# Exxon Mobil Corp

| S&P Recommendation | Price | 12-Mo. Target Price | Investment Style |
|---|---|---|---|
| STRONG BUY ★★★★★ | $69.31 (as of Sep 23, 2011) | $103.00 | Large-Cap Blend |

**UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION**

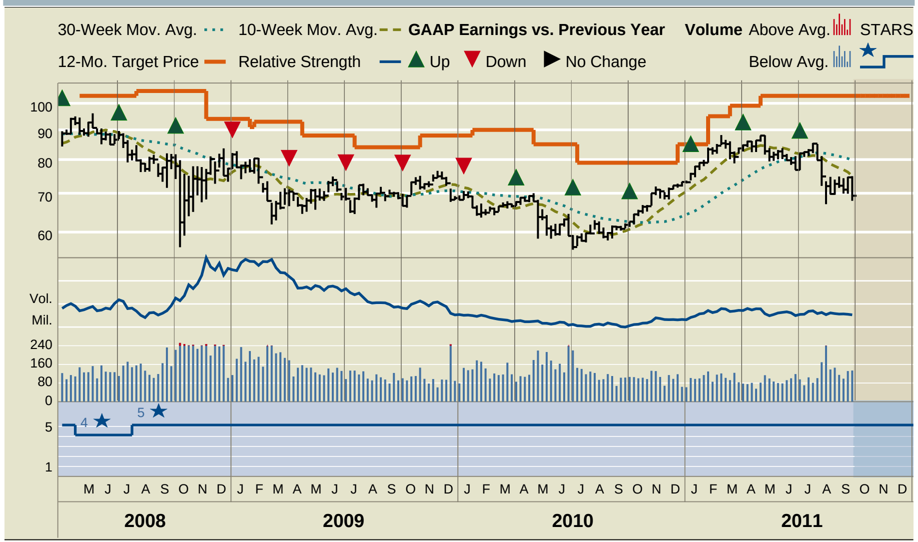
**GICS Sector** Energy
**Sub-Industry** Integrated Oil & Gas

**Summary** XOM, formed through the merger of Exxon and Mobil in late 1999, is the world's largest publicly owned integrated oil company.

## Key Stock Statistics (Source S&P, Vickers, company reports)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 52-Wk Range | $88.23– 61.27 | S&P Oper. EPS 2011**E** | 8.75 | Market Capitalization(B) | $336.993 | Beta | 0.51 |
| Trailing 12-Month EPS | $7.61 | S&P Oper. EPS 2012**E** | 9.70 | Yield (%) | 2.71 | S&P 3-Yr. Proj. EPS CAGR(%) | 34 |
| Trailing 12-Month P/E | 9.1 | P/E on S&P Oper. EPS 2011**E** | 7.9 | Dividend Rate/Share | $1.88 | S&P Credit Rating | AAA |
| $10K Invested 5 Yrs Ago | $11,896 | Common Shares Outstg. (M) | 4,862.1 | Institutional Ownership (%) | 49 | | |

## Price Performance




Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Michael Kay** on Aug 18, 2011, when the stock traded at **$70.83**.

## Highlights

- Second quarter production of 4.4 MMboe/day was up 10% annually, driven by XTO, Qatar and Iraq project rampups, but was down 9% sequentially as OPEC quotas and production sharing negatively affected volumes. The start-up of 11 major projects through 2013 in Qatar, the U.S., the U.K., Canada, Australia, Russia, Angola and Nigeria should boost output by 600,000 boe/day (80% oil). XOM sees production growth of 3%-4% in 2011 and 4%-5% a year through 2014. As of July, XOM was running 65-70 rigs in U.S. unconventional plays. Only about 6% of output is from the Gulf of Mexico, where drilling remains delayed. XOM believes it is developing 26 Bboe, with heavy oil sands, LNG and unconventional projects representing 57%.
- We see refining and chemical conditions pressured as new capacity affects global supply/demand balances, although U.S. and Asia refining margins recently widened. XOM's history of rationalizing refinery units has provided a top-tier cost structure.
- On higher prices and volumes, we see EPS of $8.75 in 2011 and $9.70 in 2012. XOM sees $5 billion per quarter in stock repurchases and capex of $33-$37 billion through 2015.

## Investment Rationale/Risk

- XOM has enjoyed superior earnings and dividend growth and stability (as evidenced by its S&P Quality Ranking of A+). We believe it will benefit from "big-pocket" upstream growth opportunities in the deepwater, LNG, onshore unconventional, and ventures with state-owned companies. We think XOM's advanced technology permits project development in a timely and cost-efficient manner. In addition, we see its upstream business benefiting from a strong pipeline of long-lived assets (2010 reserve replacement of 211%) with an improving decline rate of 3%, and the downstream unit should benefit over the long term from its complex refineries, which offer feedstock and product flexibility. We see further expansion of activities in global LNG and frontier regions.
- Risks to our recommendation and target price include deterioration in economic, industry and operating conditions, such as difficulty replacing reserves and increased production costs.
- On our DCF ($102; WACC 5.9%, terminal growth 3%) and relative valuations, including a target enterprise value of 6X our 2011 EBITDA estimate, a premium to the supermajor oil peer average of 4.4X, our 12-month target price is $103.

## Qualitative Risk Assessment

| LOW | MEDIUM | HIGH |
|---|---|---|

Our risk assessment reflects our view of the company's diversified and strong business profile in volatile, cyclical and capital-intensive segments of the energy industry. We consider ExxonMobil's earnings stability and corporate governance practices to be above average.

