



**OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

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CONNECTICUT TREASURER QUESTIONS GOVERNANCE AT EXXON MOBIL

Criticizes Board's Lack of Communication with Shareholders - Continues to Request a Meeting With Board Members; Moves Resolution to Separate CEO & Chair

Today at the ExxonMobil Annual Meeting in Dallas, Texas, **Connecticut State Treasurer Denise L. Nappier** called on shareholders to withhold reappointment votes from ExxonMobil Board Member Michael Boskin and support a resolution to separate the positions of CEO and Chairman of the Board. Nappier, principal fiduciary of the \$25 billion Connecticut Retirement Plans and Trust Funds (CRPTF), has requested several meetings with Mr. Boskin to discuss the company's policies and strategies for managing the significant financial risks posed by global climate change. Citing his repeated refusals to meet with shareholders, Treasurer Nappier sent an open letter last month urging shareholders to withhold support of his reappointment. In the reappointment of directors, Mr. Boskin received the highest withhold vote today of any board member.

A coalition of the Nation's largest and most influential public pension funds (listed below), representing 115 million shares valued at \$9.4 billion in Exxon stock, also supported Nappier's call to withhold votes from Boskin. Five times over the past eighteen months, the CRPTF and the investor coalition have asked for- and have been denied- a meeting with Mr. Boskin to discuss the company's position on climate risk and its impact on long-term shareholder value.

"The Board of Directors is accountable to shareholders- not management- a responsibility that is most critical in shaping the strategic direction and economic future of the company," said Treasurer Nappier. "We have a common goal, and ExxonMobil board members should work with us to pool our collective resources to sustain the long-term financial performance of the company and our shares. But by all measures, the ExxonMobil Board of Directors appears to operate for management- and by management- without regard to the very parties they are supposed to represent- the owners of this company."

Mr. Boskin is the Chair of the Public Issues Committee for ExxonMobil's Board of Directors. According to the Committee's Charter, its responsibility is to "to review and provide advice, as the Committee deems appropriate, regarding the Corporation's policies, programs and practices on public issues of significance, including their effects on safety, health and the environment." Investors have continued to raise concerns about the impact climate change and environmental regulations could have on companies in terms of financial risks, an issue of particular importance given ExxonMobil's status as one of the world's largest refiners and marketers of oil products.

Mr. Boskin has responded to the CRPTF and the investor coalition in writing, declining their request to meet

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or discuss this critical strategic issue, and instead has deferred to ExxonMobil management to communicate with investors. Since the primary responsibility of a board of directors is to safeguard shareholders' assets and watch over management to ensure protection of the long-term interests of share owners, Mr. Boskin's refusal to discuss climate risk with ExxonMobil's institutional investors raised questions about his commitment to the long-term fiscal outlook of the corporation and its shareholders.

At the Annual Meeting today, ExxonMobil Board Chairman and CEO Rex Tillerson claimed that meetings had taken place and that there were already plans for future meetings with shareholders. However his reference was to the meetings with management, not with members of the board of directors. Shareholders do not believe meetings with management can substitute a meeting with board members to discuss the strategic direction of the company.

"In the past few weeks we have been given various reasons why a meeting with board members- to discuss an issue of critical importance to our company and shareholder interests - has been repeatedly denied," said Treasurer Nappier. "A recent example includes a letter from board member Walter Shipley stating that we can meet with board members at the annual meeting, or at activities associated with charitable affiliations, so other meetings were unnecessary. I have to say, it feels a little bit like being in the Joseph Heller World War II novel, "Catch - 22" where the main character, Captain Yossarian, tries to meet with the U.S. Army Air Corps Colonel who keeps changing the number of missions the Captain has to fly. The clerk to the Colonel tells Captain Yossarian, 'I'm sorry, you can only meet with the Colonel when he is not in!"

Scientists around the world agree climate change will dramatically affect natural resources and lead to extreme weather conditions—both of which have consequences for individuals, businesses, and the economy. Efforts to address the impacts of global warming will present particular challenges to large greenhouse gas emitting companies such as those in the electric power, auto, and oil sectors. Many of ExxonMobil's competitors have worked with investors and already taken strides to manage the risks and seize opportunities from climate change. Alternatively, ExxonMobil continues to dedicate increasing investment resources exploring for diminishing oil supplies, spending more on upstream capital and exploration expenditures in 2006 than in all three previous years combined. In addition, ExxonMobil continues to fund organizations that have focused on casting doubt on the science of climate change. The combination of these factors could mean a competitive disadvantage for companies like ExxonMobil, particularly when carbon reduction legislation is enacted in the U.S.

"We are building assets for the retirement of our pension beneficiaries, and while we are pleased with current performance, we have seen no indication that ExxonMobil can sustain that performance in a carbon constrained future," said Treasurer Nappier. "The business outlook of the company points to larger and larger costs to explore for a diminishing resource, while innovation and strategic planning take a back seat. As far as we can tell, Exxon Mobil's strategic plan looks backwards, not forwards."

SEPARATION OF CEO AND BOARD CHAIR POSITION

Treasurer Nappier said the issue of Mr. Boskin's responsiveness underscores a larger concern about governance at ExxonMobil. Nappier raised this point in addressing the Annual Meeting of Shareholders by calling for a separation of the positions of Chief Executive Officer and Chairman of the Board (both currently held by Rex Tillerson).

In addition, Nappier called attention to the overall lack of independent oversight on the ExxonMobil Board, "Although we rarely favor one all-powerful CEO and Chair, we recognize that some companies attempt to balance this power by appointing a lead director to ensure some independent board oversight. Our company does not even have a lead independent director. In fact, our company's corporate governance

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guidelines state that: ‘The Board does not believe it is useful or appropriate to designate a lead non-employee director.’”

Nappier’s position received strong support, with 40% of shareholders voting for the separation of the positions of CEO and Chairman of the Board. Treasurer Nappier said the board should see this vote and the withhold votes on the reappointment of Mr. Boskin as a wake up call.

Connecticut’s Treasurer has consistently advocated permanent separation of the two roles and the fund’s shareholder votes routinely reflect that position, and Connecticut’s pension fund policy guidelines state that the Chairman of the Board should be an independent director. Exxon’s position on independent leadership is becoming increasingly dated, with boards recognizing the value that independent directors can add, particularly in times of change or crisis. According to a recent report from Moody’s Investor Services, more than 60 percent of S&P 500 companies had a lead or presiding independent director in 2005, up from 26 percent in 2003.

“Considering the lack of an independent chair or lead director, it is no wonder there is no process for significant shareholders to meet with the board to discuss issues of critical importance to the long-term value of our shares,” said Treasurer Nappier. “Perhaps this is a way for Exxon to avoid any ‘inconvenient truth.’”

Institutional Investors Withholding Support from Michael Boskin

Connecticut Retirement Plans and Trust Funds (CRPTF)

CalPERS

CalSTRS

Illinois State Board of Investment

New York State Common

Vermont Pension Investment Committee

North Carolina Retirement Systems

New York City Pension Funds

State of Maine State Held Trusts

Maryland State Retirement and Pension System

Needmor Fund

The Christopher Reynolds Foundation

Nathan Cummings Foundation

Singing Field Foundation, Inc.

Midwest Capuchin Franciscans

Tri-State Coalition for Responsible Investment

AFSCME

Amalgamated Bank

SEIU

F&C Asset Management

Progressive Investment Management

Walden Asset Management

BC Investment Management Corporation (bclMC)

Green Century Capital Management

RAM Trust Services of Portland