

Rating: Buy
S&P 500: 1180

ExxonMobil Corporation

Raise Present Value to \$54 a Share

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 3/31/06 (US\$m)</i>	54,900
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	8
<i>Price (\$/sh)</i>	51.73	<i>Natural Gas and Oil Production/Ebitda (%)</i>	65
<i>Pricing Date</i>	1/31/05	<i>Adjusted Reserves/Production NTM</i>	11.2
<i>Shares (mm)</i>	6461	<i>EV/Ebitda</i>	6.6
<i>Market Capitalization (\$mm)</i>	334,000	<i>PV/Ebitda</i>	6.8
<i>Debt (\$mm)</i>	25,000	<i>Undeveloped Reserves (%)</i>	38
<i>Enterprise Value (EV) (\$mm)</i>	359,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	23.30
<i>Present Value (PV) (\$mm)</i>	374,000	<i>Present Value Proven Reserves(\$/boe)</i>	11.50
<i>Net Present Value (\$/share)</i>	54	<i>Present Value Proven Reserves(\$/mcf)</i>	1.90
<i>Debt/Present Value</i>	0.07	<i>Earnings Next Twelve Months (US\$/sh)</i>	4.39
<i>McDep Ratio - EV/PV</i>	0.96	<i>Price/Earnings Next Twelve Months</i>	12
<i>Dividend Yield (%/year)</i>	2.1	<i>Indicated Annual Dividend (US\$/sh)</i>	1.08

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.

Summary and Recommendation

We continue a buy rating on the common shares of **ExxonMobil (XOM)** for low risk mega cap participation in a positive outlook for natural gas, crude oil and refined products. We raise our estimate of net present value to \$54 a share from \$50. The change was made on January 26, 2005, when we revised our estimate of long-term oil price to \$40 a barrel constant real, up from \$35. Recent quarterly results were surprisingly strong downstream. We see 5% stock price appreciation potential to net present value where the unlevered return of 7% per year before inflation would be about 11% for the stock after low leverage and moderate inflation.

The Most Value in Each Functional Area

The internationally and functionally diversified industry leader has the most present value of publicly traded companies in each of the four most important functions of the global oil and gas producing industry (see table Present Value by Line of Business). Our attempt to make estimates of value on a consistent basis among companies includes regular testing of cash flow multiples by function (see table Functional Cash Flow and Present Value).

Projected Cash Flow Remains High

ExxonMobil reported record quarterly cash flow exceeding \$15 billion (see table Next Twelve Months Operating and Financial Estimates). The trend is solid with steady volume and price that “captures more of the upside” as Mr. Henry Hubble stated on the latest earnings call.

Buy Oil and Gas Producers at Mid Decade

XOM stock appears to have positive appeal in an attractive group for investment (see table Rank by McDep Ratio). Three to five-fold gain potential for oil and gas price over the next 5 to 13 years justifies investment in recommended oil and gas producers, in our opinion. Supporting improving prospects, the average futures price of oil for continuous delivery over the next six

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years is in a multi-year uptrend as defined by the current quotes above the 40-week average. The current benchmark oil average futures price for the next six years is about \$42 a barrel.

Kurt H. Wulff, CFA

Present Value by Line of Business
 (US\$millions)

	<i>North American Natural Gas</i>	<i>Over- seas Natural Gas</i>	<i>Oil Prod.</i>	<i>Down- stream</i>	<i>Total</i>
Exxon Mobil Corporation	38,000	54,000	174,000	110,000	376,000
BP plc	30,000	30,000	134,000	70,000	264,000
Royal Dutch/Shell	9,000	47,000	101,000	107,000	264,000
ChevronTexaco Corporation	14,000	11,000	104,300	50,000	179,300
Total S.A.	-	43,000	84,800	48,000	175,800
PetroChina	-	13,000	139,800	21,000	173,800
ConocoPhillips	16,000	8,000	49,700	42,000	115,700
Lukoil Oil Company	-	-	44,900	-	44,900
Encana Corporation	29,000	-	15,200	-	44,200
Occidental Petroleum Corp.	5,700	600	30,400	4,800	41,500
Devon Energy Corporation	26,000	-	13,400	-	39,400
Anadarko Petroleum Corp.	19,500	-	12,700	-	32,200
Norsk Hydro ASA	-	6,000	12,900	11,600	30,500
Burlington Resources	20,000	1,300	8,300	-	29,600

Exxon Mobil Corporation
Functional Cash Flow and Present Value

	<i>NTM Ebitda</i>	<i>Adjusted R/P</i>	<i>PV/ Ebitda</i>	<i>Present Value</i>	
North American Natural Gas	4,180	11.8	9.1	38,000	10%
Overseas Natural Gas	8,510	13.0	6.3	54,000	14%
Oil	22,990	10.3	7.5	172,000	46%
Downstream	19,190		5.7	110,000	29%
	54,870	11.2	6.8	374,000	100%
Debt					25,000
Net Present Value (\$mm)					349,000
Shares					6,461
Net Present Value (\$/sh)					54

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Exxon Mobil Corporation
Next Twelve Months Operating and Financial Estimates

