

Rating: Buy
S&P 500: 1389

Exxon Mobil Corporation

Oil Production per Share Grows 6% a Year

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 9/30/07 (US\$mm)</i>	72,100
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (\$/sh)</i>	71.62	<i>Natural Gas and Oil Production/Ebitda (%)</i>	66
<i>Pricing Date</i>	10/26/06	<i>Adjusted Reserves/Production NTM</i>	11.4
<i>Shares (mm)</i>	5922	<i>EV/Ebitda</i>	6.1
<i>Market Capitalization (\$mm)</i>	424,000	<i>PV/Ebitda</i>	6.7
<i>Debt (\$mm)</i>	18,000	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (\$mm)</i>	442,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	30.50
<i>Present Value (PV) (\$mm)</i>	480,000	<i>Present Value Proven Reserves(\$/boe)</i>	14.60
<i>Net Present Value (\$/share)</i>	78	<i>Present Value Proven Reserves(\$/mcf)</i>	2.40
<i>Debt/Present Value</i>	0.04	<i>Earnings Next Twelve Months (US\$/sh)</i>	6.50
<i>McDep Ratio - EV/PV</i>	0.92	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	1.8	<i>Indicated Annual Dividend (US\$/sh)</i>	1.28

Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

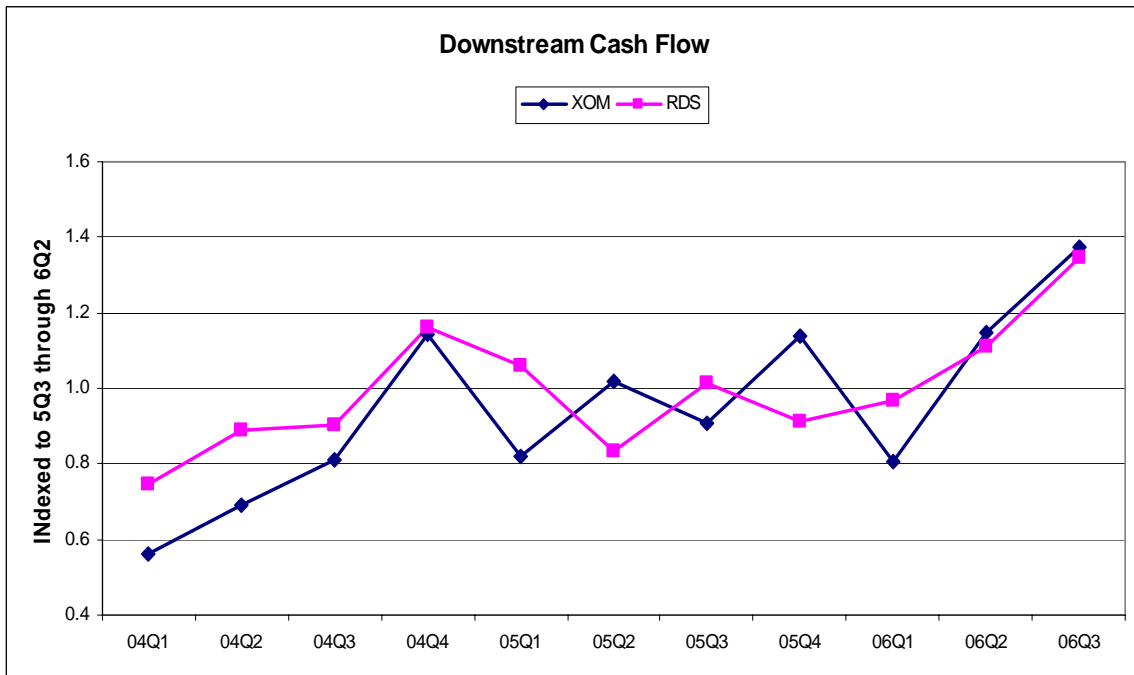
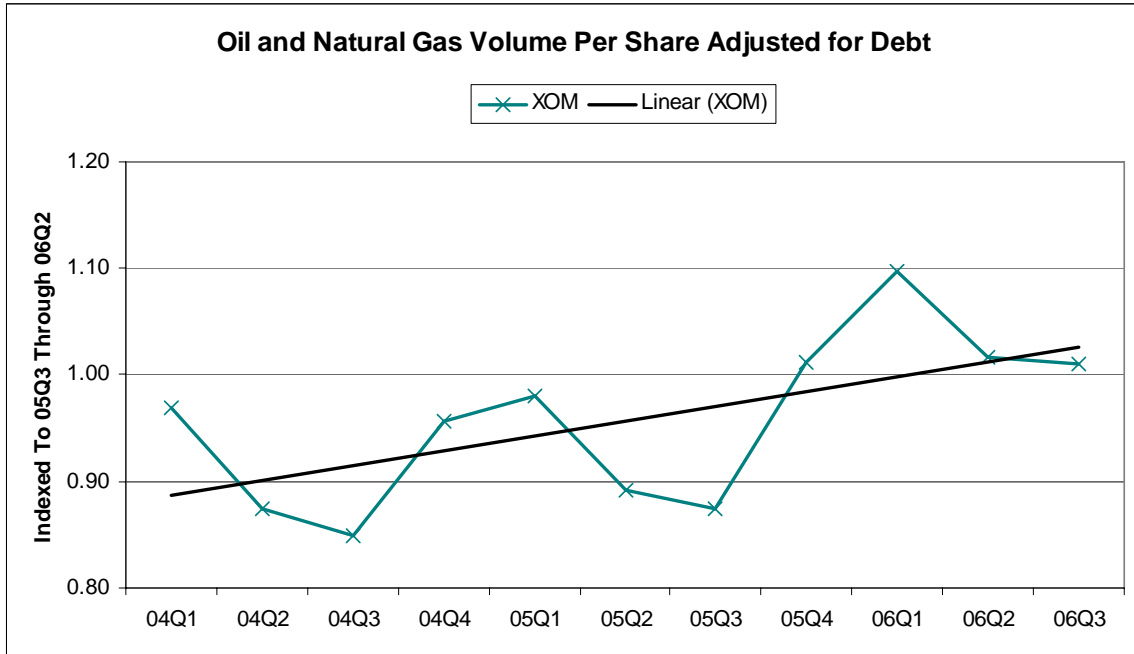
Estimated present value presumes a long-term price for oil of US\$60 a barrel and natural gas, \$10 a million btu.

