{r} 12 \% \\ 8 \% \end{array}$ |  |  |  | 14.14\% |  |  |  | ${ }^{\text {III }}$ |  |  |  |  |  |  |  |  | 60 50 |
| Inside | Decisi | ns |  |  |  | 少 |  |  |  |  |  |  |  |  |  |  |  |  |  | 40 |
|  | J F M | A M J | J A S |  | -1.1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 30 |
| to Buy Options to Sell | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 1 & 0 \end{array}$ | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 1 \end{array}$ | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \end{array}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | -20 |
| Instit | tional D | ecision |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | \% | RETURN 10/14 |  |
|  | 402013 | 1 Q2014 | 202014 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | THIS ${ }_{\text {STOCK }}^{\text {VLAATTH }}$ INDEX |  |
| to Buy | 783 | 684 | 694 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $10.9 \quad 10.1$ |  |
|  | 967 | 1026 | 1007 | traded |  |  |  |  |  |  |  |  |  |  |  |  |  | 3 yr . | 34.0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | VAL | JE LINE PUB. LLC | 17-19 |
| 20.74 | 23.14 | 29.74 | 27.54 | 26.70 | 32.12 | 41.24 | 53.52 | 58.49 | 66.63 | 85.42 | 58.30 | 68.60 | 91.58 | 93.45 | 90.02 | 90.85 | 92.55 | Sales | sh ${ }^{\text {A }}$ | 132.45 |
| 2.42 | 2.40 | 3.61 | 3.39 | 2.88 | 3.97 | 5.48 | 7.19 | 8.82 | 9.82 | 11.58 | 6.60 | 9.08 | 11.97 | 11.83 | 11.48 | 11.95 | 11.50 | "Cash | ow" per sh | 16.95 |
| 1.31 | 1.19 | 2.41 | 2.18 | 1.61 | 2.56 | 3.89 | 5.35 | 6.55 | 7.28 | 8.69 | 3.98 | 6.22 | 8.42 | 8.09 | 7.37 | 7.75 | 7.05 | Earning | per sh B | 11.50 |
| . 82 | . 84 | . 88 | . 91 | . 92 | . 98 | 1.06 | 1.14 | 1.28 | 1.37 | 1.55 | 1.66 | 1.74 | 1.85 | 2.18 | 2.46 | 2.70 | 2.85 | Div'ds | ecl'd per sh Ct. | 3.30 |
| 1.72 | 1.56 | 1.22 | 1.47 | 1.71 | 1.96 | 1.87 | 2.26 | 2.70 | 2.86 | 3.88 | 4.76 | 5.40 | 6.54 | 7.61 | 7.77 | 7.50 | 7.50 | Cap'I | ending per sh | 7.00 |
| 8.99 | 9.13 | 10.21 | 10.74 | 11.13 | 13.69 | 15.90 | 18.13 | 19.87 | 22.62 | 22.70 | 23.39 | 29.49 | 32.61 | 36.84 | 40.14 | 43.70 | 47.25 | Book V | lue per sh | 64.30 |
| 4856.0 | 6954.0 | 6930.0 | 6809.0 | 6700.0 | 6568.0 | 6401.0 | 6133.0 | 5729.0 | 5382.0 | 4976.0 | 4727.0 | 4979.0 | 4734.0 | 4502.0 | 4335.0 | 4205.0 | 4105.0 | Comm | Shs Outst'g D | 3850.0 |
| 26.5 | 32.3 | 17.3 | 18.9 | 23.4 | 14.1 | 11.7 | 10.9 | 10.0 | 11.4 | 9.5 | 17.8 | 10.5 | 9.5 | 10.7 | 12.3 | Bold fil | res are | Avg A | I P/E Ratio | 11.0 |
| 1.38 | 1.84 | 1.12 | . 97 | 1.28 | . 80 | . 62 | . 58 | . 54 | . 61 | . 57 | 1.19 | . 67 | . 60 | . 68 | . 69 |  |  | Relativ | P/E Ratio | . 70 |
