

Rating: Buy  
 S&P 500: 1235

## Exxon Mobil Corporation

### Raise Net Present Value to \$74 a Share

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 6/30/06 (US\$m)</i>	68,700
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	8
<i>Price (\$/sh)</i>	59.23	<i>Natural Gas and Oil Production/Ebitda (%)</i>	68
<i>Pricing Date</i>	8/1/05	<i>Adjusted Reserves/Production NTM</i>	11.5
<i>Shares (mm)</i>	6370	<i>EV/Ebitda</i>	5.8
<i>Market Capitalization (\$mm)</i>	377,000	<i>PV/Ebitda</i>	7.2
<i>Debt (\$mm)</i>	22,000	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (\$mm)</i>	399,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	31.70
<i>Present Value (PV) (\$mm)</i>	493,000	<i>Present Value Proven Reserves(\$/boe)</i>	16.30
<i>Net Present Value (\$/share)</i>	74	<i>Present Value Proven Reserves(\$/mcf)</i>	2.70
<i>Debt/Present Value</i>	0.04	<i>Earnings Next Twelve Months (US\$/sh)</i>	5.84
<i>McDep Ratio - EV/PV</i>	0.81	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	2.0	<i>Indicated Annual Dividend (US\$/sh)</i>	1.16

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 raise our estimated net present value of buy-recommended **ExxonMobil (XOM)** to \$74 a share from \$60 on the basis of an expected long-term real price for oil of \$50 a barrel up from \$40 for Light Sweet Crude. We also raise our long-term real price for natural gas to \$10 a million BTU, up from \$8 for the Henry Hub location. Our long-term real price expectation for the 3-2-1 refining crack (margin) in New York Harbor is now \$10 a barrel up from \$8. The stock has 25% appreciation potential to net present value. Risk is low with globally diversified, integrated operations and miniscule debt. Dividend increases seem likely along with stock repurchase.

Kurt H. Wulff, CFA

### 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	5,360	12.7	8.8	47,000	10%
Rest of World Natural Gas	8,740	14.6	10.8	94,000	19%
Oil	32,790	9.8	5.9	192,000	39%
Downstream	21,780		7.3	160,000	32%
	68,670	11.5	7.2	493,000	100%
Debt				22,000	
Net Present Value (\$mm)				471,000	
Shares				6,370	
Net Present Value (\$/sh)				74	

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**Exxon Mobil Corporation**  
**Next Twelve Months Operating and Financial Estimates**