Summary and Recommendation

At a McDep Ratio of 0.92, buy-recommended **Exxon Mobil Corporation (XOM)** offers unlevered appreciation potential of 9% to estimated present value. Futures prices for oil averaging \$66 a barrel for delivery over the next six years and buy-recommended **Royal Dutch Shell (RDS)**'s offer to buy the minority interest in Shell Canada (SHC.TO) seem to validate estimated present value. Fundamental results for the third quarter reported on October 26 portray a growth trend in oil and gas volume per share (see chart). Growing downstream cash flow supports investment in new capacity for more highly refined products (see chart). The cash flow implications of improving corporate results contribute to a modestly positive comparison of our estimate of present value with that from a correlation with some thirty natural gas and oil producers (see table on page 4). Trading from new high to new high, XOM stock has favorable price momentum. "Stronger than the Government", XOM has a full weighting in our illustrative energy portfolio concentrated on real assets that promise a high return providing clean fuel for global growth.

Kurt H. Wulff, CFA

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Exxon Mobil Corporation
Next Twelve Months Operating and Financial Estimates

	<i>Q3</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next Twelve Months</i>
	<i>9/30/05</i>	<i>6/30/06</i>	<i>9/30/06</i>	<i>12/31/06</i>	<i>2006E</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>9/30/07</i>
Volume									
Natural Gas (mmcf)									
North America	2,540	2,514	2,452	2,452	2,501	2,452	2,452	2,452	2,452
Overseas	5,184	6,255	5,711	7,290	6,959	8,610	6,255	5,711	6,959
Total	7,724	8,769	8,163	9,742	9,461	11,062	8,707	8,163	9,411
Oil (mbd)	2,447	2,701	2,701	2,701	2,700	2,701	2,701	2,701	2,701
Total gas & oil (mbd)	3,734	4,163	4,062	4,325	4,277	4,545	4,152	4,062	4,270
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	8.56	6.81	6.58	6.30	7.17	8.19	7.61	7.81	7.48
U.S.	8.03	6.39	6.36	6.09	6.80	7.91	7.35	7.54	7.22
International	5.60	6.67	6.48	6.99	6.95	7.43	6.67	6.48	6.95
Total	6.40	6.59	6.44	6.76	6.91	7.54	6.86	6.80	7.02
Oil (\$/bbl)									
WTI Cushing	62.52	70.47	70.42	58.64	65.71	61.56	63.85	65.29	62.34
Worldwide	58.01	64.91	65.13	54.24	60.32	56.94	59.06	60.39	57.65
Total gas & oil (\$/bbl)	51.25	56.00	56.27	49.11	53.36	52.19	52.80	53.82	51.94
NY Harbor 3-2-1 (\$/bbl)	16.70	15.39	11.67	6.84	10.32	7.57	11.57	11.80	9.44
Revenue (\$mm)									
Natural Gas									
U.S.	1,876	1,462	1,435	1,373	6,206	1,747	1,639	1,702	6,461
International	2,671	3,797	3,405	4,688	17,647	5,758	3,797	3,405	17,647
Total	4,547	5,258	4,839	6,062	23,853	7,504	5,436	5,106	24,108
Oil	13,060	15,955	16,185	13,477	59,436	13,841	14,516	15,006	56,839
Other	83,110	77,820	78,569	78,569	302,425	78,569	78,569	78,569	314,276
Total	100,717	99,034	99,593	98,108	385,715	99,914	98,521	98,681	395,224
Expense (\$mm)									
Production	6,900	9,049	9,251	8,508	36,747	9,411	7,714	7,795	33,428
Other	78,102	71,492	70,999	72,302	277,833	74,141	72,241	70,999	289,683
Ebitda (\$mm)									
Exploration and Production	10,707	12,165	11,773	11,031	46,542	11,934	12,237	12,317	47,520
Other	5,008	6,328	7,570	6,267	24,593	4,428	6,328	7,570	24,593
Total Ebitda	15,715	18,493	19,343	17,298	71,135	16,362	18,566	19,887	72,112
Exploration	249	170	350	350	1,150	350	350	350	1,400
Deprec., Deplet., & Amort.	2,516	2,760	2,760	2,760	10,924	2,760	2,760	2,760	11,040
Other non cash	-	(500)	-	-	(500)	-	-	-	-
Ebit	12,950	16,063	16,233	14,188	59,561	13,252	15,456	16,777	59,672
Interest	150	107	107	107	486	107	107	107	428
Ebt	12,800	15,956	16,126	14,081	59,075	13,145	15,349	16,670	59,244
Income Tax	4,480	5,585	5,644	4,928	20,676	4,601	5,372	5,835	20,736
Net Income (\$mm)									
Exploration and Production	5,729	7,134	6,493						
Other	2,600	3,325	4,089						
Unallocated	(9)	(87)	(100)						
Total	8,320	10,372	10,482	9,153	38,399	8,544	9,977	10,836	38,509
Shares (millions)									
Per share (\$)	1.32	1.72	1.77	1.55	6.41	1.44	1.68	1.83	6.50
Ebitda Margin (E&P)	61%	57%	56%	56%	56%	56%	61%	61%	59%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

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Exxon Mobil Corporation
Functional Cash Flow and Present Value

	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<u><i>Ebitda</i></u>	<u><i>R/P</i></u>	<u><i>Ebitda</i></u>	<u><i>Value</i></u>	
North American Natural Gas	3,790	15.4	10.6	40,000	8%
Rest of World Natural Gas	10,360	16.3	7.7	80,000	17%
Oil	33,370	8.6	6.4	215,000	45%
Downstream	24,590		5.9	145,000	30%
	72,110	11.4	6.7	480,000	100%
Debt					18,000
Net Present Value (\$mm)					462,000
Shares					5,922
Net Present Value - Standard Estimate (US\$/sh)					78
Net Present Value - Approximation by Correlation (US\$/sh)					81

Disclaimer: This analysis was prepared by Kurt Wulff doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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