

Rating: Buy  
S&P 500: 1444  
Intraday

## **Exxon Mobil Corporation** **Raise Present Value to a Half Trillion Dollars**

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 12/31/07 (US\$m)</i>	73,600
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (\$/sh)</i>	74.99	<i>Natural Gas and Oil Production/Ebitda (%)</i>	65
<i>Pricing Date</i>	2/1/07	<i>Adjusted Reserves/Production NTM</i>	11.5
<i>Shares (mm)</i>	5816	<i>EV/Ebitda</i>	6.2
<i>Market Capitalization (\$mm)</i>	436,000	<i>PV/Ebitda</i>	6.8
<i>Debt (\$mm)</i>	21,000	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (\$mm)</i>	457,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	31.00
<i>Present Value (PV) (\$mm)</i>	500,000	<i>Present Value Proven Reserves(\$/boe)</i>	15.00
<i>Net Present Value (\$/share)</i>	82	<i>Present Value Proven Reserves(\$/mcf)</i>	2.50
<i>Debt/Present Value</i>	0.04	<i>Earnings Next Twelve Months (US\$/sh)</i>	6.75
<i>McDep Ratio - EV/PV</i>	0.91	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	1.7	<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.

For historical analysis of XOM since 2001 see [www.mcdep.com/1xom.htm](http://www.mcdep.com/1xom.htm)

### **Summary and Recommendation**

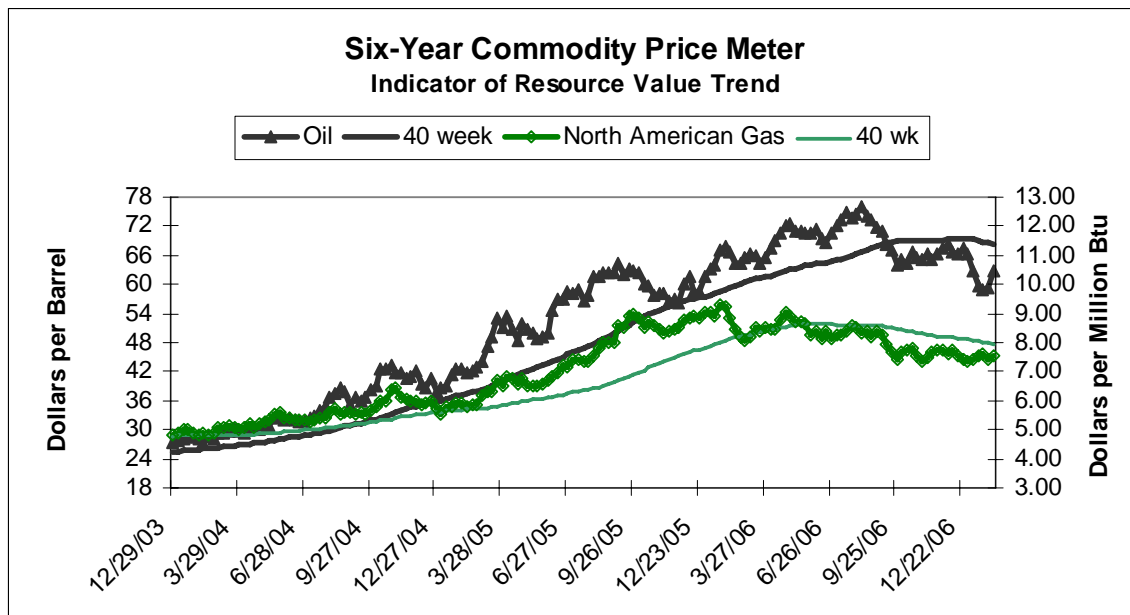
Buy the common shares of **Exxon Mobil Corporation (XOM)** for appreciation potential of 9% to estimated net present value of \$82 a share, up from \$78, which depends first on crude oil production (45%), second on refined products (30%) and third on natural gas (25%). Our new estimate of total present value of \$500 billion is supported by reserve life and cash flow projections after taking into account fourth quarter 2006 results reported on February 1 (see table, [Functional Cash Flow and Present Value](#)). Prospects could be further strengthened if oil for delivery over the next six years, priced currently at \$63 a barrel, resumes an uptrend by crossing above the 40-week average later in 2007 (see chart, [Six-Year Commodity Price Meter](#)).

Downstream profits, though volatile, are projected at the same level as for the past four quarters (see table, [Next Twelve Months Operating and Financial Estimates](#)). Stock price above a rising 200-day average suggests growing investor interest. We favor XOM stock at 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

**Exxon Mobil Corporation**  
**Functional Cash Flow and Present Value**

	<i>NTM</i> <u>Ebitda</u>	<i>Adjusted</i> <u>R/P</u>	<i>PV/</i> <u>Ebitda</u>	<i>Present</i> <u>Value</u>	
North American Natural Gas	3,950	15.7	10.1	40,000	8%
Rest of World Natural Gas	10,700	16.6	7.9	85,000	17%
Oil	33,060	8.7	6.8	225,000	45%
Downstream	25,860		5.8	150,000	30%
	73,570	11.5	6.8	500,000	100%
Debt					21,000
Net Present Value (\$mm)					479,000
Shares					5,816
Net Present Value - Standard Estimate (US\$/sh)					82
Net Present Value - Approximation by Correlation (US\$/sh)					84



Please see disclosures on the final page.

