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Concerned That ExxonMobil's Handling of Climate Change "Lags Far Behind" Competitors, 17 Leading U.S. Institutional Investors Seek Meeting with ExxonMobil Board

State, City Pension Fund Leaders From CT, CA, NY, PA, MD, ME, VT, NYC Press Exxon Mobil Board to Protect Shareholder Value by Enacting Stronger Climate Change, Alternative Energy Strategies

Seventeen leading U.S. pension funds and other institutional investors controlling $658 billion in assets are pushing for a face-to-face-meeting with independent members of the Exxon Mobil board of directors as a result of growing financial world concerns that ExxonMobil is "a company that fails to acknowledge the potential for climate change to have a profound impact on global energy markets, and which lags far behind its competitors in developing a strategy to plan for and manage these impacts."

Pension fund trustees from seven states, New York City, and eight other major institutional investors with over 85 million Exxon Mobil shares worth an estimated $5.26 billion made the request for the meeting this week.

All those seeking the action from ExxonMobil are members of the *Investor Network on Climate Risk*. The group of 17 consists of six state treasurers (Connecticut, California, Pennsylvania, Maryland, Maine, Vermont), the California State Controller, the California Public Employees' Retirement System (CalPERS), the New York State Comptroller, New York City Comptroller, Evangelical Lutheran Church in America, General Board of Pension and Health Benefits of the United Methodist Church, International Brotherhood of Teamsters, Tri-State Coalition for Responsible Investment, Walden Asset Management, The Nathan Cummings Foundation, and the Sheet Metal Workers Pension Fund.

Connecticut State Treasurer Denise L. Nappier, said: "ExxonMobil is making a massive bet—with shareholders' money—that the world's addiction to oil will not abate for decades, even as its competitors are taking significant steps to prepare for a rapidly changing energy environment. As investors, we are concerned that ExxonMobil is not sufficiently preparing for 'tomorrow's energy' and runs the risk of lagging significantly behind its rivals. As shareholders, we need to meet with the ExxonMobil board directly, to learn how it plans to safeguard long-term shareholder value in light of the serious challenges – and opportunities - presented by climate change."

California Controller Steve Westly, a trustee of CalPERS and CalSTRS, the nation's largest and second-largest public pension funds, said: "While the state of California and other oil companies are moving ahead to reduce the risks of climate change, Exxon Mobil is stubbornly refusing to meet with shareholders. Investors demand a meeting with Exxon Mobil's board to map out a new direction to limit the risks of climate change and ensure the company is positioned to capture

CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

opportunities in alternative energy technologies."

California State Treasurer Phil Angelides, also a trustee of CalPERS and CalSTRS, said: "Shareholders deserve to know if the companies they own are going down the prudent path - adopting environmental practices that will enable them to survive and thrive in a world of increasing environmental concern and regulation - or whether they are following a path that will damage both our environment and our bottom line. The growing risks of climate change and the skyrocketing gas prices consumers are facing highlight the need for increased investment in alternative energy sources."

Pat Daly, spokesperson, Tri-State Coalition on Responsible Investment, said: "Exxon Mobil's strategy on climate change is running on empty. The Exxon Mobil's board's refusal to engage in dialogue with Exxon shareholders is not constructive. Investors are asking the company to change course."

Mindy Lubber, president, Ceres and director, Investor Network on Climate Risk, said: "Investors and Wall Street analysts have recently evaluated Exxon Mobil's corporate governance on climate change relative to its peers such as BP and Shell, and Exxon Mobil has not scored well. Investors in the Investor Network on Climate Risk are now joining forces to ask Exxon Mobil's board to meet with shareholders to discuss the company strategy to protect long-term shareholder value in a carbon-constrained world."

The joint letter reads in part: "We are major institutional investors in Exxon Mobil. We are interested in discussing with board members on the Public Policy Committee your plans to manage the transformation of ExxonMobil from a 20th Century oil company to a company that will meet the world's energy demands within carbon constraints in the a 21st Century.

"In your February 24 letter to Treasurer Nappier you wrote that the *Tomorrow's Energy* report, released in February 2006, represents the board's position on climate change. If so, this is troubling, as the *Tomorrow's Energy* report paints a picture of a company that fails to acknowledge the potential for climate change to have a profound impact on global energy markets, and which lags far behind its competitors in developing a strategy to plan for and manage these impacts.

"The new report is built around what appears to us to be two serious contradictions. First, while the report states that 'advances in technology are critical to successfully meeting future energy supply and demand challenges', our company appears not to be making any significant investment in new energy producing technologies. Second, while recognizing that the world is responding to climate change by putting limits on CO_2 emissions from burning of fossil fuel, there appears to be no strategic analysis of how these limits could impact the market for selling Exxon Mobil's major product – oil.

"Outside analysts are also concerned. Goldman Sachs recently ranked oil companies on their environmental and social performance, which it concludes are important drivers of *future* performance and valuation. On climate change, the company scored 12th in its industry, far behind competitors like BP, Shell, and Total. For long-term investors, such underperformance is troubling. According to Goldman Sachs, 'the companies that have the potential for creating significant value are those that have the most strategic options available to embrace a low-carbon world.' For ExxonMobil investors, this is not encouraging.

"A new report by IRRC, *Corporate Governance and Climate Change: Making the Connection*, rates 100 companies, including 20 companies in the oil sector, against a 14-point best-practice checklist. ExxonMobil received only 35 points out of a possible 100 in this analysis, again falling well behind its competitors."

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