

**STOCK ANALYSIS REPORT****Exxon Mobil Corporation (XOM) – Analysis by Nathan Ramos – September 18, 2009**<http://www.betapeg.com>

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Industry: **Oil and Gas Operations**  
Sector: **Energy**  
Recommendation: **STRONG BUY**  
Price: **\$69.99 (as of September 18, 2009)**  
Intrinsic Value: **\$93.58 or 33.71% undervalued**  
Fundamentals Grade: **A**  
Investment Style: **Large Cap Blend**  
Consider Buying: **When less than \$71.98**

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**CORPORATE INFORMATION**

Location: 5959 Las Colinas Boulevard  
Irving, TX 75039  
Phone: 972-4441000  
Fax: 972-4441348  
Web Site: <http://www.exxonmobil.com/>  
Employees: 79,900  
Exchange: NYSE

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**BUSINESS SUMMARY**

Exxon Mobil Corporation (Exxon Mobil) through its divisions and affiliates is engaged in exploration for, and production of, crude oil and natural gas, manufacture of petroleum products and transportation and sale of crude oil, natural gas and petroleum products. Exxon Mobil is a manufacturer and marketer of commodity petrochemicals, including olefins, aromatics, polyethylene and polypropylene plastics and a wide variety of specialty products. It also has interests in electric power generation facilities. Exxon Mobil Corporation has several divisions and affiliates, many with names that include Exxon Mobil, Exxon, Esso or Mobil. The Company operates in three segments: Upstream, Downstream and Chemicals.

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**ANALYSIS**

Exxon Mobil (XOM) is the largest market capitalized oil company in the world which in 2008 obtained the highest quarterly and annual profit in United States history. The Company plans to invest \$125 billion over the next five years to develop new technology, deliver new Upstream projects, increase refining capacity, and grow their Chemical business. Eight Upstream projects were initiated in 2008 with new fields in Angola and developments in Nigeria and Malaysia. Exxon Mobil is actively engaged in reducing its environmental impact and increasing its reputation for corporate citizenship. The Company employs an ethics strategy called National Content which helps host countries by investing in local economic development. \$1.5 billion has been invested since 2004 to reduce greenhouse gas emissions and improve energy efficiency. The Company's products are increasingly geared towards increased energy efficiency and decreased emission impacts. Exxon Mobil's revenue and profit have increased 60% and 79% respectively in the last 5 years. The Company exhibits a healthy profit margin and return on equity of 8.65% and 13.89% respectively and maintains an above average earnings yield of 9.28%. Exxon Mobil has plenty of liquidity enabling the Company to pay all its long-term debt in less than three months on profit alone. The PE, PS, and PEG ratios indicate undervaluation of the stock. Exxon Mobil is valued at \$93.58 for FY2009. The Company is 33.71% undervalued for the fiscal year with a current price of \$69.99 (September 18, 2009). The PB ratio is adversely above the industry average. Risks to Exxon Mobil include depreciating reserves, decreasing number of new oil fields, adverse environmental impacts, government regulations, geopolitical risks, market volatility, macroeconomic difficulties, etc.

[http://www.exxonmobil.com/Corporate/Files/news\\_pub\\_sar\\_2008.pdf](http://www.exxonmobil.com/Corporate/Files/news_pub_sar_2008.pdf)