| 2.4\% | 2.2\% | 2.1\% | 2.2\% | 2.4\% | 2.7\% | 2.3\% | 2.0\% | 2.0\% | 1.6\% | 1.9\% | 2.3\% | 2.7\% | 2.3\% | 2.5\% | 2.7\% |  | ates | Avg An | I Div'd Yield | 2.6\% |
| CAPITAL STRUCTURE as of 9/30/14 <br> Total Debt $\$ 21834$ mill. Due in 5 Yrs $\$ 12275$ mill. <br> LT Debt $\$ 11591$ mill. LT Interest $\$ 280$ mill. <br> (Total interest coverage: over 25.0x) Incl. \$375 mill. of capitalized leases |  |  |  |  |  | 263989 | 328213 | 335086 | 358600 | 425071 | 275564 | 341578 | 433526 | 420714 | 390247 | 382000 | 380000 | Sale | mill) ${ }^{\text {A }}$ | 510000 |
|  |  |  |  |  |  | 17.3\% | 18.1\% | 20.1\% | 19.2\% | 18.1\% | 13.8\% | 16.1\% | 16.1\% | 15.6\% | 14.7\% | 14.5\% | 14.0\% | Operati | $g$ Margin | 16.0\% |
|  |  |  |  |  |  | 9767.0 | 10253 | 11416 | 12250 | 12379 | 11917 | 14760 | 15583 | 15888 | 17182 | 17000 | 17750 | Deprec | ation (\$mill) | 20500 |
|  |  |  |  |  |  | 25330 | 33860 | 39090 | 40610 | 45220 | 19280 | 30460 | 41060 | 37380 | 32580 | 33100 | 29400 | Net Pro | (\$mill) | 44700 |
| Incl. $\$ 375$ mill. of capitalized leases(6\% of Cap’) |  |  |  |  |  | 38.6\% | 43.0\% | 42.0\% | 42.4\% | 44.7\% | 43.5\% | 40.7\% | 42.4\% | 43.6\% | 42.0\% | 38.5\% | 42.5\% | Income | Tax Rate | 42.5\% |
|  |  |  |  |  |  | 9.6\% | 10.3\% | 11.7\% | 11.3\% | 10.6\% | 7.0\% | 8.9\% | 9.5\% | 8.9\% | 8.3\% | 8.7\% | 7.7\% | Net Pro | Margin | 8.8\% |
| Leases, Uncapitalized Annual rentals $\$ 2.4$ bill. <br> Pension Assets-12/13 $\$ 30.5$ bill. <br> Obligation $\$ 44.7$ bill. |  |  |  |  |  | 17396 | 27035 | 26960 | 27651 | 23166 | 3174.0 | d3649 | d4542 | 321.0 | d12416 | d6000 | d9000 | Workin | Cap'I (\$mill) | d5000 |
|  |  |  |  |  |  | 5013.0 | 6220.0 | 6645.0 | 7183.0 | 7025.0 | 7129.0 | 12227 | 9322.0 | 7928.0 | 6891.0 | 12000 | 12000 | Long-T | m Debt (\$mill) | 15000 |
| Pfd Stock None <br> Common Stock 4,234,528,643 shares |  |  |  |  |  | 101756 | 111186 | 113844 | 121762 | 112965 | 110569 | 146839 | 154396 | 165863 | 174003 | 181950 | 189350 | Shr. Eq | ity (\$mill) | 247500 |
|  |  |  |  |  |  | 23.8\% | 28.9\% | 32.6\% | 31.6\% | 37.9\% | 16.8\% | 19.4\% | 25.3\% | 21.7\% | 18.2\% | 17.0\% | 14.5\% | Return | n Total Cap'l | 17.0\% |
| Common Stock 4,234,528,643 shares |  |  |  |  |  | 24.9\% | 30.5\% | 34.3\% | 33.4\% | 40.0\% | 17.4\% | 20.7\% | 26.6\% | 22.5\% | 18.7\% | 18.0\% | 15.5\% | Return | n Shr. Equity | 18.0\% |
| MARKET CAP: \$405 billion (Large Cap) |  |  |  |  |  | 17.9\% | 23.7\% | 27.4\% | 26.9\% | 32.6\% | 9.9\% | 14.8\% | 20.6\% | 16.3\% | 12.3\% | 12.0\% | 9.5\% | Retaine | to Com Eq | 12.5\% |
| CURRENT POSITION |  |  | 2012 | 2013 | 9/30/14 | 28\% | 22\% | 20\% | 19\% | 19\% | 43\% | 29\% | 23\% | 28\% | 34\% | 32\% | 40\% | All Div' | to Net Prof | 29\% |