## Quantitative Evaluations

**S&P Quality Ranking** A+

| D | C | B- | B | B+ | A- | A | A+ |
|---|---|---|---|---|---|---|---|

**Relative Strength Rank** MODERATE

54

LOWEST = 1 HIGHEST = 99

## Revenue/Earnings Data

**Revenue (Million $)**

| | 1Q | 2Q | 3Q | 4Q | Year |
|---|---|---|---|---|---|
| 2011 | 114,000 | 125,486 | -- | -- | -- |
| 2010 | 90,250 | 92,490 | 95,300 | 105,190 | 383,221 |
| 2009 | 64,028 | 74,457 | 82,260 | 89,841 | 310,586 |
| 2008 | 116,854 | 138,072 | 137,737 | 84,696 | 477,359 |
| 2007 | 87,223 | 98,350 | 102,337 | 116,642 | 404,552 |
| 2006 | 86,317 | 96,024 | 96,268 | 86,858 | 377,635 |

**Earnings Per Share ($)**

| | | | | | |
|---|---|---|---|---|---|
| 2011 | 2.14 | 2.18 | **E**2.22 | **E**2.24 | **E**8.75 |
| 2010 | 1.33 | 1.60 | 1.44 | 1.85 | 6.22 |
| 2009 | 0.92 | 0.81 | 0.98 | 1.27 | 3.98 |
| 2008 | 2.03 | 2.22 | 2.86 | 1.55 | 8.69 |
| 2007 | 1.62 | 1.83 | 1.70 | 2.14 | 7.28 |
| 2006 | 1.37 | 1.72 | 1.77 | 1.76 | 6.62 |

Fiscal year ended Dec. 31. Next earnings report expected: Late October. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

## Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

| Amount ($) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|---|---|---|---|---|
| 0.440 | 10/27 | 11/09 | 11/12 | 12/10/10 |
| 0.440 | 01/26 | 02/08 | 02/10 | 03/10/11 |
| 0.470 | 04/27 | 05/11 | 05/13 | 06/10/11 |
| 0.470 | 07/27 | 08/10 | 08/12 | 09/09/11 |

Dividends have been paid since 1882. Source: Company reports.

STANDARD &POOR'S

# Exxon Mobil Corp

## Business Summary August 18, 2011

CORPORATE OVERVIEW. In late 1999, the FTC allowed Exxon and Mobil to reunite, creating Exxon Mobil Corp. ExxonMobil's businesses include oil and natural gas exploration and production (74% of 2010 segment earnings); refining and marketing (11%); chemicals (15%); and other operations, such as electric power generation, coal and minerals.

Including non-consolidated equity interest, proved oil and gas reserves grew 8% in 2010, to 24.8 billion barrels of oil equivalent (boe; 47% petroleum liquids, including oil sands; 69% developed) in 2010. Oil and gas production rose 13%, to 4.45 million boe/day (54% petroleum liquids), in 2010. Rising production and reserves primarily reflected the completion of the XTO Energy acquisition. Using data from John S. Herold, we estimate XOM's three-year (2006-2008) reserve replacement at 128%, above the peer average; three-year finding and development cost at $8.68 per boe, below the peer average; proved acquisition costs at $0.44 per boe, below the peer average; and its reserve replacement costs at $7.63 per boe, below the peer average.

At year-end 2010, the company had an ownership interest in 36 refineries with 6.26 million barrels per day (b/d) of atmospheric distillation capacity (U.S. 31%, Europe 28%, Asia Pacific 27%, Canada 8%, and Middle East/Latin America/Other 6%).

MANAGEMENT. We believe XOM is one of the best managed companies in the energy sector. In January 2006, Lee R. Raymond retired, and Rex W. Tillerson became chairman and CEO. We expect Mr. Tillerson to benefit from the strategic plans made by Mr. Raymond, and we see Mr. Tillerson's diplomatic skills as playing an important role in enhancing those plans.

MARKET PROFILE. Based on a blend of oil and gas assets and production volumes, we estimate that XOM is the largest publicly traded integrated oil company in the world, serving customers in over 200 countries. Africa contributed 28% of 2010 sales, Europe 21%, the U.S. 21%, Canada/South America 11%, Asia 6%, and Australia/Oceania 3%. We believe its global functional organization and substantial diversification help mitigate its exposure to business risk and margin volatility.

XOM maintains the largest portfolio of proved reserves and production in North America, and is the biggest net producer of oil and gas in Europe. Through wholly owned ExxonMobil Canada Ltd. and its 69.6%-owned affiliate Imperial Oil, XOM is one of the largest oil and gas producers in Canada.

XOM believes it is the world's biggest refiner, as well as the largest producer of polyolefins, benzene and paraxylene in the world. Since 1995, XOM has added about 0.5% per annum to its refining capacity, the equivalent of building an average-sized refinery every three years.

IMPACT OF MAJOR DEVELOPMENTS. On June 25, 2010, XOM purchased XTO Energy, Inc. in an all-stock deal valued at $40.5 billion (including $10.0 billion of long-term debt). We like the deal, which adds 2,471 million boe (84% natural gas) at an implied value of $11.51 per proved boe. We believe XOM's technical expertise will unlock additional XTO resource potential, and XTO's organization should provide a complementary platform for XOM to expand its unconventional natural gas and oil production worldwide.

CORPORATE GOVERNANCE. We believe the company's corporate governance practices are sound and above average for companies within the S&P 500 and the S&P Energy sector. Its board of directors is controlled by a supermajority (greater than 75%) of independent outsiders.

FINANCIAL TRENDS. XOM's size gives it economies of scale, and its strong earnings have enabled it to build a cash balance of $7.8 billion, compared with long-term debt of $11.9 billion as of December 31, 2010.

