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David S. Rosenthal
Vice President, Investor Relations
and Secretary

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ExxonMobil

Dr. Martha Carter
Director of Global Research
Institutional Shareholder Services
2099 Gaither Road
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Dear Dr. Carter:

In response to your request for feedback to ISS' proposed changes to 2012 voting policies, we are providing the input below. We appreciate this opportunity and trust that our comments will assist ISS in enhancing the effectiveness of its policies.

As detailed further below, while the proposed changes with respect to executive compensation matters include positive steps, we believe the voting policies could be further enhanced by: 1) applying longer-term measures of performance for industries such as ours with very long investment lead times; 2) allowing for more qualitative assessments on how well a particular compensation plan design aligns with the specific company's stated business strategy; 3) incorporating criteria such as capital outlay and scale and scope of the executive position to further fine-tune the peer group in order to ensure a true apples-to-apples comparison; and 4) recognizing that long vesting periods for equity compensation coupled with meaningful risk of forfeiture and claw-back provisions in fact closely tie executive pay to performance.

ISS Evaluation of Executive Pay (Management Say-on-Pay)

Emphasis on Short-Term Performance

ISS has proposed in the quantitative portion of the evaluation of executive pay to analyze the "alignment between the company's TSR rank and the CEO's total pay rank within the peer group, as measured over one-year and three-year periods." We are concerned about the short-term orientation of this approach, which does not recognize the longer-term nature of management decision-making in certain industries such as ours. For large, capital intensive companies like ExxonMobil, investment lead times range from a minimum of five to-10 years, to decades in many instances. The compensation program of any company should be tied to the length of its investment lead times and its overall business strategy. Otherwise, the compensation program will not align executive behavior and actions with the business strategy. This could result in distortions in how executives deploy capital, manage risk and protect shareholder interests. Applying metrics that are too short-term can promote detrimental behavior in any industry, as evidenced this past decade when high-profile publicly-traded companies applied this approach with catastrophic outcomes for their shareholders, investors and society in general. For companies engaged in the highly capital-intensive oil and gas business on a global scale, we believe ISS should measure performance over at least five and preferably 10 or more year periods to properly reflect the underlying business investment cycle.

Minimal Consideration of Alignment to Business Strategy

The proposed ISS quantitative evaluation methodology puts significant emphasis on a single performance metric as described above, i.e., short-term TSR. To preserve and grow shareholder value and to effectively manage the technical complexity and global scope of a company such as ours, senior executives must advance multiple strategies and objectives in parallel, versus emphasizing one or two at the expense of others that require equal attention. Managers are expected to deliver long-term growth in shareholder value, while placing a high priority on managing both operations and investment risk. The proposed ISS analysis does not allow company-specific analysis in determining pay alignment with the business strategy. We recommend that ISS provide the flexibility in its assessment model to determine how effectively compensation programs support the business strategy of specific companies rather than using a single numeric assessment model for all industries and companies.

Peer Group Selection and Role of Scope & Complexity

The ISS' proposal to reduce the number of companies that it uses in a comparison peer group is a welcomed development. The previous reliance on an overbroad, four-digit GICS group resulted in comparing companies with businesses that have little in common with that of the company being analyzed. However, although the proposal represents an improvement, it does not recognize the global size, capital outlay, scale, and scope of companies like ExxonMobil in setting compensation levels.

We strongly believe that performance and results should be the highest priority in determining changes in pay levels; however, the requirements of the position — i.e., the scope of duties, capital outlay of the company and scale of the company's operations – are also a significant factor in setting compensation as determined by the market place for employees, managers and executives at levels in all companies. Position requirements and resulting pay levels for CEOs of all companies are influenced by the size, complexity and scope of the enterprise and should be a factor in any assessment model for determining appropriate levels of pay.

We are not suggesting there should be a one-for-one relationship between these factors and compensation levels, but company size, complexity and scope should not be excluded from the analysis.

ExxonMobil is more than double the size of the average or median size company in the comparator group selected by ISS when measured by revenue, capital employed, production volumes, global scope, number of countries in which the firm operates, or almost any other metric. In view of this, we recommend that ISS normalize companies in comparator groups using an appropriate ratio when significant differences in these factors exist and before direct application of the ISS assessment model. This would recognize the difficulty and relative challenge of a particular CEO position, in addition to the performance of the company.

Since the market place puts significant emphasis on job responsibilities and content when setting pay at all levels in an industry, the ISS assessment model should also recognize these same realities when it comes to assessing the compensation levels of executive talent.

Performance Basis of Restricted Stock

In the qualitative portion of its proposed analysis, ISS indicates it will test the "ratio of performance- to time-based equity awards", implying that time-based awards can never be viewed as performance based. ISS should reconsider this position as it does not recognize the significant pay-for-performance connection that is created when a substantial portion of an executive's net worth is put at-risk for long periods of time and made substantially dependent on long-term share performance. In a capital intensive business like ExxonMobil's, placing a substantial portion of an executive's pay at-risk through the granting of restricted stock with very long vesting periods tailored to the investment lead times of the business, combined with meaningful risk-of-forfeiture provisions, represents the ultimate pay-for-performance. The ISS evaluation methodology should recognize this compensation design by providing flexibility in a way that considers the unique characteristics of a particular business model or industry when assessing the overall design of the compensation program.

Board Response to Management Say-on-Pay Vote

ISS has also requested feedback on the board response to the say-on-pay vote; specifically, "does a support level of less than 70 percent warrant an explicit response from a company to address concerns – i.e., including actions or an action plan? If not, what opposition level warrants an explicit response?" In this regard, we note that the law already requires boards to disclose how they considered the say-on-pay vote with regard to compensation. Adding a threshold trigger for additional disclosure would be redundant with this already-existing requirement. Beyond this existing disclosure requirement, any additional requirements for board response to a negative say on pay vote should be limited to those companies that received less than majority support for the advisory vote. Otherwise, the say on pay vote effectively becomes a "binding" rather than advisory vote, which is outside the intent of the legislation.

We hope that ISS will consider the above modification to its proposal as a means to further enhance its process and to provide its customers with a more meaningful and valid basis for assessing compensation programs.

Sincerely,
(original signed by David S. Rosenthal)