

Rating: Buy
S&P 500: 1483

Exxon Mobil Corporation **Steady Strength**

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 6/30/08 (US\$m)</i>	82,400
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	4
<i>Price (\$/sh)</i>	88.23	<i>Natural Gas and Oil Production/Ebitda (%)</i>	67
<i>Pricing Date</i>	7/26/07	<i>Adjusted Reserves/Production NTM</i>	11.7
<i>Shares (mm)</i>	5620	<i>EV/Ebitda</i>	6.3
<i>Market Capitalization (\$mm)</i>	496,000	<i>PV/Ebitda</i>	6.6
<i>Debt (\$mm)</i>	25,000	<i>Undeveloped Reserves (%)</i>	38
<i>Enterprise Value (EV) (\$mm)</i>	521,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	36.50
<i>Present Value (PV) (\$mm)</i>	542,000	<i>Present Value Proven Reserves(\$/boe)</i>	16.60
<i>Net Present Value (\$/share)</i>	92	<i>Present Value Proven Reserves(\$/mcf)</i>	2.80
<i>Debt/Present Value</i>	0.05	<i>Earnings Next Twelve Months (US\$/sh)</i>	7.97
<i>McDep Ratio - EV/PV</i>	0.96	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	1.6	<i>Indicated Annual Dividend (US\$/sh)</i>	1.40

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\$66 a barrel and natural gas, \$11 a million btu.

For historical analysis of XOM since 2001 see www.mcdep.com/1xom.htm

Summary and Recommendation

Buy-recommended **Exxon Mobil Corporation (XOM)** stock has recently been trading around estimated net present value (NPV) of \$92 a share revised up from \$82 a share on May 29 when we raised long-term oil price to \$66 a barrel from \$60. Second quarter results reported on July 26 featured record downstream unlevered cash flow (Ebitda) while upstream was muted ahead of higher amounts expected in future quarters judging from futures prices (see table [Next Twelve Months Operating and Financial Estimates](#)). NPV for the mega cap stock practically matches the value indicated by a correlation of estimates for some thirty other producers (see table [Functional Cash Flow and Present Value](#)). NPV presumes a real unlevered return of 7% per year at a long-term real oil price of \$66 a barrel. Currently quoted at \$71, long-term oil price appears to be in an uptrend despite volatility of short-term quotes (see chart [Six-Year Commodity Price Meter](#)). Finally, XOM stock also has positive momentum as it trades above its 200-day average.

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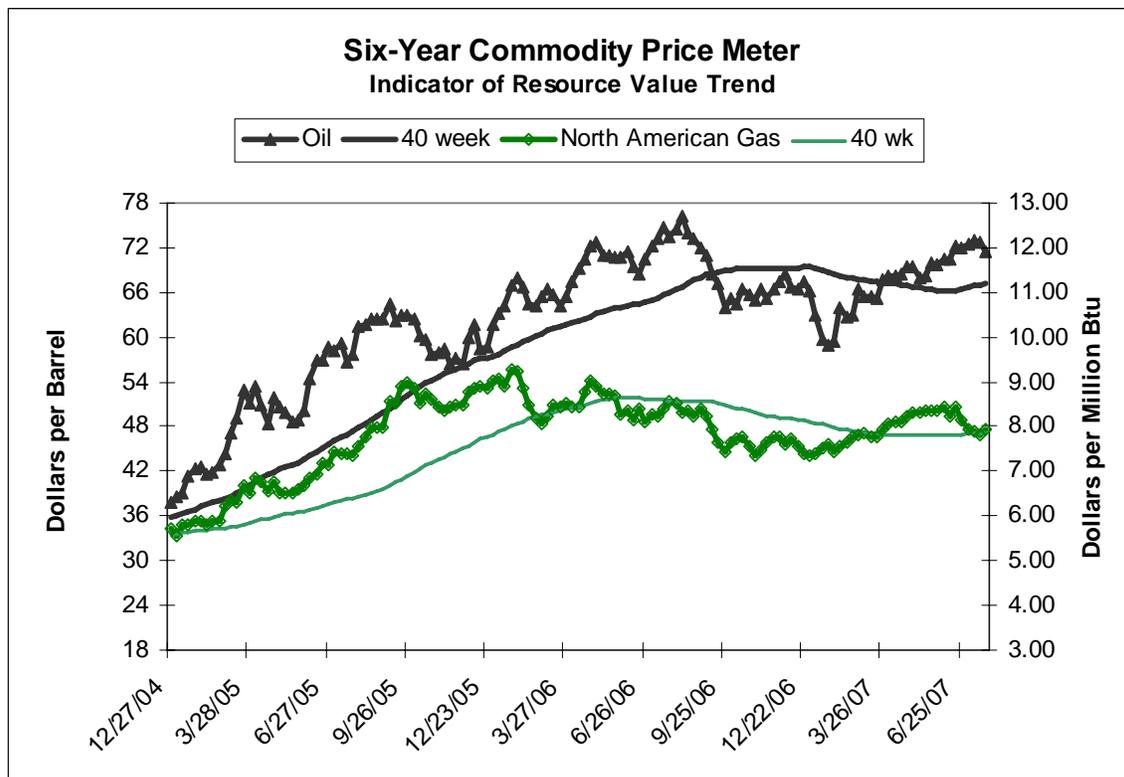
Exxon Mobil Corporation
Next Twelve Months Operating and Financial Estimates