We believe XOM has enjoyed a superior degree of earnings and dividend growth and stability (evidenced by its S&P Quality Ranking of A+), and an above-average return on capital versus peers. For the past 15 years (as of December 31, 2010), XOM's shares have outperformed the S&P 500 on a total return basis, yielding 13.1% annually, compared to 8.0% for the broader market.

To fund growth, pre-XTO merger, capital spending was $27.1 billion in 2009. XOM spent about $32.2 billion (85% upstream) in 2010 and has budgeted $33 billion to $37 billion per year through 2015.

Unlike some of its peers, XOM has continued its share repurchases, and the company appears to be using buybacks to balance its cash use. XOM's common stock repurchases totaled $5 billion over the last three quarters, and it has planned about $5 billion of buybacks in the third quarter.

## Corporate Information

**Office**
5959 Las Colinas Boulevard, Irving, TX 75039-2298.

**Telephone**
972-444-1000.

**Fax**
972-444-1348.

**Website**
http://www.exxonmobil.com

**Officers**

**Chrmn, Pres & CEO**
R.W. Tillerson

**Treas**
R.N. Schleckser

**CFO**
D. Humphreys

**Secy**
D.S. Rosenthal

**Chief Acctg Officer & Cntlr**
P.T. Mulva

**Board Members**
M. J. Boskin
P. Brabeck-Letmathe
L. R. Faulkner
J. S. Fishman
K. C. Frazier
W. W. George
M. C. Nelson
S. J. Palmisano
S. S. Reinemund
R. W. Tillerson
E. E. Whitacre, Jr.

**Domicile**
New Jersey

**Founded**
1870

**Employees**
83,600

**Stockholders**
507,028

# Exxon Mobil Corp

STANDARD &POOR'S

## Quantitative Evaluations

**S&P Fair Value Rank** 4+

| 1 | 2 | 3 | **4** | 5 |
|---|---|---|---|---|
| LOWEST | | | | HIGHEST |

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

**Fair Value Calculation** $71.10

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that XOM is slightly undervalued by $1.79 or 2.6%.

**Investability Quotient Percentile** 100

LOWEST = 1 HIGHEST = 100

XOM scored higher than 100% of all companies for which an S&P Report is available.

**Volatility** **LOW** AVERAGE HIGH

**Technical Evaluation** BEARISH

Since August, 2011, the technical indicators for XOM have been BEARISH.

**Insider Activity** UNFAVORABLE NEUTRAL **FAVORABLE**

## Expanded Ratio Analysis

| | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|
| Price/Sales | 0.93 | 1.06 | 0.87 | 1.29 |
| Price/EBITDA | NA | NA | 5.28 | 3.33 |
| Price/Pretax Income | 6.76 | 9.51 | 5.08 | 7.31 |
| P/E Ratio | 11.76 | 17.15 | 9.19 | 12.87 |
| Avg. Diluted Shares Outstg (M) | 4,897.0 | 4,848.0 | 5,203.0 | 5,577.0 |

Figures based on calendar year-end price

## Key Growth Rates and Averages

| **Past Growth Rate (%)** | 1 Year | 3 Years | 5 Years | 9 Years |
|---|---|---|---|---|
| Sales | 23.39 | -5.75 | -0.72 | 7.82 |
| Net Income | 57.99 | -15.76 | -7.95 | 9.90 |
| **Ratio Analysis** (Annual Avg.) | | | | |
| Net Margin (%) | 7.95 | 7.88 | 8.83 | 8.47 |
| % LT Debt to Capitalization | 6.98 | 5.78 | 5.33 | 5.07 |

