

## FREQUENTLY USED TERMS

Listed below are definitions of several of ExxonMobil's key business and financial performance measures and other terms. These definitions are provided to facilitate understanding of the terms and their calculation. In the case of financial measures that we believe constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G, we provide a reconciliation to the most comparable Generally Accepted Accounting Principles (GAAP) measure and other information required by that rule.

**Total shareholder return (TSR)** ▪ Measures the change in value of an investment in stock over a specified period of time, assuming dividend reinvestment. We calculate shareholder return over a particular measurement period by: dividing (1) the sum of (a) the cumulative value of dividends received during the measurement period, assuming reinvestment, plus (b) the difference between the stock price at the end and at the beginning of the measurement period; by (2) the stock price at the beginning of the measurement period. For this purpose, we assume dividends are reinvested in stock at market prices at approximately the same time actual dividends are paid. Shareholder return is usually quoted on an annualized basis.

**Capital and exploration expenditures (Capex)** ▪ Represents the combined total of additions at cost to property, plant and equipment, and exploration expenses on a before-tax basis from the Consolidated statement of income. ExxonMobil's Capex includes its share of similar costs for equity companies. Capex excludes assets acquired in nonmonetary exchanges, the value of ExxonMobil shares used to acquire assets, and depreciation on the cost of exploration support equipment and facilities recorded to property, plant and equipment when acquired. While ExxonMobil's management is responsible for all investments and elements of net income, particular focus is placed on managing the controllable aspects of this group of expenditures.

**Returns, rate of return, IRR** ▪ Unless referring specifically to external data, references to returns, rate of return, IRR, and similar terms mean future discounted cash flow returns on future capital investments based on current company estimates. Investment returns exclude prior exploration and acquisition costs.

**Heavy oil and oil sands** ▪ Heavy oil includes heavy oil, extra heavy oil, and bitumen, as defined by the World Petroleum Congress in 1987 based on American Petroleum Institute (API) gravity and viscosity at reservoir conditions. Heavy oil has an API gravity between 10 and 22.3 degrees. The API gravity of extra heavy oil and bitumen is less than 10 degrees. Extra heavy oil has a viscosity less than 10,000 centipoise, whereas the viscosity of bitumen is greater than 10,000 centipoise. The term "oil sands" is used to indicate heavy oil (generally bitumen) that is recovered in a mining operation.

**Divestments** ▪ Divestments represent the unadjusted sale price specified in the applicable contract of sale as of the effective date for asset divestiture agreements which the corporation or one of its affiliates has executed since January 1, 2019. Actual final sale price and cash proceeds may differ in amount and timing from the divestment value depending on applicable contract terms.

**Leverage** ▪ Leverage is defined as "net debt/(net debt + market capitalization)."

**Project** ▪ The term "project" can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

**Proved reserves** ▪ Proved reserve figures are determined in accordance with SEC definitions.

**Resources, resource base, and recoverable resources** ▪ Along with similar terms, refer to the total remaining estimated quantities of oil and natural gas that are expected to be ultimately recoverable. ExxonMobil refers to new discoveries and acquisitions of discovered resources as resource additions. The resource base includes quantities of oil and natural gas classified as proved reserves, as well as quantities that are not yet classified as proved reserves, but that are expected to be ultimately recoverable. The term "resource base" or similar terms are not intended to correspond to SEC definitions such as "probable" or "possible" reserves. The term "in-place" refers to those quantities of oil and natural gas estimated to be contained in known accumulations and includes recoverable and unrecoverable amounts.

*Frequently Used Terms, continued*

**Volume effects ▪ Entitlements – net interest** are changes to ExxonMobil's share of production volumes caused by non-operational changes to volume-determining factors. These factors consist of net interest changes specified in Production Sharing Contracts (PSCs) which typically occur when cumulative investment returns or production volumes achieve defined thresholds, changes in equity upon achieving pay-out in partner investment carry situations, equity redeterminations as specified in venture agreements, or as a result of the termination or expiry of a concession. Once a net interest change has occurred, it typically will not be reversed by subsequent events, such as lower crude oil prices.

**Volume effects ▪ Entitlements – price, spend and other** are changes to ExxonMobil's share of production volumes resulting from temporary changes to non-operational volume-determining factors. These factors include changes in oil and gas prices or spending levels from one period to another. According to the terms of contractual arrangements or government royalty regimes, price or spending variability can increase or decrease royalty burdens and/or volumes attributable to ExxonMobil. For example, at higher prices, fewer barrels are required for ExxonMobil to recover its costs. These effects generally vary from period to period with field spending patterns or market prices for oil and natural gas. Such factors can also include other temporary changes in net interest as dictated by specific provisions in production agreements.