	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Next Twelve Months
	9/30/04	12/31/04	2004	3/31/05	6/30/05	9/30/05	12/31/05	2005E	3/31/06	3/31/06
Volume										
Natural Gas (mmcf)										
U.S. (or North America)	2,831	2,761	2,911	3,060	2,961	2,831	2,761	2,902	3,060	2,902
Overseas (or Int'l)	5,597	7,669	6,946	8,407	6,040	5,597	7,669	6,923	8,407	6,923
Total	8,428	10,430	9,856	11,467	9,001	8,428	10,430	9,825	11,467	9,825
Oil (mmb)	231	236	941	231	233	236	236	936	231	936
Oil (mbd)	2,506	2,565	2,572	2,565	2,565	2,565	2,565	2,565	2,565	2,565
Total gas & oil (mmb)	360	396	1,541	403	370	365	396	1,534	403	1,534
Price										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	5.75	7.10	6.15	6.28	6.33	6.44	6.77	6.46	7.24	6.70
U.S. (or North America)	5.70	6.61	5.93	5.85	5.90	6.00	6.31	6.01	6.74	6.24
Overseas (or Int'l)	4.24	5.33	4.56	5.33	5.33	5.33	5.33	5.33	5.33	5.33
Total	4.73	5.67	4.96	5.47	5.52	5.55	5.59	5.53	5.71	5.60
Oil (\$/bbl)										
WTI Cushing	43.89	48.30	41.44	48.02	48.95	48.09	47.00	48.02	45.93	47.49
Worldwide	39.34	39.49	35.76	39.27	40.02	39.32	38.43	39.26	37.56	38.84
Total gas & oil (\$/bbl)	35.40	37.28	33.43	36.51	37.47	37.20	36.45	36.89	36.14	36.79
NY Harbor 3-2-1 (\$/bbl)	7.83	5.44	8.31	7.89	9.40	8.46	7.36	8.28	9.60	8.71
Revenue (\$mm)										
Natural Gas										
U.S. (or North America)	1,485	1,679	6,304	1,610	1,590	1,561	1,603	6,364	1,856	6,610
Overseas (or Int'l)	2,183	3,761	11,548	4,033	2,930	2,745	3,761	13,468	4,033	13,468
Total	3,668	5,440	17,852	5,643	4,519	4,306	5,363	19,832	5,889	20,078
Oil	9,070	9,319	33,654	9,065	9,342	9,279	9,069	36,756	8,670	36,360
Other	63,637	68,598	246,521	68,598	68,598	68,598	68,598	274,393	68,598	274,393
Total	76,375	83,357	298,027	83,307	82,460	82,184	83,030	330,980	83,157	330,831
Expense (\$mm)										
Production	4,719	5,319	18,490	5,309	5,139	5,084	5,253	20,785	5,279	20,755
Other	59,175	62,301	228,846	64,066	63,630	63,878	64,185	255,759	63,514	255,207
Ebitda (\$mm)										
Exploration and Production	8,019	9,440	33,016	9,400	8,722	8,501	9,179	35,802	9,280	35,683
Other	4,462	6,297	17,675	4,532	4,968	4,720	4,413	18,634	5,084	19,186
Total Ebitda	12,481	15,737	50,691	13,932	13,690	13,222	13,592	54,436	14,365	54,869
Exploration	388	334	1,106	334	334	334	334	1,336	334	1,336
Deprec., Deplet., & Amort.	2,431	2,431	9,585	2,431	2,431	2,431	2,431	9,724	2,431	9,724
Other non cash	-	-	-	-	-	-	-	-	-	-
Ebit	9,662	12,972	40,000	11,167	10,925	10,457	10,827	43,376	11,600	43,809
Interest	50	50	198	50	50	50	50	200	50	200
Ebt	9,612	12,922	39,802	11,117	10,875	10,407	10,777	43,176	11,550	43,609
Income Tax	3,364	4,523	13,931	3,891	3,806	3,642	3,772	15,112	4,042	15,263
Net Income (\$mm)										
Exploration and Production	3,929	4,887	16,675							
Other	2,410	3,592	9,684							
Unallocated	(91)	(80)	(488)							
Total	6,248	8,399	25,871	7,226	7,069	6,764	7,005	28,065	7,507	28,346
Shares (millions)										
Per share (\$)	6,508	6,461	6,517	6,461	6,461	6,461	6,461	6,461	6,461	6,461
Ebitda Margin (E&P)	0.96	1.30	3.97	1.12	1.09	1.05	1.08	4.34	1.16	4.39
Ebitda Margin (E&P)	63%	64%	64%	64%	63%	63%	64%	63%	64%	63%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

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Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/</i>	<i>Rating</i>	<i>Price</i> <i>(\$/sh)</i>	<i>Shares</i>	<i>Market</i>	<i>Net</i>	<i>Debt/</i>	<i>McDep</i>
			<i>31-Jan</i>	<i>(mm)</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>Ratio</i>
			<i>2005</i>		<i>(\$mm)</i>	<i>Value</i>	<i>Value</i>	
Mega Cap								
Exxon Mobil Corporation	XOM	B3	51.73	6,461	334,000	54.00	0.07	0.96
Shell Transport and Trading Co. plc	SC	B3	52.53	1,587	83,000	56.10	0.16	0.95
BP plc	BP	B3	59.27	3,614	214,000	64.00	0.12	0.94
Total S.A.	TOT	B3	107.02	1,228	132,000	120.00	0.16	0.91
Royal Dutch Petroleum	RD	B1	58.18	2,021	118,000	66.00	0.16	0.90
ChevronTexaco Corporation	CVX	B1	53.92	2,123	115,000	76.00	0.10	0.74
<i>Total or Median</i>					<i>996,000</i>		<i>0.14</i>	<i>0.92</i>

B1 = Buy full unlevered position, B2 = Buy half unlevered position, B3 = Alternative buy, H = Hold
 S2 = Short half unlevered position, S3 = Short quarter unlevered position
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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