## Company Financials Fiscal Year Ended Dec. 31

| **Per Share Data ($)** | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Tangible Book Value | 29.49 | 23.39 | 22.70 | 22.62 | 19.87 | 18.13 | 15.90 | 13.69 | 11.13 | 10.74 |
| Cash Flow | 9.43 | 6.44 | 11.08 | 9.48 | 8.89 | 7.34 | 5.38 | 4.50 | 2.84 | 3.32 |
| Earnings | 6.22 | 3.98 | 8.69 | 7.28 | 6.62 | 5.71 | 3.89 | 3.15 | 1.61 | 2.18 |
| S&P Core Earnings | 6.48 | 4.36 | 8.64 | 7.40 | 6.75 | 5.72 | 4.01 | 3.03 | 1.52 | 2.03 |
| Dividends | 1.74 | 1.66 | 1.55 | 1.37 | 1.28 | 1.14 | 1.06 | 0.98 | 0.92 | 0.91 |
| Payout Ratio | 28% | 42% | 18% | 19% | 19% | 20% | 27% | 31% | 57% | 42% |
| Prices:High | 73.69 | 82.73 | 96.12 | 95.27 | 79.00 | 65.96 | 52.05 | 41.13 | 44.58 | 45.84 |
| Prices:Low | 55.94 | 61.86 | 56.51 | 69.02 | 56.42 | 49.25 | 39.91 | 31.58 | 29.75 | 35.01 |
| P/E Ratio:High | 12 | 21 | 11 | 13 | 12 | 12 | 13 | 13 | 28 | 21 |
| P/E Ratio:Low | 9 | 16 | 7 | 9 | 9 | 9 | 10 | 10 | 18 | 16 |
| **Income Statement Analysis** (Million $) | | | | | | | | | | |
| Revenue | 383,221 | 310,586 | 477,359 | 404,552 | 377,635 | 370,680 | 298,035 | 246,738 | 204,506 | 213,488 |
| Operating Income | NA | NA | 78,669 | 156,810 | 150,107 | 59,255 | 45,639 | 32,230 | 23,280 | 29,602 |
| Depreciation, Depletion and Amortization | 14,760 | 11,917 | 12,379 | 12,250 | 11,416 | 10,253 | 9,767 | 9,047 | 8,310 | 7,944 |
| Interest Expense | 259 | 548 | 673 | 957 | 654 | 496 | 638 | 207 | 398 | 293 |
| Pretax Income | 52,959 | 34,777 | 81,750 | 71,479 | 68,453 | 60,231 | 42,017 | 32,660 | 17,719 | 24,688 |
| Effective Tax Rate | NA | 43.5% | 44.7% | 41.8% | 40.8% | 38.7% | 37.9% | 33.7% | 36.7% | 36.5% |
| Net Income | 30,460 | 19,280 | 45,220 | 40,610 | 39,500 | 36,130 | 25,330 | 20,960 | 11,011 | 15,105 |
| S&P Core Earnings | 31,732 | 21,109 | 44,959 | 41,250 | 40,263 | 36,164 | 26,089 | 20,214 | 10,418 | 14,042 |
| **Balance Sheet & Other Financial Data** (Million $) | | | | | | | | | | |
| Cash | 7,827 | 10,862 | 32,007 | 34,500 | 32,848 | 28,671 | 18,531 | 10,626 | 7,229 | 6,547 |
| Current Assets | 58,984 | 55,235 | 72,266 | 85,963 | 75,777 | 73,342 | 60,377 | 45,960 | 38,291 | 35,681 |
| Total Assets | 302,510 | 233,323 | 228,052 | 242,082 | 219,015 | 208,335 | 195,256 | 174,278 | 152,644 | 143,174 |
| Current Liabilities | 62,633 | 52,061 | 49,100 | 58,312 | 48,817 | 46,307 | 42,981 | 38,386 | 33,175 | 30,114 |
| Long Term Debt | 11,923 | 6,761 | 7,025 | 7,183 | 6,645 | 6,220 | 5,013 | 4,756 | 6,655 | 7,099 |
| Common Equity | 146,839 | 110,569 | 112,965 | 121,762 | 113,844 | 111,186 | 101,756 | 89,915 | 74,597 | 73,161 |
| Total Capital | 170,787 | 123,037 | 144,274 | 156,126 | 141,340 | 138,284 | 131,813 | 118,171 | 100,504 | 99,444 |
| Capital Expenditures | 26,871 | 22,491 | 19,318 | 15,387 | 15,462 | 13,839 | 11,986 | 12,859 | 11,437 | 9,989 |
| Cash Flow | 46,158 | 31,197 | 57,599 | 52,860 | 50,916 | 46,383 | 35,097 | 30,007 | 19,321 | 23,049 |
| Current Ratio | 0.9 | 1.1 | 1.5 | 1.5 | 1.6 | 1.6 | 1.4 | 1.2 | 1.2 | 1.2 |
| % Long Term Debt of Capitalization | 7.0 | Nil | 4.9 | 4.6 | 4.7 | 4.4 | 3.8 | 4.0 | 6.6 | 7.1 |
| % Return on Assets | NA | 8.4 | 19.2 | 17.6 | 18.5 | 17.9 | 13.7 | 12.8 | 7.4 | 10.3 |
| % Return on Equity | NA | NA | 38.5 | 34.5 | 35.1 | 33.9 | 26.4 | 25.5 | 14.9 | 21.0 |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

## Sub-Industry Outlook

Our fundamental outlook for the integrated oil & gas sub-industry for the next 12 months is positive. With their solid dividend yields and huge businesses diversified internationally, we look for equities of U.S.-based supermajors to benefit from our forecasts for strong crude oil prices and economic growth. S&P believes global GDP expanded 4.2% in 2010 and will grow 3.1% in 2011 and 3.6% in 2012. We see continued M&A activity, notably in North America onshore and frontier regions, and we look for renewed Gulf of Mexico drilling to ramp up.

As of August, the U.S. Energy Information Administration (EIA) estimated that global oil demand grew 2.5 million b/d in 2010, to 86.82 million b/d, and sees growth of 1.37 MMb/d in 2011, to 88.19 MMb/d, and 1.64 MMb/d in 2012, to 89.83 MMb/d. Reflecting new OPEC capacity, the EIA estimates global oil supply grew by 2.6 MMb/d in 2010, to 86.9 million b/d, and forecasts supply growth of 0.8 MMb/d in 2011 and 1.7 MMb/d in 2012. On disruptions in Libya, OPEC spare production capacity is believed to have fallen to 3.32 MMb/d (ex Iraq and Libya) in the second quarter, according to the EIA. OPEC production (ex Iraq and Libya) is 26.49 MMb/d, according to the EIA, 1.6 MMb/d above quota.

Earlier in 2011, oil prices reached highs not seen since 2008, reflecting the disruption of exports from Libya and unrest elsewhere in the Middle East/North Africa. Since early May, prices have retreated on tempered global economic data, in our view. As of August 18, using S&P estimates based on data from IHS Global Insight, West Texas Intermediate (WTI) spot oil prices were projected to average about $93.50 per barrel in 2011 and $98.50 in 2012, up from $79 in 2010. Growing volumes of Canadian imports and greater takeaway capacity from the Rockies and Mid-continent shale plays have led to record high storage levels at Cushing, OK, leading to a price discount for WTI compared to similar quality global crudes such as Brent crude oil.

For U.S. natural gas, high inventory levels and increased production from onshore shale plays have pressured spot prices, and we look for low natural gas prices to depress U.S. drilling activity in 2011. As of August 18, using forecasts from the EIA, S&P expected Henry Hub spot prices to average $4.25 per million Btu in 2011 and $4.55 in 2012, versus $4.40 in 2010.