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**KEY STATISTICS**

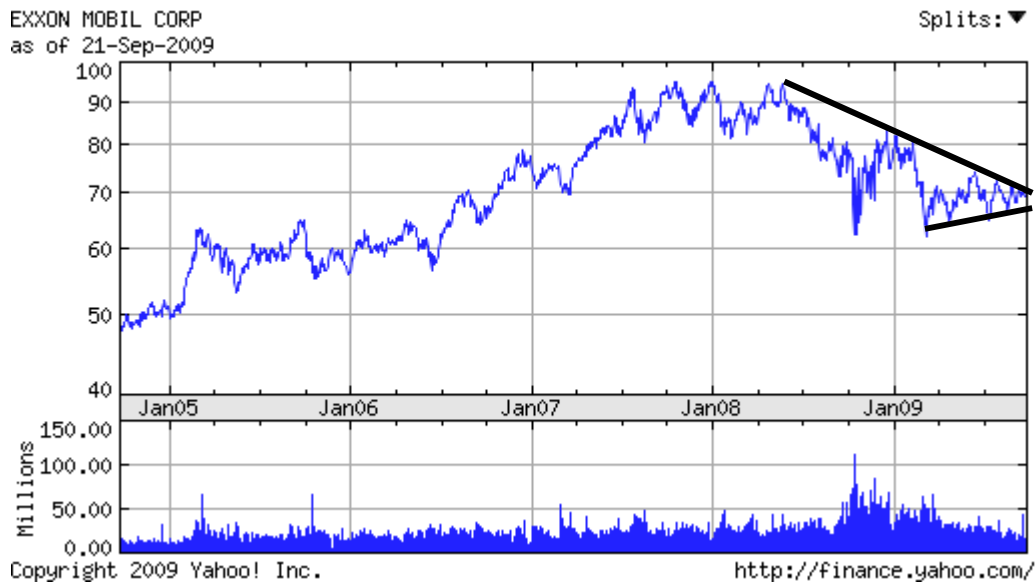
Dividend Rate per Share:	<b>\$0.84</b>
Dividend Yield:	<b>1.20%</b>
Earnings Yield:	<b>9.28%</b>
EPS (past 12-mo.):	<b>\$6.49</b>
Institutional Ownership:	<b>47%</b>
Market Capitalization:	<b>\$336.37 Bil – Large Cap</b>
Net Income (past 12-mo.):	<b>\$31.2 Bil</b>
Net Profit Margin:	<b>8.65%</b>
Return on Equity:	<b>13.89%</b>
Revenue (past 12-mo.):	<b>\$360.9 Bil</b>
Total Shares Outstanding:	<b>4.8 Bil</b>

**PRICE RATIOS:**

Forward P/E:	<b>6.64</b>
PEG:	<b>0.28</b>
PB:	<b>3.16</b>
PE:	<b>10.78</b>
PS:	<b>0.93</b>

**FINANCIAL CONDITION:**

Current Ratio:	<b>1.15</b>
Debt/Income:	<b>0.23</b>
Debt Ratio:	<b>0.53</b>

**PRICE HISTORY****5-Year Price Chart**

The chart indicates a symmetrical triangle pattern as indicated by the bold lines. The stock can be expected to remain flat or break out of the triangle short term. This pattern is characterized by market indecision which makes it hard to make a technical prediction. For more information on this pattern, go to

<http://chartpatterns.com/symmetricaltriangles.htm>.