**Volume effects ▪ Government Mandates** are changes to ExxonMobil's sustainable production levels due to temporary non-operational production limits imposed by governments, generally upon a sector, type, or method of production.

**Volume effects ▪ Divestments** are reductions in ExxonMobil's production arising from commercial arrangements to fully or partially reduce equity in a field or asset in exchange for financial or other economic consideration.

**Volume effects ▪ Growth and other** factors comprise all other operational and non-operational factors not covered by the above definitions that may affect volumes attributable to ExxonMobil. Such factors include, but are not limited to, production enhancements from project and work program activities, acquisitions including additions from asset exchanges, downtime, market demand, natural field decline, and any fiscal or commercial terms that do not affect entitlements.

*Frequently Used Terms, continued*

**CASH FLOW FROM OPERATIONS AND ASSET SALES**

|  | 2020          | 2019          | 2018          |
|--|---------------|---------------|---------------|
| <i>(millions of dollars)</i>   |               |               |               |
| Net cash provided by operating activities  | 14,668        | 29,716        | 36,014        |
| Proceeds associated with sales of subsidiaries, property, plant and equipment,<br>and sales and returns of investments | 999           | 3,692         | 4,123         |
| <b>Cash flow from operations and asset sales</b>   | <b>15,667</b> | <b>33,408</b> | <b>40,137</b> |

Cash flow from operations and asset sales is the sum of the net cash provided by operating activities and proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments from the Consolidated statement of cash flows. This cash flow reflects the total sources of cash from both operating the Corporation's assets and from the divesting of assets. The Corporation employs a long-standing and regular disciplined review process to ensure all assets are contributing to the Corporation's strategic objectives. Assets are divested when they are no longer meeting these objectives or are worth considerably more to others. Because of the regular nature of this activity, we believe it is useful for investors to consider proceeds associated with asset sales together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.

Frequently Used Terms, continued

**OPERATING COSTS AND CASH OPERATING EXPENSES**

|  | 2020           | 2019    | 2018    |
|--|----------------|---------|---------|
| <i>(millions of dollars)</i>   |                |         |         |
| <b>Reconciliation of operating costs</b>                               |                |         |         |
| From ExxonMobil's Consolidated statement of income                     |                |         |         |
| Total costs and other deductions                                       | <b>210,385</b> | 244,882 | 259,259 |
| Less:  |                |         |         |
| Crude oil and product purchases  | <b>94,007</b>  | 143,801 | 156,172 |
| Interest expense   | <b>1,158</b>   | 830     | 766     |
| Other taxes and duties   | <b>26,122</b>  | 30,525  | 32,663  |
| Subtotal   | <b>89,098</b>  | 69,726  | 69,658  |
| ExxonMobil's share of equity company expenses                          | <b>8,292</b>   | 9,088   | 9,569   |
| <b>Total operating costs</b>   | <b>97,390</b>  | 78,814  | 79,227  |
| <b>Components of operating costs</b>                                   |                |         |         |
| From ExxonMobil's Consolidated statement of income                     |                |         |         |
| Production and manufacturing expenses                                  | <b>30,431</b>  | 36,826  | 36,682  |
| Selling, general and administrative expenses                           | <b>10,168</b>  | 11,398  | 11,480  |
| Depreciation and depletion (includes impairments)                      | <b>46,009</b>  | 18,998  | 18,745  |
| Exploration expenses, including dry holes                              | <b>1,285</b>   | 1,269   | 1,466   |
| Non-service pension and postretirement benefit expense                 | <b>1,205</b>   | 1,235   | 1,285   |
| Subtotal   | <b>89,098</b>  | 69,726  | 69,658  |
| ExxonMobil's share of equity company expenses                          | <b>8,292</b>   | 9,088   | 9,569   |
| <b>Total operating costs</b>   | <b>97,390</b>  | 78,814  | 79,227  |
| <b>Cash operating expenses (cash opex)</b>                             |                |         |         |
| <b>Total operating costs</b>   | <b>97,390</b>  | 78,814  | 79,227  |
| Less:  |                |         |         |
| Depreciation and depletion (includes impairments)                      | <b>46,009</b>  | 18,998  | 18,745  |
| Non-service pension and postretirement benefit expense                 | <b>1,205</b>   | 1,235   | 1,285   |
| Other adjustments (includes equity company depreciation and depletion) | <b>3,561</b>   | 3,575   | 2,897   |
| <b>Total cash operating expenses (cash opex)</b>                       | <b>46,615</b>  | 55,006  | 56,300  |
| Upstream cash operating expenses                                       | <b>19,294</b>  | 23,483  | 23,594  |
| Downstream cash operating expenses                                     | <b>16,035</b>  | 18,924  | 19,707  |
| Chemical cash operating expenses                                       | <b>9,667</b>   | 11,331  | 11,457  |
| Corporate and Financing cash operating expenses                        | <b>1,619</b>   | 1,268   | 1,542   |
| <b>Total cash operating expenses (cash opex)</b>                       | <b>46,615</b>  | 55,006  | 56,300  |