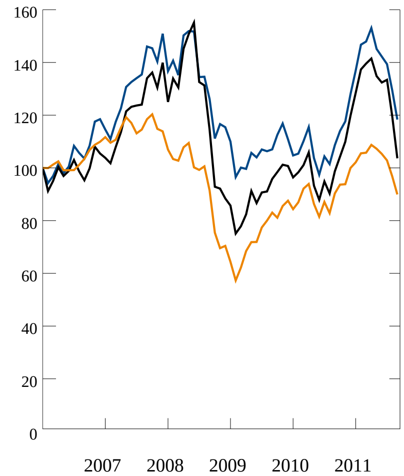
Year to date to August 12, the S&P Integrated Oil & Gas Sub-Industry Index fell 1.7%, versus a 6.4% decline in the S&P 1500 Composite Index, as the recent pullback in equity markets has impacted the integrated oils. In 2010, the sub-industry index was up 15.4%, versus a 14.2% advance for the 1500.

--Michael Kay

## Stock Performance

**GICS Sector: Energy**
**Sub-Industry: Integrated Oil & Gas**

Based on S&P 1500 Indexes
Month-end Price Performance as of 08/31/11




Sub-Industry   Sector   S&P 1500

**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

## Sub-Industry : Integrated Oil & Gas Peer Group*: Supermajor Integrated Oil & Gas

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. $) | Recent Stock Price($) | 52 Week High/Low($) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.($) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Exxon Mobil** | **XOM** | **336,993** | **69.31** | **88.23/61.27** | **0.51** | **2.7** | **9** | **71.10** | **A+** | **100** | **8.6** | **7.0** |
| BP p.l.c. ADS | BP | 113,199 | 35.86 | 49.50/35.10 | 1.12 | 4.7 | 6 | 42.00 | NR | 19 | NM | 21.9 |
| Chevron Corp | CVX | 180,288 | 90.01 | 109.94/79.58 | 0.77 | 3.5 | 8 | 97.00 | A | 100 | 9.6 | 9.4 |
| ConocoPhillips | COP | 85,828 | 62.51 | 81.80/56.01 | 1.16 | 4.2 | 8 | NA | B | 97 | 6.5 | 27.4 |
| Royal Dutch Shell'A'ADS | RDS.A | 191,374 | 61.32 | 77.97/59.59 | 1.00 | 4.7 | 7 | 65.50 | NR | 44 | 5.6 | 17.7 |
| Royal Dutch Shell'B'ADR | RDS.B | 84,623 | 62.37 | 78.81/57.88 | 1.01 | 5.4 | 8 | 62.50 | NR | 87 | 8.3 | 7.1 |
| Total 'B' ADS | TOT | 93,195 | 41.44 | 64.44/40.00 | 0.93 | 6.6 | 6 | 43.80 | NR | 72 | 7.7 | 25.3 |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

## S&P Analyst Research Notes and other Company News

**September 21, 2011**
10:16 am ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF APACHE CORP (APA 94.52*****): APA plans to acquire ExxonMobil's (XOM 71, Strong Buy) Beryl and other North Sea fields for $1.75B (expected Q4 close), lifting North Sea production and reserves 54% and 44%, respectively (65% liquids). North Sea success at Forties (doubled reserves since '03) should aid to maximize Beryl opportunities. APA boosts exposure to higher-priced Brent crude and UK natural gas. North Sea will represent 11% of production (7% prior). We find APA's balance sheet superior with debt-to-capital of 23%, cash of $1.1B, and capital flexibility vs. peers, and see valuation as compelling. /M. Kay

**August 30, 2011**
11:14 am ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF EXXON MOBIL CORP (XOM 73.31*****): XOM signs a strategic alliance with Rosneft (Russia's largest oil producer), granting it access to the Arctic, one of the most oil-prolific/unexplored regions. The deal includes a $3.2B exploration program in the Kara Sea and Black Sea (33% XOM interest), the formation of a research center, joint development in Siberia and a partnership in other global projects. Rosneft had signed a $4.9B Arctic deal with BP (BP 39 Hold) in January that fell through. We expect more future deals between Super Majors, which maintain technical know-how, and reserve-rich National Oil Companies. /M. Kay

**July 28, 2011**
XOM posts $2.18 vs. $1.60 Q2 EPS on 36% higher revenue. Capital IQ consensus forecast was $2.33.

**July 28, 2011**
12:09 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF EXXON MOBIL CORP. (XOM 82.14*****): Q2 EPS of $2.18, vs. $1.60, is $0.03 above our forecast, on oil prices, but missed production targets. Volumes grew 10%, on XTO assets, but were short of our view as oil fell in most regions, excluding Qatar, where projects are ramping. With gas more prominent at XOM, margins eroded in Q2, a minor headwind, in our view. We continue to see double-digit EPS and cash flow growth; we keep our '11 and '12 EPS forecasts at $8.75 and $9.70, and our target price of $103. Our strong buy opinion reflects a positive outlook on oil and our view of superior growth and strong balance sheet. /M. Kay

**July 5, 2011**
ExxonMobil Pipeline (a unit of XOM) says a unified command has been established to manage response activities, including recovering oil, monitoring air and water quality, and addressing questions from local residents, following a release of oil into the Yellowstone River in Montana.

**June 23, 2011**
DOWN 2.33 to 77.49... XOM and other oil-related stocks under pressure as crude oil prices drop after the International Energy Agency (IEA) announces the release of 60M bbls from reserves, responding to the removal of Libyan crude from the market and declining OPEC capacity. CVX, COP, NBR also lower. S&P keeps positive fundamental outlook on the integrated oil & gas sub-industry. ...