	<i>Q2</i>	<i>Q3</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Next Twelve Months</i>
	<i>6/30/06</i>	<i>9/30/06</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>2007E</i>	<i>6/30/08</i>
Volume									
Natural Gas (mmcf)									
North America	2,514	2,452	2,490	2,303	2,311	2,311	2,311	2,309	2,311
Overseas	6,255	5,711	6,860	7,828	6,400	5,711	6,895	6,703	6,703
Total	8,769	8,163	9,350	10,131	8,711	8,022	9,206	9,012	9,014
Oil (mbd)	2,701	2,646	2,680	2,747	2,668	2,668	2,668	2,687	2,668
Total gas & oil (mbd)	4,163	4,007	4,238	4,436	4,120	4,005	4,202	4,190	4,170
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.58	7.23	6.81	7.56	6.36	7.22	6.99	7.49
U.S.	6.39	6.36	6.83	6.70	6.94	5.84	6.63	6.53	6.87
International	6.67	6.48	7.02	6.60	6.00	6.48	7.28	6.61	6.61
Total	6.59	6.44	6.97	6.62	6.25	6.30	7.12	6.59	6.67
Oil (\$/bbl)									
WTI Cushing	70.47	70.42	66.05	58.08	64.91	74.48	74.58	68.01	74.07
Worldwide	64.91	65.13	60.65	54.65	65.09	74.68	74.79	67.29	74.28
Total gas & oil (\$/bbl)	56.00	56.14	53.72	48.98	55.36	62.36	63.07	57.33	61.95
NY Harbor 3-2-1 (\$/bbl)	15.39	11.67	10.50	11.68	24.96	14.68	10.24	15.39	13.10
Revenue (\$mm)									
Natural Gas									
U.S.	1,462	1,435	6,210	1,389	1,459	1,242	1,410	5,500	5,794
International	3,797	3,405	17,577	4,650	3,494	3,405	4,618	16,167	16,167
Total	5,258	4,839	23,786	6,039	4,954	4,647	6,028	21,667	21,961
Oil	15,955	15,855	59,326	13,512	15,802	18,331	18,358	66,004	72,334
Other	77,820	78,899	294,523	67,672	77,594	77,594	77,594	300,454	310,375
Total	99,034	99,593	377,635	87,223	98,350	100,572	101,979	388,125	404,670
Expense (\$mm)									
Production	8,756	8,408	33,800	7,817	9,301	9,421	9,998	36,537	38,661
Other	71,785	71,698	270,970	61,849	69,835	70,393	71,574	273,650	283,571
Ebitda (\$mm)									
Exploration and Production	12,458	12,286	49,312	11,733	11,455	13,557	14,388	51,133	55,634
Other	6,035	7,201	23,553	5,824	7,759	7,201	6,020	26,804	26,804
Total Ebitda	18,493	19,487	72,865	17,557	19,214	20,758	20,408	77,937	82,438
Exploration	170	350	1,179	271	347	347	347	1,312	1,388
Deprec., Deplet., & Amort.	2,760	2,730	11,416	2,942	2,942	2,942	2,942	11,768	11,768
Other non cash	(500)		(500)					-	-
Ebit	16,063	16,407	60,770	14,344	15,925	17,469	17,119	64,857	69,282
Interest	107	281	654	103	103	103	103	412	412
Ebt	15,956	16,126	60,116	14,241	15,822	17,366	17,016	64,445	68,870
Income Tax	5,585	5,644	21,040	4,984	5,538	6,078	5,955	22,556	24,104
Net Income (\$mm)									
Exploration and Production	7,134	6,493	26,230	6,041	5,953				
Other	3,325	4,089	12,836	3,148	4,406				
Unallocated	(87)	(100)	9	68	(74)				
Total	10,372	10,482	39,075	9,257	10,285	11,288	11,060	41,889	44,765
Shares (millions)									
Per share (\$)	6,030	5,922	5,966	5,714	5,620	5,620	5,620	5,641	5,620
Ebitda Margin (E&P)	1.72	1.77	6.55	1.62	1.83	2.01	1.97	7.43	7.97
Tax Rate	59%	59%	59%	60%	55%	59%	59%	58%	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>Ebitda</i>	<i>Adjusted</i> <i>R/P</i>	<i>PV/</i> <i>Ebitda</i>	<i>Present</i> <i>Value</i>	
North American Natural Gas	3,420	13.1	11.1	38,000	7%
Rest of World Natural Gas	9,540	17.4	7.9	75,000	14%
Oil	42,680	9.1	6.8	289,000	53%
Downstream	26,800		5.2	140,000	26%
	82,440	11.7	6.6	542,000	100%
Debt					25,000
Net Present Value (\$mm)					517,000
Shares					5,620
Net Present Value - Standard Estimate (US\$/sh)					92
Net Present Value - Approximation by Correlation (US\$/sh)					93



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