Operating costs are the costs during the period to produce, manufacture, and otherwise prepare the company's products for sale – including energy, staffing, and maintenance costs. They exclude the cost of raw materials, taxes, and interest expense and are on a before-tax basis. While ExxonMobil's management is responsible for all revenue and expense elements of net income, operating costs, as defined above, represent the expenses most directly under management's control, and therefore are useful for investors and ExxonMobil management in evaluating management's performance.

Cash operating expenses (cash opex) are a subset of total operating costs that are stewarded internally to support management's oversight of spending over time. This measure is useful for investors to understand the Corporation's efforts to optimize cash through disciplined expense management.

Frequently Used Terms, continued

**FREE CASH FLOW**

(millions of dollars)

|   | 2020           | 2019         | 2018          |
|---|----------------|--------------|---------------|
| Net cash provided by operating activities   | 14,668         | 29,716       | 36,014        |
| Additions to property, plant and equipment  | (17,282)       | (24,361)     | (19,574)      |
| Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments | 999            | 3,692        | 4,123         |
| Additional investments and advances   | (4,857)        | (3,905)      | (1,981)       |
| Other investing activities including collection of advances   | 2,681          | 1,490        | 986           |
| <b>Free cash flow</b>   | <b>(3,791)</b> | <b>6,632</b> | <b>19,568</b> |

Free cash flow is cash flow from operations and asset sales less additions to property, plant and equipment, and additional investments and advances, plus other investing activities, including collection of advances. This measure is useful when evaluating cash available for financing activities, including shareholder distributions, after investment in the business.

**DISTRIBUTIONS TO SHAREHOLDERS**

(millions of dollars)

|   | 2020          | 2019          | 2018          |
|---|---------------|---------------|---------------|
| Dividends paid to ExxonMobil shareholders   | 14,865        | 14,652        | 13,798        |
| Cost of shares acquired to reduce shares outstanding  | -             | -             | -             |
| <b>Distributions to ExxonMobil shareholders</b>   | <b>14,865</b> | <b>14,652</b> | <b>13,798</b> |
| Memo: Gross cost of shares acquired to offset shares or units settled in shares issued under benefit plans and programs | 405           | 594           | 626           |

The Corporation distributes cash to shareholders in the form of both dividends and share purchases. Shares are acquired to reduce shares outstanding and offset shares or units settled in shares issued in conjunction with company benefit plans and programs. For purposes of calculating distributions to shareholders, the Corporation only includes the cost of those shares acquired to reduce shares outstanding.

**CAPITAL EMPLOYED AT YEAR END**

(millions of dollars)

**Business uses: asset and liability perspective**

|   | 2020           | 2019           | 2018           |
|---|----------------|----------------|----------------|
| Total assets  | 332,750        | 362,597        | 346,196        |
| Less liabilities and noncontrolling interests share of assets and liabilities |                |                |                |
| Total current liabilities excluding notes and loans payable                   | (35,905)       | (43,411)       | (39,880)       |
| Total long-term liabilities excluding long-term debt                          | (65,075)       | (73,328)       | (69,992)       |
| Noncontrolling interests share of assets and liabilities                      | (8,773)        | (8,839)        | (7,958)        |
| Add ExxonMobil share of debt-financed equity company net assets               | 4,140          | 3,906          | 3,914          |
| <b>Total capital employed</b>   | <b>227,137</b> | <b>240,925</b> | <b>232,280</b> |

**Total corporate sources: debt and equity perspective**

|   |                |                |                |
|---|----------------|----------------|----------------|
| Notes and loans payable                           | 20,458         | 20,578         | 17,258         |
| Long-term debt                                    | 47,182         | 26,342         | 20,538         |
| ExxonMobil share of equity                        | 157,150        | 191,650        | 191,794        |
| Less noncontrolling interests share of total debt | (1,793)        | (1,551)        | (1,224)        |
| Add ExxonMobil share of equity company debt       | 4,140          | 3,906          | 3,914          |
| <b>Total capital employed</b>                     | <b>227,137</b> | <b>240,925</b> | <b>232,280</b> |

Capital employed is a measure of net investment. When viewed from the perspective of how the capital is used by the businesses, it includes ExxonMobil's net share of property, plant and equipment, and other assets, less liabilities, excluding both short-term and long-term debt. When viewed from the perspective of the sources of capital employed in total for the Corporation, it includes ExxonMobil's share of total debt and equity. Both of these views include ExxonMobil's share of amounts applicable to equity companies, which the Corporation believes should be included to provide a more comprehensive measure of capital employed.