**June 23, 2011**
10:14 am ET ... S&P KEEPS POSITIVE FUNDAMENTAL OUTLOOK ON THE INTEGRATED OIL & GAS SUB-INDUSTRY (XOM 77.66*****): Crude oil prices drop as the International Energy Agency (IEA with 28 member countries) announces the release of 60 MMbbls from reserves (2 MMbbls/d available in a 30 day span), responding to the removal of Libyan crude from the market and declining OPEC capacity. This is the third time the IEA has taken such action (Gulf War in '91, 2.5 MMbbl/d; Hurricanes in '05, 2 MMbbls/d). We see a negative near-term impact on oil pressuring U.S. integrateds ExxonMobi, Chevron (CVX 98*****) and ConocoPhillips (COP 71****), but see tight markets as a long-term positive for the group. /M. Kay

**June 8, 2011**
12:17 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF EXXON MOBIL CORP. (XOM 81.13*****): Shares of XOM are pacing overall gains in oil stocks as it announces three major discoveries in the deepwater Gulf of Mexico. XOM sees recoverable resources at 700 MMBOE (3% of '10 proved reserves) combined between the discoveries (more than 85% oil). XOM owns a 50% stake in the wells, with Petrobras (PBR 33) and Eni Sp.A (E 47) each holding a 25% interest. The well is its first post-moratorium exploration well and is located in the Keathley Canyon block. GOM production represents about 6% of XOM's total, but a large leasehold provides a potential future growth platform. /M. Kay

**April 28, 2011**
12:30 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF EXXON MOBIL CORP. (XOM 87.11*****): Q1 oper EPS of $2.14, vs. $1.33, beats our view by $0.44 on 10% production growth, driven by gas in the EU and U.S. Downstream saw better margins on rising demand, while economic growth and lower costs aid chemicals. We see morning's negative reaction as short-lived, reflective of mildly disappointing Q2 dividend and slower GDP growth reports. However, on Q1 and volume and price gains we see, we up our '11 EPS view $1.70 to $8.75, '12's $1.90 to $9.70. On relative metrics and DCF, we up our target price by $4 to $103 and see upward pressure on prices and volume as catalysts. /M. Kay

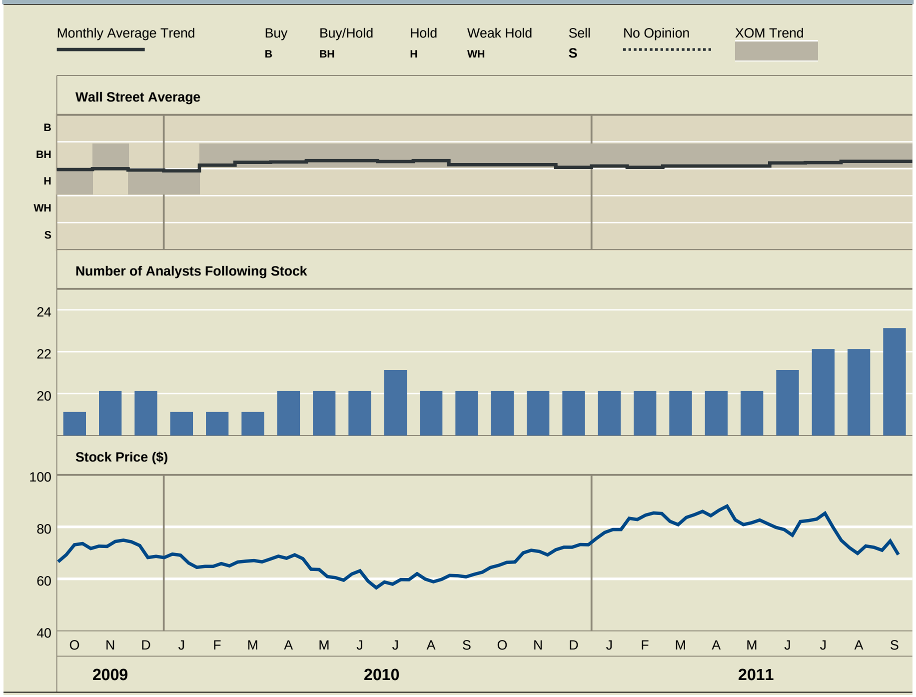
**March 22, 2011**
11:33 am ET ... S&P MAINTAINS POSITIVE FUNDAMENTAL OUTLOOK ON INTEGRATED OIL & GAS SUB-INDUSTRY (XOM 82.62*****): Significant capital continues flowing into U.S. onshore plays from integrated oil and national oil companies. The focus has shifted from gas shale in '08-early '10, to liquids-rich plays (Bakken, Eagle Ford, Niobrara, etc.) and Canadian oil sands. We expect further consolidation in the U.S., reflecting improved markets, limited organic global growth opportunities for integrated oils, and growing competition from large nat'l oil cos. Realizing the long-term potential of these plays, entry into U.S. shale has been mostly limited to M&A, as E&P's amassed huge acreage positions. /M. Kay

**March 9, 2011**
02:30 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF EXXON MOBIL (XOM 84.35*****): After XOM's meeting with analysts today, we remain positive on global growth prospects in XOM's upstream portfolio and its downstream refining efficiency. XOM budgets capex through '15 at $33B-$37B, up 2%-14% from '10, and sees production up 3%-4% in '11. Start-ups at 11 major projects through '13 should add about 600,000 boe/day (80% oil); XOM believes it is developing 26 billion BOE, with heavy oil sands, LNG and unconventional oil and gas projects representing 57%. We see dividend growth and share buybacks and lift our target price $4 to $99 on rising peer metrics. /M. Kay

# Exxon Mobil Corp

STANDARD &POOR'S

## Analysts' Recommendations




Of the total 23 companies following XOM, 23 analysts currently publish recommendations.

| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|---|---|---|---|---|
| Buy | 7 | 30 | 7 | 6 |
| Buy/Hold | 5 | 22 | 4 | 4 |
| Hold | 10 | 43 | 10 | 10 |
| Weak Hold | 1 | 4 | 1 | 1 |
| Sell | 0 | 0 | 0 | 0 |
| No Opinion | 0 | 0 | 0 | 0 |
| **Total** | **23** | **100** | **22** | **21** |

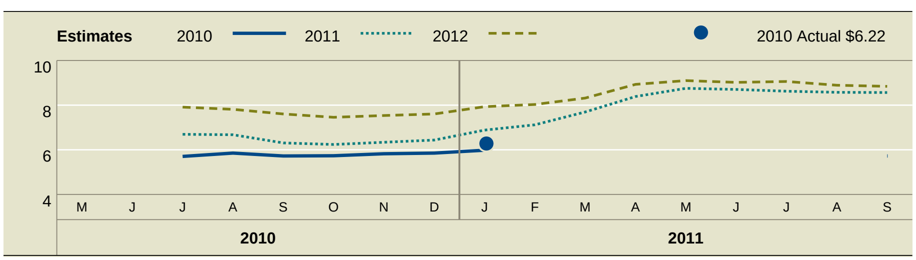
## Wall Steet Consensus Opinion

**BUY/HOLD**

## Companies Offering Coverage

Argus Research Company
Barclays Capital
Bofa Merrill Lynch
Citi
Credit Agricole Securities
Credit Suisse - North America
Deutsche Bank North America
Goldman Sachs & Co.
Howard Weil Inc.
ISI Group
Jefferies & Co.
Jpmorgan
Macquarie Research
Morgan Stanley
Morningstar, Inc.
Oppenheimer & Co.
RBC Capital Markets
Raymond James
Simmons & Company International
Societe Generale
THE Benchmark Company
Tudor Pickering & Co. SEC
UBS (us)

## Wall Street Consensus Estimates




| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|---|---|---|---|---|---|
| 2012 | 8.89 | 11.38 | 6.92 | 22 | 7.8 |
| 2011 | 8.61 | 9.27 | 8.12 | 22 | 8.0 |
| **2012 vs. 2011** | ▲ 3% | ▲ 23% | ▼ -15% | 0% | ▼ -3% |
| | | | | | |
| Q3'12 | 2.25 | 2.70 | 2.04 | 9 | 30.8 |
| Q3'11 | 2.13 | 2.32 | 1.90 | 16 | 32.5 |
| **Q3'12 vs. Q3'11** | ▲ 6% | ▲ 16% | ▲ 7% | ▼ -44% | ▼ -5% |

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

## Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that XOM will earn $8.61. For the 2nd quarter of fiscal year 2011, XOM announced earnings per share of $2.18, representing 25% of the total annual estimate. For fiscal year 2012, analysts estimate that XOM's earnings per share will grow by 3% to $8.89.

# Exxon Mobil Corp

## Glossary

**S&P STARS**
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

**S&P 12-Month Target Price**
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

**Investment Style Classification**
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

**S&P EPS Estimates**
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

**S&P Core Earnings**
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

**Qualitative Risk Assessment**
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

**Quantitative Evaluations**
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

**S&P Quality Ranking**
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | | | |
|---|---|---|---|
| A+ | Highest | B | Below Average |
| A | High | B- | Lower |
| A- | Above Average | C | Lowest |
| B+ | Average | D | In Reorganization |
| NR | Not Ranked | | |

**S&P Fair Value Rank**
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

**S&P Fair Value Calculation**
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

**Insider Activity**
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

**Funds From Operations FFO**
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

**Investability Quotient (IQ)**
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

**S&P's IQ Rationale:**
**Exxon Mobil**

| | Raw Score | Max Value |
|---|---|---|
| Proprietary S&P Measures | 60 | 115 |
| Technical Indicators | 30 | 40 |
| Liquidity/Volatility Measures | 17 | 20 |
| Quantitative Measures | 49 | 75 |
| **IQ Total** | **156** | **250** |

**Volatility**
Rates the volatility of the stock's price over the past year.

**Technical Evaluation**
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

**Relative Strength Rank**
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

**Global Industry Classification Standard (GICS)**
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

**S&P Issuer Credit Rating**
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

**Exchange Type**
ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

**S&P Equity Research Services**
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

# Exxon Mobil Corp

**Abbreviations Used in S&P Equity Research Reports**
**CAGR**- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

**Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).**

## Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

**S&P Global STARS Distribution**

**In North America:** As of June 30, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 38.4% of issuers with buy recommendations, 54.8% with hold recommendations and 6.8% with sell recommendations.

**In Europe:** As of June 30, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 36.0% of issuers with buy recommendations, 48.3% with hold recommendations and 15.7% with sell recommendations.

**In Asia:** As of June 30, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 45.1% of issuers with buy recommendations, 47.7% with hold recommendations and 7.2% with sell recommendations.

**Globally:** As of June 30, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 38.6% of issuers with buy recommendations, 53.2% with hold recommendations and 8.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

**Relevant benchmarks:** In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

**For All Regions:** All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

**S&P Global Quantitative Recommendations Distribution**

**In Europe:** As of June 30, 2011, Standard & Poor's Quantitative Services Europe recommended 51.0% of issuers with buy recommendations, 19.0% with hold recommendations and 29.0% with sell recommendations.

**In Asia:** As of June 30, 2011, Standard & Poor's Quantitative Services Asia recommended 45.1% of issuers with buy recommendations, 23.0% with hold recommendations and 33.0% with sell recommendations.

**Globally:** As of June 30, 2011, Standard & Poor's Quantitative Services globally recommended 43.0% of issuers with buy recommendations, 21.0% with hold recommendations and 34.0% with sell recommendations.