	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next Twelve Months</i>
	<i>12/31/04</i>	<i>2004</i>	<i>3/31/05</i>	<i>6/30/05</i>	<i>9/30/05</i>	<i>12/31/05</i>	<i>2005E</i>	<i>3/31/06</i>	<i>6/30/06</i>	<i>6/30/06</i>
<b>Volume</b>										
Natural Gas (mmcf)										
U.S. (or North America)	2,761	<b>2,911</b>	2,804	2,722	2,722	2,722	<b>2,742</b>	2,722	2,722	<b>2,722</b>
Overseas (or Int'l)	7,669	<b>6,946</b>	7,949	5,964	5,597	7,669	<b>6,791</b>	7,949	5,964	<b>6,791</b>
Total	10,430	<b>9,856</b>	10,753	8,686	8,319	10,391	<b>9,533</b>	10,671	8,686	<b>9,513</b>
Oil (mbd)	2,565	<b>2,572</b>	2,543	2,466	2,466	2,466	<b>2,485</b>	2,466	2,466	<b>2,466</b>
Total gas & oil (mmb)	396	<b>1,541</b>	390	356	354	386	<b>1,487</b>	382	356	<b>1,479</b>
<b>Price</b>										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	7.10	<b>6.15</b>	6.27	6.76	7.60	8.69	<b>7.33</b>	9.44	8.04	<b>8.44</b>
U.S. (or North America)	6.61	<b>5.93</b>	6.08	6.65	7.48	8.55	<b>7.19</b>	9.29	7.91	<b>8.30</b>
Overseas (or Int'l)	5.33	<b>4.56</b>	5.74	5.43	5.43	5.43	<b>5.52</b>	5.43	5.43	<b>5.43</b>
Total	5.67	<b>4.96</b>	5.83	5.81	6.10	6.24	<b>6.00</b>	6.41	6.21	<b>6.25</b>
Oil (\$/bbl)										
WTI Cushing	48.31	<b>41.44</b>	49.65	53.05	60.62	63.32	<b>56.66</b>	64.52	63.88	<b>63.09</b>
Worldwide	39.49	<b>35.76</b>	42.61	47.14	53.86	56.26	<b>49.96</b>	57.33	56.76	<b>56.04</b>
Total gas & oil (\$/bbl)	37.28	<b>33.43</b>	39.44	42.59	47.64	48.51	<b>44.51</b>	49.42	49.54	<b>48.78</b>
NY Harbor 3-2-1 (\$/bbl)	5.72	<b>7.74</b>	6.17	10.59	12.11	7.97	<b>9.21</b>	8.32	11.22	<b>9.91</b>
<b>Revenue (\$mm)</b>										
Natural Gas										
U.S. (or North America)	1,679	<b>6,304</b>	1,534	1,647	1,872	2,141	<b>7,195</b>	2,275	1,960	<b>8,249</b>
Overseas (or Int'l)	3,761	<b>11,548</b>	4,103	2,945	2,794	3,829	<b>13,671</b>	3,882	2,945	<b>13,450</b>
Total	5,440	<b>17,852</b>	5,638	4,592	4,666	5,970	<b>20,866</b>	6,157	4,905	<b>21,699</b>
Oil	9,319	<b>33,654</b>	9,752	10,578	12,220	12,763	<b>45,312</b>	12,723	12,737	<b>50,443</b>
Other	68,598	<b>246,521</b>	66,661	73,398	73,398	73,398	<b>286,855</b>	73,398	73,398	<b>293,592</b>
Total	83,357	<b>298,027</b>	82,051	88,568	90,284	92,131	<b>353,034</b>	92,279	91,040	<b>365,734</b>
<b>Expense</b>										
Production	5,319	<b>18,490</b>	5,774	5,737	6,080	6,450	<b>24,042</b>	6,479	6,232	<b>25,241</b>
Other	62,301	<b>228,846</b>	62,134	67,953	67,953	67,953	<b>265,993</b>	67,953	67,953	<b>271,811</b>
<b>Ebitda (\$mm)</b>										
Exploration and Production	9,440	<b>33,016</b>	9,616	9,433	10,806	12,283	<b>42,137</b>	12,401	11,410	<b>46,900</b>
Other	6,297	<b>17,675</b>	4,527	5,445	5,445	5,445	<b>20,862</b>	5,445	5,445	<b>21,781</b>
Total Ebitda	15,737	<b>50,691</b>	14,142	14,878	16,251	17,728	<b>62,999</b>	17,847	16,856	<b>68,681</b>
Exploration	334	<b>1,106</b>	173	215	215	215	<b>818</b>	215	350	<b>995</b>
Deprec., Deplet., & Amort.	2,431	<b>9,585</b>	2,553	2,553	2,553	2,553	<b>10,212</b>	2,553	2,553	<b>10,212</b>
Other non cash	-	-	-	-	-	-	-	-	-	-
<b>Ebit</b>	12,972	<b>40,000</b>	11,416	12,110	13,483	14,960	<b>51,969</b>	15,079	13,953	<b>57,474</b>
Interest	50	<b>198</b>	56	56	56	56	<b>224</b>	56	56	<b>224</b>
<b>Ebt</b>	12,922	<b>39,802</b>	11,360	12,054	13,427	14,904	<b>51,745</b>	15,023	13,897	<b>57,250</b>
Income Tax	4,523	<b>13,931</b>	3,976	4,219	4,699	5,216	<b>18,111</b>	5,258	4,864	<b>20,038</b>
<b>Net Income (\$mm)</b>										
Exploration and Production	4,887	<b>16,675</b>	5,054	4,908						
Other	3,592	<b>9,684</b>	2,425	3,035						
Unallocated	(80)	<b>(488)</b>	(95)	(108)						
Total	8,399	<b>25,871</b>	7,384	7,835	8,727	9,688	<b>33,634</b>	9,765	9,033	<b>37,213</b>
<b>Shares (millions)</b>										
Per share (\$)	6,461	<b>6,517</b>	6,421	6,370	6,370	6,370	<b>6,381</b>	6,370	6,370	<b>6,370</b>
Ebitda Margin (E&P)	1.30	<b>3.97</b>	1.15	1.23	1.37	1.52	<b>5.27</b>	1.53	1.42	<b>5.84</b>
Ebitda Margin (E&P)	64%	<b>64%</b>	62%	62%	64%	66%	<b>64%</b>	66%	65%	<b>65%</b>
Tax Rate	35%	<b>35%</b>	35%	35%	35%	35%	<b>35%</b>	35%	35%	<b>35%</b>

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**Oil and Gas Producers**  
**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>Cap</i>	<i>Net</i> <i>Present</i> <i>Value</i>	<i>Debt/</i> <i>Present</i> <i>Value</i>	<i>McDep</i> <i>Ratio</i>
			<i>1-Aug</i> <i>2005</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$/sh)</i>		
<b>Mega Cap</b>								
BP plc	BP	B	66.63	3,545	236,000	82.00	0.10	0.83
Total S.A.	TOT	B	126.26	1,192	151,000	160.00	0.12	0.81
Exxon Mobil Corporation	XOM	B	59.23	6,370	377,000	74.00	0.04	0.81
Royal Dutch Shell plc	RDS-A	B	63.02	3,372	213,000	84.00	0.11	0.78
Chevron Corporation	CVX	B	58.43	2,086	122,000	90.00	0.08	0.68
	<i>Total or Median</i>				<i>1,099,000</i>		<i>0.10</i>	<i>0.81</i>

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