**HISTORICAL FINANCIAL PERFORMANCE AND ESTIMATES**

<b>Date</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009 Est.</b>
<i>Capital Expenditures</i>	\$11,986	\$13,839	\$15,462	\$15,387	\$19,318	\$21,018.14
<i>Current Assets</i>	\$60,337	\$73,342	\$75,777	\$85,963	\$72,266	\$78,679.56
<i>Current Assets/Share</i>	\$6.42	\$12.01	\$13.23	\$15.97	\$14.52	\$18.46
<i>Current Liabilities</i>	\$42,981	\$46,307	\$48,817	\$58,312	\$49,100	\$52,723.20
<i>Current Liabilities/Share</i>	\$4.57	\$7.58	\$8.52	\$10.83	\$9.87	\$12.37
<i>Current Ratio</i>	1.40	1.58	1.55	1.47	1.47	\$1.49
<i>Dividend Payout</i>	\$6,896	\$7,185	\$7,628	\$7,621	\$8,058	\$8,344.80
<i>Dividend Rate</i>	\$0.73	\$1.18	\$1.33	\$1.42	\$1.62	\$1.96
<i>Dividend Yield</i>	1.42%	2.09%	1.74%	1.49%	2.10%	2.37%
<i>EPS</i>	\$2.69	\$5.92	\$6.89	\$7.55	\$9.09	\$11.88
<i>Free Cash Flow/Share</i>	\$3.04	\$5.62	\$5.90	\$6.80	\$8.12	\$10.13
<i>Long-term Debt</i>	\$5,013	\$6,220	\$6,645	\$7,183	\$7,025	\$7,720.65
<i>Long-term Debt/Share</i>	\$0.53	\$1.02	\$1.16	\$1.33	\$1.41	\$1.78
<i>Net Cash Balance</i>	\$18,531	\$28,671	\$28,244	\$33,981	\$31,437	\$36,267.12
<i>Net Cash/Share</i>	\$1.97	\$4.70	\$4.93	\$6.31	\$6.32	\$8.43
<i>Net Income</i>	\$25,330	\$36,130	\$39,500	\$40,610	\$45,220	\$51,174.71
<i>Net Profit Margin</i>	8.50%	9.75%	10.46%	10.04%	9.47%	9.90%
<i>Operating Cash Flow</i>	\$40,551	\$48,138	\$49,286	\$52,002	\$59,725	\$64,345.83
<i>PB</i>	4.76	3.08	3.86	4.20	3.40	\$3.22
<i>PE</i>	19.14	9.49	11.11	12.59	8.49	\$6.64
<i>PS</i>	1.63	0.93	1.16	1.26	0.80	\$0.69
<i>Revenue/Share</i>	\$31.70	\$60.71	\$65.92	\$75.17	\$95.93	\$121.35
<i>Sales (millions)</i>	\$298,035	\$370,680	\$377,635	\$404,552	\$477,359	\$521,422.93
<i>Shares Outstanding</i>	\$9,401	\$6,106	\$5,729	\$5,382	\$4,976	\$3,870.11
<i>Stock Price</i>	\$51.56	\$56.17	\$76.63	\$95.00	\$77.19	\$93.58
<i>Total Assets</i>	\$195,256	\$208,335	\$219,015	\$242,082	\$228,052	\$240,698.27
<i>Total Assets/Share</i>	\$20.77	\$34.12	\$38.23	\$44.98	\$45.83	\$56.55
<i>Total Equity</i>	\$101,756	\$111,186	\$113,844	\$121,762	\$112,965	\$118,049.74
<i>Total Equity/Share</i>	\$10.82	\$18.21	\$19.87	\$22.62	\$22.70	\$27.84
<i>Total Liabilities</i>	\$93,500	\$97,149	\$105,171	\$120,320	\$115,087	\$122,703.77
<i>Total Liabilities/Share</i>	\$9.95	\$15.91	\$18.36	\$22.36	\$23.13	\$28.71

**RELATIVE STRENGTH**

Exxon Mobil has outperformed 55% of the market in the last 12 months indicating the stock to be undervalued relative to its fundamentals grade of 93%.

**STOCK PRICE VALUATION**  
**Stock Price Estimates (FY2009)**

<b>Methodologies</b>	<b>Intrinsic Values</b>	<b>Discount Rates</b>
<i>52 Week</i>	\$91.51	30.75%
<i>Cash</i>	\$103.05	47.24%
<i>Cash Flow</i>	\$93.83	34.06%
<i>Current Assets</i>	\$98.11	40.18%
<i>Current Liabilities</i>	\$57.59	-17.71%
<i>Current Ratio</i>	\$78.39	12.00%
<i>Dividend Growth</i>	\$84.89	21.29%
<i>Earnings</i>	\$100.91	44.18%
<i>Free Cash Flow</i>	\$96.33	37.64%
<i>FS</i>	\$122.47	74.99%
<i>Gamma</i>	\$189.58	170.87%
<i>Inverse Gamma</i>	\$114.14	63.08%
<i>Long-term Debt</i>	\$57.06	-18.48%
<i>Market Ratio</i>	\$77.19	10.29%
<i>PB</i>	\$98.25	40.38%
<i>PBII</i>	\$87.65	25.23%
<i>PE</i>	\$78.89	12.71%
<i>PEII</i>	\$110.56	57.96%
<i>Profit Margin</i>	\$80.69	15.29%
<i>PS</i>	\$84.06	20.11%
<i>PSII</i>	\$93.33	33.35%
<i>PSIII</i>	\$110.95	58.52%
<i>Revenue</i>	\$97.64	39.51%
<i>Stock Price I</i>	\$83.60	19.44%
<i>Stock Price II</i>	\$98.34	40.50%
<i>Stock Price III</i>	\$86.95	24.24%
<i>Total Assets</i>	\$95.24	36.07%
<i>Total Equity</i>	\$94.67	35.26%
<i>Total Liabilities</i>	\$58.55	-16.35%
<i>Yield</i>	\$82.99	18.57%
<b>Future Intrinsic Value</b>	\$93.58	33.71%

