

Exxon Mobil CEO tells shareholders that fossil fuels have long future

BY JACK Z. SMITH
jzsmith@star-telegram.com

DALLAS — Exxon Mobil Chairman Rex Tillerson issued a ringing defense of the oil titan at the company's annual meeting Wednesday, where 11 shareholder proposals, all opposed by management, were roundly defeated in a spirited gathering at the Morton H. Meyerson Symphony Center.

Tillerson praised Exxon's record-breaking financial performance in 2008, its handsome returns to shareholders in recent years, technological advances that have greatly enhanced oil and natural gas recovery, and its efforts to reduce the environmental harm of its far-ranging operations. He defended the company's large buybacks of company stock, saying that they have increased value to shareholders.

In comments at the meeting and a news conference afterward, Tillerson said U.S. gasoline consumption has probably peaked and will slowly decline as a result of increased fuel economy and a growing reliance on low-sulfur diesel fuel. But he said the world isn't anywhere close to reaching "peak oil," the point at which oil production will crest and then begin an irreversible decline as a result of dwindling petroleum deposits. A full-scale transition from fossil fuels could be "100 years away," he said.

Company focus intact

Tillerson strongly indicated that Exxon's primary focus in coming decades will likely remain on its core businesses of oil and gas exploration and production,

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Exxon Mobil CEO Rex Tillerson, left, mingles with shareholders before the meeting Wednesday. SPECIAL TO THE STAR-TELEGRAM/Mona Reeder

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Exxon Mobil oil and gas exploration Barnett Shale of N

refining and chemicals. He said there appears to be "a pretty bright future" for drilling in previously untapped shales — such as the natural-gas-rich Barnett Shale of North Texas and Haynesville Shale in northwest Louisiana and East Texas — as a result of technological advances in horizontal drilling and hydraulic fracturing.

If Congress passes climate-change legislation designed to slow global warming, Tillerson said he prefers implementation of a carbon tax rather than a "cap-and-trade" system being most strongly considered in Washington. A carbon tax would be "far more efficient," he said.

Tillerson got complaints from shareholders, who variously alleged that the company is largely shunning the issue of global warming, needs to become more involved in renewable energy such as wind and solar power, should have a more independent board of directors and doesn't provide sufficient avenues for shareholders to weigh in on issues such as executive pay.

The Rev. Michael Crosby, a Franciscan friar from Milwaukee who deals with corporate responsibility issues, told Tillerson that he has "a moral obligation" to address global warming, which many scientists say is aggravated by the burning of coal, oil and natural gas.

"I think Exxon Mobil should put a warning on every one its gas pumps . . . about the dangers of burning fossil fuels," similar to tobacco companies putting warning labels on cigarettes, Crosby said.

CEO pay

Mari Mather, speaking for Massachusetts-based NorthStar Asset Management, said that if Tillerson retires at 65 he could receive an "outrageous" retirement package of more than \$600 million, including stock options. That prompted only an amused chuckle from Tillerson, who received \$22.4 million in compensation in 2008, when Exxon rang up a net profit of \$45.2 billion, the largest ever by a U.S. company. Tillerson's predecessor as CEO, Lee Raymond, drew a retirement package of nearly \$400 million.

None of the 11 proposals offered by shareholders came close to passing. A "say on pay" proposal that shareholders take a nonbinding "advisory" vote at the annual meeting on compensation for top executives was supported by 41.4 percent of shares voted. A proposal for calling of special shareholder meetings drew 40.8 percent, and a proposal to make the board of directors more independent by not allowing Tillerson to serve as both CEO and board chairman garnered 29.5 percent.

Environmental proposals fared even worse. Proposals to adopt goals for limiting greenhouse-gas emissions, craft a policy for renewable energy research and development, and establish a task force to report on the likely consequences of climate change drew 29, 27 and 10 percent of shares voted, respectively.

Tillerson was stumped by one question: When will the U.S. again see record prices of \$147 a barrel for oil and \$4.11 a gallon for the average price for regular-grade gasoline, as it did last summer?

"I don't know," he responded with a bemused smile.

JACK Z. SMITH, 817-390-7724

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Harold_Toes wrote on 5/28/2009 9:07:31 AM:
He has to say that...he is responsible for keeping Exxon's stock price high. We're just too uneducated to realize this. Just like we're too uneducated to understand consequences of global warming. Well, gotta go. My new issue of People Magazine just arrived. Gotta see where Britney and Lindsay Lohan went without panties last week.

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Cecelia wrote on 5/28/2009 1:02:18 AM:
The science on climate change is very real and very convincing. If Exxon continues to stay rooted to Jurassic capitalist practices that prioritize short-term gain over long-term sustainability, the corporation will rapidly fall behind its more forward-thinking competitors.

Exxon has a long track record of ignoring science regarding impacts to the environment. Look at Sakhalin Island in the Russian Far East, for example, where its subsidiary Exxon Neftegas Ltd., operator of the Sakhalin-I oil and gas project, is ignoring scientific experts who urge a moratorium of its operations at the feeding ground of the critically endangered Western Gray Whale population.

See BBC News - <http://news.bbc.co.uk/2/hi/science/nature/8017291.stm>
and the action alert: http://salsa.democracyinaction.org/o/608/t/425/p/dia/action/public/?action_KEY=929

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mwaters wrote on 5/27/2009 10:18:30 PM:
Oh Surprise! With all the lobbyists in Washington that Exxon pays. We will soon see fuel prices rise. How come past and present administrations are not promoting CNG as a alternative fuel? This only leads me to believe that some politicians can't afford the pay cut. I wish more people and the media would get involved and ask the same questions.

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