**Additional information is available upon request.**

## Other Disclosures

This report has been prepared and issued by Standard & Poor's and/or one of its affiliates. In the United States, research reports are prepared by Standard & Poor's Investment Advisory Services LLC ("SPIAS"). In the United States, research reports are issued by Standard & Poor's ("S&P"); in the United Kingdom by McGraw-Hill Financial Research Europe Limited, which is authorized and regulated by the Financial Services Authority and trades as Standard & Poor's; in Hong Kong by Standard & Poor's Investment Advisory Services (HK) Limited, which is regulated by the Hong Kong Securities Futures Commission; in Singapore by Standard & Poor's LLC, which is regulated by the Monetary Authority of Singapore; in Malaysia by Standard & Poor's Malaysia Sdn Bhd ("S&PM"), which is regulated by the Securities Commission; in Australia by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS"), which is regulated by the Australian Securities & Investments Commission; and in Korea by SPIAS, which is also registered in Korea as a cross-border investment advisory company.

The research and analytical services performed by SPIAS, McGraw-Hill Financial Research Europe Limited, S&PM, and SPIS are each conducted separately from any other analytical activity of Standard & Poor's.

Standard & Poor's or an affiliate may license certain intellectual property or provide pricing or other services to, or otherwise have a financial interest in, certain issuers of securities, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary Standard & Poor's index, such as the S&P 500. In cases where Standard & Poor's or an affiliate is paid fees that are tied to the amount of assets that are invested in the fund or the volume of trading activity in the fund, investment in the fund will generally result in Standard & Poor's or an affiliate earning compensation in addition to the subscription fees or other compensation for services rendered by Standard & Poor's. A reference to a particular investment or security by Standard & Poor's and one of its affiliates is not a recommendation to buy, sell, or hold such investment or security, nor is it considered to be investment advice.

Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index.

Standard & Poor's and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

S&P and/or one of its affiliates has performed services for and received compensation from this company during the past twelve months.

## Disclaimers

With respect to reports issued to clients in Japan and in the case of inconsistencies between the English and Japanese version of a report, the English version prevails. With respect to reports issued to clients in German and in the case of inconsistencies between the English and German version of a report, the English version prevails. Neither S&P nor its affiliates guarantee the accuracy of the translation. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not necessarily indicative of future results.

Standard & Poor's, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness or adequacy of this material, and S&P Parties shall have no liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of the information provided by the S&P Parties. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained in this document even if advised of the possibility of such damages. Capital IQ is a business of Standard & Poor's.

Ratings from Standard & Poor's Ratings Services are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. Standard & Poor's assumes no obligation to update its opinions following publication in any form or format. Standard & Poor's ratings should not be relied on and are not substitutes for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. Standard & Poor's rating opinions do not address the suitability of any security. Standard & Poor's does not act as a fiduciary. While Standard & Poor's has obtained information from sources it believes to be reliable, Standard & Poor's does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

Standard & Poor's keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of Standard & Poor's may have information that is not available to other Standard & Poor's business units. Standard & Poor's has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

Standard & Poor's Ratings Services did not participate in the development of this report. Standard & Poor's may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. Standard & Poor's reserves the right to disseminate its opinions and analyses. Standard & Poor's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via Standard & Poor's publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material is not intended for any specific investor and does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

This document does not constitute an offer of services in jurisdictions where Standard & Poor's or its affiliates do not have the necessary licenses.

For residents of the U.K. - This report is only directed at and should only be relied on by persons outside of the United Kingdom or persons who are inside the United Kingdom and who have professional experience in matters relating to investments or who are high net worth persons, as defined in Article 19(5) or Article 49(2) (a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, respectively.

For residents of Singapore - Anything herein that may be construed as a recommendation is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. Advice should be sought from a financial adviser regarding the suitability of an investment, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

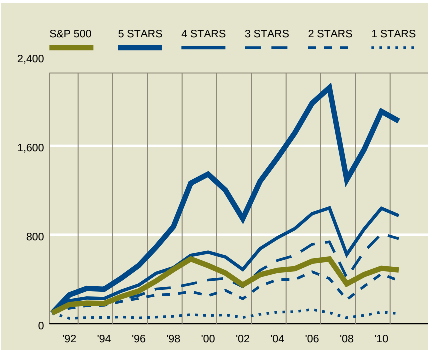
For residents of Malaysia - All queries in relation to this report should be referred to Ching Wah Tam.

For residents of Indonesia - This research report does not constitute an offering document and it should not be construed as an offer of securities in Indonesia, and that any such securities will only be offered or sold through a financial institution.

For residents of the Philippines - The securities being offered or sold have not been registered with the Securities and Exchange Commission under the Securities Regulation Code of the Philippines. Any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an exempt transaction.

**U.S. STARS Cumulative Model Performance**

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 08/31/2011




The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

For residents of Australia – This report is distributed by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS") in Australia. The entirety of this report is approved by Charles Baumann, who has reviewed and authorised its content as at the date of publication.

Any express or implied opinion contained in this report is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s) alone. The information in this report has not been prepared for use by retail investors and has been prepared without taking account of any particular person's financial or investment objectives, financial situation or needs. Before acting on any advice, any person using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. You should obtain a Product Disclosure Statement relating to the product and consider the statement before making any decision or recommendation about whether to acquire the product. Each opinion must be weighed solely as one factor in any investment decision made by or on behalf of any adviser and any such adviser must accordingly make their own assessment taking into account an individual's particular circumstances.

SPIS holds an Australian Financial Services Licence Number 258896. Please refer to the SPIS Financial Services Guide for more information at www.fundsinsights.com.au.