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

	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Next Twelve Months</i>
	<i>12/31/05</i>	<i>9/30/06</i>	<i>12/31/06</i>	<i>2006</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>12/31/07</i>
<b>Volume</b>									
Natural Gas (mmcf)									
North America	2,532	2,452	2,406	<b>2,490</b>	2,406	2,406	2,406	2,406	<b>2,406</b>
Overseas	7,290	5,711	6,895	<b>6,860</b>	8,610	6,255	5,711	6,895	<b>6,860</b>
Total	9,822	8,163	9,301	<b>9,350</b>	11,016	8,661	8,117	9,301	<b>9,266</b>
Oil (mbd)	2,629	2,646	2,678	<b>2,680</b>	2,678	2,678	2,678	2,678	<b>2,678</b>
Total gas & oil (mbd)	4,266	4,007	4,228	<b>4,238</b>	4,514	4,122	4,031	4,228	<b>4,222</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	13.00	6.58	6.57	<b>7.23</b>	7.06	7.70	7.90	8.56	<b>7.81</b>
U.S.	11.34	6.36	6.22	<b>6.83</b>	6.69	7.30	7.49	8.11	<b>7.40</b>
International	6.99	6.48	7.28	<b>7.02</b>	7.43	6.67	6.48	7.28	<b>7.02</b>
Total	8.11	6.44	7.01	<b>6.97</b>	7.27	6.84	6.78	7.49	<b>7.12</b>
Oil (\$/bbl)									
WTI Cushing	60.02	70.42	59.99	<b>66.05</b>	56.84	59.51	61.14	62.33	<b>59.95</b>
Worldwide	52.89	65.13	55.59	<b>60.65</b>	52.67	55.14	56.65	57.75	<b>55.57</b>
Total gas & oil (\$/bbl)	51.27	56.14	50.62	<b>53.72</b>	48.98	50.21	51.29	53.06	<b>50.87</b>
NY Harbor 3-2-1 (\$/bbl)	9.06	11.67	7.54	<b>10.50</b>	8.01	11.89	12.22	8.06	<b>10.05</b>
<b>Revenue (\$mm)</b>									
Natural Gas									
U.S.	2,642	1,435	1,377	<b>6,210</b>	1,448	1,598	1,657	1,795	<b>6,497</b>
International	4,688	3,405	4,618	<b>17,577</b>	5,758	3,797	3,405	4,618	<b>17,577</b>
Total	7,330	4,839	5,995	<b>23,786</b>	7,205	5,394	5,062	6,413	<b>24,074</b>
Oil	12,793	15,855	13,696	<b>59,326</b>	12,694	13,438	13,958	14,229	<b>54,319</b>
Other	79,540	78,899	70,337	<b>294,523</b>	70,337	70,337	70,337	70,337	<b>281,348</b>
Total	99,662	99,593	90,028	<b>377,635</b>	90,236	89,169	89,357	90,978	<b>359,741</b>
<b>Expense</b>									
Production	7,497	9,106	8,467	<b>36,561</b>	8,571	7,038	7,132	7,942	<b>30,683</b>
Other	73,273	71,000	63,130	<b>268,662</b>	65,909	64,009	62,439	63,130	<b>255,487</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	12,625	11,589	11,224	<b>46,551</b>	11,328	11,795	11,888	12,699	<b>47,710</b>
Other	6,267	7,898	7,207	<b>25,861</b>	4,428	6,328	7,898	7,207	<b>25,861</b>
Total Ebitda	18,892	19,487	18,431	<b>72,412</b>	15,756	18,123	19,787	19,906	<b>73,571</b>
Exploration	332	350	379	<b>1,179</b>	379	350	350	350	<b>1,429</b>
Deprec., Deplet., & Amort.	2,671	2,730	2,730	<b>10,864</b>	2,730	2,730	2,730	2,730	<b>10,920</b>
Other non cash	-	-	-	<b>(500)</b>	-	-	-	-	<b>-</b>
<b>Ebit</b>	15,889	16,407	15,322	<b>60,869</b>	12,647	15,043	16,707	16,826	<b>61,222</b>
Interest	123	281	200	<b>753</b>	200	200	200	200	<b>800</b>
<b>Ebt</b>	15,766	16,126	15,122	<b>60,116</b>	12,447	14,843	16,507	16,626	<b>60,422</b>
Income Tax	5,518	5,644	5,293	<b>21,040</b>	4,356	5,195	5,777	5,819	<b>21,148</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	7,038	6,493	6,220						
Other	3,225	4,089	3,202						
Unallocated	(15)	(100)	407						
Total	10,248	10,482	9,829	<b>39,075</b>	8,090	9,648	10,729	10,807	<b>39,274</b>
<b>Shares (millions)</b>									
Per share (\$)	6,211	5,922	5,816	<b>5,966</b>	5,816	5,816	5,816	5,816	<b>5,816</b>
Ebitda Margin (E&P)	1.65	1.77	1.69	<b>6.55</b>	1.39	1.66	1.84	1.86	<b>6.75</b>
Ebitda Margin (E&P)	63%	56%	57%	<b>56%</b>	57%	63%	63%	62%	<b>61%</b>
Tax Rate	35%	35%	35%	<b>35%</b>	35%	35%	35%	35%	<b>35%</b>

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