Exxon Mobil is valued at \$93.58 for FY2009. The Company is 33.71% undervalued for the fiscal year with a current price of \$69.99 (September 18, 2009).

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**INSIDER ACTIVITY**

The following corporate insiders or major shareholders have recently filed transaction reports with the SEC.

Date	Name	Transaction	Num Shares	Price(s)	Value
09/15/09	PRYOR STEPHEN D	Sold	31,800	\$69.82	2.22 Mil
09/14/09	PRYOR STEPHEN D	Exercise	43,000	\$41.78	1.80 Mil
09/11/09	KELLY ALAN J	Sold	2,572	\$70.30	180,812.89
09/09/09	CRAMER HAROLD R	Sold	20,000	\$71.00	1.42 Mil
09/09/09	CRAMER HAROLD R	Exercise	20,000	\$41.78	835,624.00
09/08/09	GLASS SHERMAN J JR	Sold	20,000	\$70.66	1.41 Mil
09/08/09	GLASS SHERMAN J JR	Exercise	20,000	\$41.78	835,624.00
08/28/09	ROSENTHAL DAVID S	Sold	350	\$70.00	24,500.56
08/25/09	ROSENTHAL DAVID S	Gift	350	NA	NA
08/24/09	LASALA STEPHEN R	Sold	20,000	\$70.71	1.41 Mil
08/24/09	LASALA STEPHEN R	Exercise	20,000	\$41.78	835,624.00
08/24/09	GLASS SHERMAN J JR	Sold	20,000	\$71.62	1.43 Mil
08/24/09	GLASS SHERMAN J JR	Exercise	20,000	\$41.78	835,624.00
08/17/09	PRYOR STEPHEN D	Exercise	20,000	\$41.78	835,624.00
08/11/09	FRANKLIN ROBERT STUART	Sold	8,000	\$68.50	548,024.81
08/11/09	FRANKLIN ROBERT STUART	Exercise	8,000	\$41.78	334,249.59
08/06/09	MULVA PATRICK T	Exercise	7,500	\$41.78	313,359.00
08/06/09	TILLERSON REX W	Sold	250	\$69.94	17,485.40
08/03/09	CRAMER HAROLD R	Sold	20,000	\$71.00	1.42 Mil

**MAJOR HOLDERS**

## TOP INSTITUTIONAL HOLDERS

Holder	Shares	% Out	Value*	Reported
Barclays Global Investors UK Holdings Ltd	210,544,919	4.38	\$14,338,108,983	31-Mar-09
STATE STREET CORPORATION	170,240,994	3.54	\$11,901,547,890	30-Jun-09
VANGUARD GROUP, INC. (THE)	165,988,097	3.45	\$11,604,227,861	30-Jun-09
Bank of New York Mellon Corporation	78,990,257	1.64	\$5,522,208,866	30-Jun-09
NORTHERN TRUST CORPORATION	68,996,348	1.44	\$4,823,534,688	30-Jun-09
BANK OF AMERICA CORPORATION	62,198,616	1.29	\$4,348,305,244	30-Jun-09
JP MORGAN CHASE & COMPANY	60,858,748	1.27	\$4,254,635,072	30-Jun-09
FMR LLC	55,228,926	1.15	\$3,861,054,216	30-Jun-09
AXA	53,721,644	1.12	\$3,755,680,132	30-Jun-09
PRICE (T.ROWE) ASSOCIATES INC	42,679,410	.89	\$2,983,717,553	30-Jun-09