| Cash Assets | 9923 | 4913 | 5014 |
| :---: | :---: | :---: | :---: |
| Receivables | 34987 | 33152 | 30963 |
| Inventory (LIFO) | 14542 | 16135 | 17761 |
| Other | 5008 | 5108 | 4857 |
| Current Assets | 64460 | 59308 | 58595 |
| Accts Payable | 50728 | 48085 | 49272 |
| Debt Due | 3653 | 15808 | 10243 |
| Other | 9758 | 7831 | 6469 |
| Current Liab. | 64139 | 71724 | 65984 |


| ANNUAL RATES | Past | Past | Est'd '11-'13 |
| :--- | ---: | ---: | ---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '17.'19 |
| Sales | $12.5 \%$ | $5.5 \%$ | $6.5 \%$ |
| "Cash Flow" | $13.0 \%$ | $3.0 \%$ | $6.5 \%$ |
| Earnings | $14.0 \%$ | $1.0 \%$ | $6.5 \%$ |
| Dividends | $8.5 \%$ | $9.0 \%$ | $7.5 \%$ |
| Book Value | $12.0 \%$ | $11.0 \%$ | $10.0 \%$ |


| Cal- <br> endar | QUARTERLY <br> Mar.31 |  |  |  | Jun.30 |
| :---: | :---: | :---: | :---: | :---: | :---: | Sep. $\$$ mill.) Dec. $\left.31^{\text {A }}$| Full |
| :---: |
| Year | \right\rvert\,

BUSINESS: Exxon Mobil Corp. is the largest publicly traded oil company. Owns $69.6 \%$ of Imperial Oil (Canada). Daily production in 2013: oil, 2.2 mil. barrels ( $+1 \%$ vs. '12); natural gas, 11.8 billion cubic feet ( $-4 \%$ vs. '12). On an oil-equivalent basis, total production fell $1.5 \%$ in 2013. Daily refinery runs, 4.6 million barrels ( $-9 \%$ vs. '12); product sales, 5.9 mill. bbls (-5\% vs. '12). Chemical sales,

## Exxon Mobil is riding out the weak-

ness in oil prices better than its peers. Earnings rose in the 2014 third quarter as the refining and chemicals lines pitched in with strong results. Industry downtime that helped refiners is not likely to recur for a while, though. Plus, prices at the gasoline pump have come down. As a result, we have lowered our fourth-quarter 2014 and full-year 2015 earnings-per-share estimates by $\$ 0.25$ and $\$ 1.05$, respectively. Still, the stock price drop of $9 \%$ from its all-time high, set early this year, is less severe than has occurred elsewhere in the energy sector. That highlights the defensive nature of these shares.
Exxon appears set to begin 2015 on a upbeat note, in terms of production. Projects now coming on stream include one on Sakhalin Island, near J apan; two in the Gulf of Mexico; and one in Canada's oil sands. Those ventures stand to push combined oil and gas volume to over four million barrels a day, on an energy equivalent basis. True, the company would only be regaining lost ground. But there is likely to be a further underlying gain in perbarrel profitability, as mature, lower-
24.1 mill. tonnes (flat vs. '12). Reserves as of $12 / 31 / 13$ : 25.2 billion barrels of oil equivalent, $53 \%$ oil, $47 \%$ gas. 10 -year avg. reserve replacement rate: $120 \%$. Acquired XTO Energy, 2010. BlackRock owns $5.4 \%$ of stock (4/14 Proxy). Employs 83,600. Chrmn. and CEO: Rex Tillerson. Inc.: NJ. Address: 5959 Las Colinas Blvd., Irving, TX 75039-2298. Tel.: 972-444-1000. www.exxonmobil.com.

## margined assets are sold.

Despite pricing volatility, oilfield investment will be steady ahead. Replacing reserves requires a massive amount of upfront capital for the development of major projects with lengthy lead times. Whether Exxon can actually raise production over time is another question. But, at a minimum, a stable production base would allow the company to benefit from improved industry trends to late decade.
Share buybacks continue, helped by minuscule interest rates. Exxon in the last couple of years has been using more debt to fund its large-scale repurchase program. Exxon was probably underleveraged before, and borrowing costs are so low now that it pays to keep buying back stock. But we are assuming a somewhat slower pace of buybacks in the future, as rates rise.
These high-quality shares are an excellent selection for conservative investors looking to maintain a weighting in the energy sector. Total return potential is attractive to late decade. The good-yielding stock is only ranked 3 (Average) for Timeliness, though.
Robert Mitkowski, J r. December 5, 2014

## (A) Net of gasoline excise taxes.

(B) Based on diluted shares. Excludes non- Next earnings report due late January.
-Dividend reinvestment plan available.
† Stock Purchase Plan available w/o broker. (D) In mill., adjusted for split.