Frequently Used Terms, continued

**RETURN ON AVERAGE CAPITAL EMPLOYED (ROCE)**

(millions of dollars)

|  | 2020            | 2019    | 2018    |
|--|-----------------|---------|---------|
| Net income attributable to ExxonMobil                | <b>(22,440)</b> | 14,340  | 20,840  |
| Financing costs (after tax)                          |                 |         |         |
| Gross third-party debt                               | <b>(1,272)</b>  | (1,075) | (912)   |
| ExxonMobil share of equity companies                 | <b>(182)</b>    | (207)   | (192)   |
| All other financing costs – net                      | <b>666</b>      | 141     | 498     |
| Total financing costs                                | <b>(788)</b>    | (1,141) | (606)   |
| Earnings excluding financing costs                   | <b>(21,652)</b> | 15,481  | 21,446  |
| Average capital employed                             | <b>234,031</b>  | 236,603 | 232,374 |
| Return on average capital employed – corporate total | <b>(9.3%)</b>   | 6.5%    | 9.2%    |

ROCE is a performance measure ratio. From the perspective of the business segments, ROCE is annual business segment earnings divided by average business segment capital employed (average of beginning and end-of-year amounts). These segment earnings include ExxonMobil's share of segment earnings of equity companies, consistent with our capital employed definition, and exclude the cost of financing. The Corporation's total ROCE is net income attributable to ExxonMobil, excluding the after-tax cost of financing, divided by total corporate average capital employed. The Corporation has consistently applied its ROCE definition for many years and views it as the best measure of historical capital productivity in our capital-intensive, long-term industry, both to evaluate management's performance and to demonstrate to shareholders that capital has been used wisely over the long term. Additional measures, which are more cash-flow based, are used to make investment decisions. See page 7 for segment information relevant to ROCE.

Frequently Used Terms, continued

**AVERAGE CAPITAL EMPLOYED<sup>1</sup> BY BUSINESS**

(millions of dollars)

|   | 2020    | 2019    | 2018    |
|---|---------|---------|---------|
| <b>Upstream</b>   |         |         |         |
| United States   | 65,780  | 72,152  | 69,981  |
| Non-U.S.  | 107,506 | 107,271 | 107,893 |
| Total   | 173,286 | 179,423 | 177,874 |
| <b>Downstream</b>   |         |         |         |
| United States   | 11,472  | 9,515   | 8,725   |
| Non-U.S.  | 18,682  | 18,518  | 17,015  |
| Total   | 30,154  | 28,033  | 25,740  |
| <b>Chemical</b>   |         |         |         |
| United States   | 14,436  | 13,196  | 12,171  |
| Non-U.S.  | 17,600  | 18,113  | 18,249  |
| Total   | 32,036  | 31,309  | 30,420  |
| <b>Corporate and Financing</b>  | (1,445) | (2,162) | (1,660) |
| <b>Corporate total</b>  | 234,031 | 236,603 | 232,374 |
| <b>Average capital employed applicable to equity companies included above</b> | 42,232  | 40,322  | 38,150  |

<sup>1</sup> Average capital employed is the average of beginning-of-year and end-of-year business segment capital employed, including ExxonMobil's share of amounts applicable to equity companies.

**RETURN ON AVERAGE CAPITAL EMPLOYED BY BUSINESS**

(percent)

|                                | 2020   | 2019 | 2018 |
|--------------------------------|--------|------|------|
| <b>Upstream</b>                |        |      |      |
| United States                  | (29.5) | 0.7  | 2.5  |
| Non-U.S.                       | (0.6)  | 13.0 | 11.4 |
| Total                          | (11.6) | 8.0  | 7.9  |
| <b>Downstream</b>              |        |      |      |
| United States                  | (7.4)  | 18.0 | 33.9 |
| Non-U.S.                       | (1.2)  | 3.3  | 17.9 |
| Total                          | (3.6)  | 8.3  | 23.3 |
| <b>Chemical</b>                |        |      |      |
| United States                  | 8.8    | 1.6  | 13.5 |
| Non-U.S.                       | 3.9    | 2.1  | 9.4  |
| Total                          | 6.1    | 1.9  | 11.0 |
| <b>Corporate and Financing</b> | N.A.   | N.A. | N.A. |
| <b>Corporate total</b>         | (9.3)  | 6.5  | 9.2  |