## TOP MUTUAL FUND HOLDERS

Holder	Shares	% Out	Value*	Reported
SPDR TRUST SERIES 1	47,416,123	.99	\$3,682,336,112	30-Sep-08
VANGUARD 500 INDEX FUND	46,988,071	.98	\$3,199,887,635	31-Mar-09
VANGUARD TOTAL STOCK MARKET INDEX FUND	45,762,194	.95	\$3,116,405,411	31-Mar-09
VANGUARD INSTITUTIONAL INDEX FUND- INSTITUTIONAL INDEX FD	37,307,899	.78	\$2,540,667,921	31-Mar-09
COLLEGE RETIREMENT EQUITIES FUND- STOCK ACCOUNT	25,198,453	.52	\$1,716,014,649	31-Mar-09
SELECT SECTOR SPDR FUND-ENERGY SELECT	13,980,919	.29	\$977,406,047	30-Jun-09
SPARTAN U.S. EQUITY INDEX FUND	11,451,897	.24	\$806,099,029	31-Jul-09
VANGUARD INDEX-VALUE INDEX FUND	10,932,170	.23	\$744,480,777	31-Mar-09
ISHARES S&P 500 INDEX FD	10,738,941	.22	\$742,597,770	31-Aug-09
VANGUARD SPECIALIZED-ENERGY FUND	8,992,031	.19	\$599,498,706	30-Apr-09

## MAJOR DIRECT HOLDERS (FORMS 3 &amp; 4)

Holder	Shares	Reported
TILLERSON REX W	1,116,318	6-Aug-09
SIMON J STEPHEN	818,592	6-May-08
PRYOR STEPHEN D	720,512	15-Sep-09
CRAMER HAROLD R	681,983	9-Sep-09

**COMPETITION**

## DIRECT COMPETITOR COMPARISON

	<b>XOM</b>	<b>BP</b>	<b>CVX</b>	Industry
Market Cap:	331.26B	166.03B	141.81B	142.96B
Qtrly Rev Growth (yoy):	-46.10%	-49.60%	-51.00%	5.10%
Revenue (ttm):	360.90B	266.72B	184.13B	184.13B
Gross Margin (ttm):	39.80%	15.75%	31.19%	31.19%
EBITDA (ttm):	54.68B	28.92B	32.69B	28.92B
Oper Margins (ttm):	12.31%	5.82%	11.78%	7.05%
Net Income (ttm):	31.20B	11.65B	16.37B	N/A
EPS (ttm):	6.49	3.70	8.130	4.22
P/E (ttm):	10.78	14.38	8.70	13.53
PEG (5 yr expected):	0.28	2.22	3.09	3.09
P/S (ttm):	0.93	0.63	0.78	0.78

BP = BP plc

CVX = Chevron Corp.

Industry = Major Integrated Oil &amp; Gas

**OFFICERS AND DIRECTORS**

Rex W. Tillerson	Chairman of the Board, Chief Executive Officer
Neil W. Duffin	President of Exxon Mobil Development Company
Donald D. Humphreys	Senior Vice President, Treasurer
Mark W. Albers	Senior Vice President
Michael J. Dolan	Senior Vice President
Andrew P. Swiger	Senior Vice President
Charles W. Matthews	Vice President, General Counsel
Patrick T. Mulva	Vice President, Controller
David S. Rosenthal	Vice President - Investor Relations, Secretary
H. R. Cramer	Vice President

## GLOSSARY

**Bear Market:** Market dominated by sellers.

**Beta:** A measure of stock price history relative to the market price history which indicates volatility. A company with a beta of 1 would be as volatile as the market. A beta less than one indicate less volatility to the market. The higher the beta, the more volatile a stock price is.

**Bull Market:** Market dominated by buyers.

**Dividend Rate per Share:** The amount of dividends paid per share.

**Dividend Yield:** The dividend return as a percentage of the stock price.

**Earnings:** The amount of profits that a company produces during a specific period.

**Earnings per Share (EPS):** Total earnings divided by all shares outstanding.

**Fair Value:** The price at which a stock is intrinsically valued.

**Fiscal Year:** Any 12-month period that a company uses for accounting purposes.

**Forward P/E:** Same as the traditional P/E except the estimated future EPS is used. If earnings are expected to grow in the future, the estimated P/E will be lower than the current P/E.

**Fundamental Analysis:** Method of stock analysis in which the company data is used to place an *intrinsic value* of the stock. This value is compared to the current market price. If the *intrinsic value* is less than the market price, the stock is undervalued, indicating a potential buy position.

**Fundamental Grade:** A grading system used to evaluate the quality of a company based on fundamental analysis.

**Industry:** A category used to describe a company's primary business activity.

**Insider Activity:** Corporate insiders (i.e. CEOs, executives, etc.) and major shareholders transactions of stock.

**Institutional Investor:** A non-bank investor who trades stocks in such large amounts that they require special treatment and lower commissions.

**Institutional Ownership:** The percentage of institutional investors who have a position in stock.

**Intrinsic Value:** The actual value of a stock based on tangible and intangible aspects of the company.

**Investment Style:** A classification used to indicate what kind of investors the stock is most attractive too. There are nine categories and they include:

- Large value
- Large blend
- Large growth
- Medium value
- Medium blend
- Medium growth
- Small value
- Small blend
- Small growth

**Market Capitalization:** The market value of a company is the value of its outstanding shares. This figure is found by taking the stock price and multiplying it by the total number of shares outstanding.

**Outstanding Shares:** Stock currently held by investors.

**Price/Earnings (PE) Ratio:** A valuation ratio of a company's current share price compared to its per-share earnings.

Calculated as:

$$= \frac{\text{Market Value per Share}}{\text{Earnings per Share (EPS)}}$$

The P/E ratio is a comparison of the stock price and earning. The lower the P/E, the better valued the company relative to earnings.

**Price/Sales (P/S) Ratio:** A ratio for valuing a stock relative to its own past performance. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months:

$$\text{PSR} = \frac{\text{Share Price}}{\text{Revenue Per Share}}$$

**Revenue:** The income that comes directly from business operations.

**Sector:** A group of stocks in the same industry or market.

**Target Price:** An analyst's estimated stock price for a given period of time.

**Technical Analysis:** Method of stock analysis in which stock price data is used to determine trends. Charting the stock price history indicates up trends (buy), down trends (sell), and flat trends (even). Support lines drawn along lows and resistance lines drawn along highs indicate the time to buy and sell.

**Volatility:** A measure of the fluctuations in stock price. The higher the volatility, the more you can win and lose. *Betas* higher than 1 are more volatile than the market. If the market goes up 1%, a stock with a beta = 3 would likely go up 3%. Likewise, the same the can be true for declines.

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## **SOURCES OF INFORMATION**

1. <http://www.investopedia.com>
  2. <http://www.moneycentral.msn.com>
  3. <http://www.finance.yahoo.com>
  4. <http://www.finance.google.com>
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**ANALYTICAL METHODOLOGY**

This stock report is based on the financial models developed by Nathan Ramos and available to the public at [www.betapeg.com](http://www.betapeg.com). Ratings are based on a ratio of fundamentals to valuation. Highly rated stocks have excellent fundamentals and high valuation relative to market value while low rated stocks have weak fundamentals and low valuation relative to market value.

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**DISCLAIMER**

This document was prepared by Nathan Ramos, a non-certified stock analyst. The material contained is based upon information considered to be accurate but is not warranted by its source. Any opinions expressed are in good faith and are only correct as of the stated date of the report. This report serves as a guide to researching a particular company and does not serve any professional advisory function whatsoever.