Frequently Used Terms, continued

**FUNCTIONAL EARNINGS<sup>1</sup>**

(millions of dollars)

|   | 2020 quarters |         |       |          | 2020     | 2019    | 2018    |
|---|---------------|---------|-------|----------|----------|---------|---------|
|   | First         | Second  | Third | Fourth   |          |         |         |
| <b>Earnings (Loss) (U.S. GAAP)</b>                              |               |         |       |          |          |         |         |
| <b>Upstream</b>   |               |         |       |          |          |         |         |
| United States   | (704)         | (1,197) | (681) | (16,803) | (19,385) | 536     | 1,739   |
| Non-U.S.  | 1,240         | (454)   | 298   | (1,729)  | (645)    | 13,906  | 12,340  |
| Total   | 536           | (1,651) | (383) | (18,532) | (20,030) | 14,442  | 14,079  |
| <b>Downstream</b>   |               |         |       |          |          |         |         |
| United States   | (101)         | (101)   | (136) | (514)    | (852)    | 1,717   | 2,962   |
| Non-U.S.  | (510)         | 1,077   | (95)  | (697)    | (225)    | 606     | 3,048   |
| Total   | (611)         | 976     | (231) | (1,211)  | (1,077)  | 2,323   | 6,010   |
| <b>Chemical</b>   |               |         |       |          |          |         |         |
| United States   | 288           | 171     | 357   | 461      | 1,277    | 206     | 1,642   |
| Non-U.S.  | (144)         | 296     | 304   | 230      | 686      | 386     | 1,709   |
| Total   | 144           | 467     | 661   | 691      | 1,963    | 592     | 3,351   |
| <b>Corporate and Financing</b>                                  | (679)         | (872)   | (727) | (1,018)  | (3,296)  | (3,017) | (2,600) |
| <b>Net income (loss) attributable to ExxonMobil (U.S. GAAP)</b> | (610)         | (1,080) | (680) | (20,070) | (22,440) | 14,340  | 20,840  |

<sup>1</sup> Unless indicated, references to earnings and Upstream, Downstream, Chemical, and Corporate and Financing segment earnings are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.



Frequently Used Terms, continued

| <b>TOTAL TAXES INCLUDING SALES-BASED TAXES</b> | <b>2020</b>    | 2019   | 2018   |
|--|----------------|--------|--------|
| <i>(millions of dollars)</i>                   |                |        |        |
| Income taxes                                   | <b>(5,632)</b> | 5,282  | 9,532  |
| Total other taxes and duties                   | <b>28,425</b>  | 33,186 | 35,230 |
| Total taxes                                    | <b>22,793</b>  | 38,468 | 44,762 |
| Sales-based taxes                              | <b>16,281</b>  | 20,679 | 21,750 |
| <b>Total taxes including sales-based taxes</b> | <b>39,074</b>  | 59,147 | 66,512 |

Total taxes including sales-based taxes is a broader indicator of the total tax burden on the Corporation's products and earnings, including certain sales and value-added taxes imposed on and concurrent with revenue-producing transactions with customers and collected on behalf of governmental authorities ("sales-based taxes"). It combines "Income taxes" and "Total other taxes and duties" with sales-based taxes, which are reported net in the income statement. We believe it is useful for the Corporation and its investors to understand the total tax burden imposed on the Corporation's products and earnings.

| <b>PP&amp;E ADDS/INVESTMENTS &amp; ADVANCES<sup>1</sup></b> | <b>2020</b>    | 2019    | 2018   |
|---|----------------|---------|--------|
| <i>(millions of dollars)</i>                                |                |         |        |
| Additions to property, plant and equipment                  | <b>17,282</b>  | 24,361  | 19,574 |
| Additional investments and advances                         | <b>4,857</b>   | 3,905   | 1,981  |
| Other investing activities including collection of advances | <b>(2,681)</b> | (1,490) | (986)  |
| <b>PP&amp;E Adds/Investments &amp; Advances</b>             | <b>19,458</b>  | 26,776  | 20,569 |

<sup>1</sup> PP&E adds/investments & advances derived from the Consolidated statement of cash flows.