

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

(millions of dollars)

	2020	2019	2018
Net cash provided by operating activities	14,668	29,716	36,014
Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments	999	3,692	4,123
Cash flow from operations and asset sales	15,667	33,408	40,137

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>			
Reconciliation of operating costs			
From ExxonMobil's Consolidated statement of income			
Total costs and other deductions	210,385	244,882	259,259
Less:			
Crude oil and product purchases	94,007	143,801	156,172
Interest expense	1,158	830	766
Other taxes and duties	26,122	30,525	32,663
Subtotal	89,098	69,726	69,658
ExxonMobil's share of equity company expenses	8,292	9,088	9,569
Total operating costs	97,390	78,814	79,227
Components of operating costs			
From ExxonMobil's Consolidated statement of income			
Production and manufacturing expenses	30,431	36,826	36,682
Selling, general and administrative expenses	10,168	11,398	11,480
Depreciation and depletion (includes impairments)	46,009	18,998	18,745
Exploration expenses, including dry holes	1,285	1,269	1,466
Non-service pension and postretirement benefit expense	1,205	1,235	1,285
Subtotal	89,098	69,726	69,658
ExxonMobil's share of equity company expenses	8,292	9,088	9,569
Total operating costs	97,390	78,814	79,227
Cash operating expenses (cash opex)			
Total operating costs	97,390	78,814	79,227
Less:			
Depreciation and depletion (includes impairments)	46,009	18,998	18,745
Non-service pension and postretirement benefit expense	1,205	1,235	1,285
Other adjustments (includes equity company depreciation and depletion)	3,561	3,575	2,897
Total cash operating expenses (cash opex)	46,615	55,006	56,300
Upstream cash operating expenses	19,294	23,483	23,594
Downstream cash operating expenses	16,035	18,924	19,707
Chemical cash operating expenses	9,667	11,331	11,457
Corporate and Financing cash operating expenses	1,619	1,268	1,542
Total cash operating expenses (cash opex)	46,615	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
Free cash flow	(3,791)	6,632	19,568

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	-	-	-
Distributions to ExxonMobil shareholders	14,865	14,652	13,798
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
Total capital employed	227,137	240,925	232,280

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
Total capital employed	227,137	240,925	232,280

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	(22,440)	14,340	20,840
Financing costs (after tax)			
Gross third-party debt	(1,272)	(1,075)	(912)
ExxonMobil share of equity companies	(182)	(207)	(192)
All other financing costs – net	666	141	498
Total financing costs	(788)	(1,141)	(606)
Earnings excluding financing costs	(21,652)	15,481	21,446
Average capital employed	234,031	236,603	232,374
Return on average capital employed – corporate total	(9.3%)	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 EMPLOYED¹ BY BUSINESS

(millions of dollars)

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

¹ 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
Upstream			
United States	(29.5)	0.7	2.5
Non-U.S.	(0.6)	13.0	11.4
Total	(11.6)	8.0	7.9
Downstream			
United States	(7.4)	18.0	33.9
Non-U.S.	(1.2)	3.3	17.9
Total	(3.6)	8.3	23.3
Chemical			
United States	8.8	1.6	13.5
Non-U.S.	3.9	2.1	9.4
Total	6.1	1.9	11.0
Corporate and Financing	N.A.	N.A.	N.A.
Corporate total	(9.3)	6.5	9.2

Frequently Used Terms, continued

FUNCTIONAL EARNINGS¹

(millions of dollars)

	2020 quarters				2020	2019	2018
	First	Second	Third	Fourth			
Earnings (Loss) (U.S. GAAP)							
Upstream							
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
Downstream							
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
Chemical							
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
Corporate and Financing	(679)	(872)	(727)	(1,018)	(3,296)	(3,017)	(2,600)
Net income (loss) attributable to ExxonMobil (U.S. GAAP)	(610)	(1,080)	(680)	(20,070)	(22,440)	14,340	20,840

¹ 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

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

PP&E ADDS/INVESTMENTS & ADVANCES¹	2020	2019	2018
<i>(millions of dollars)</i>			
Additions to property, plant and equipment	17,282	24,361	19,574
Additional investments and advances	4,857	3,905	1,981
Other investing activities including collection of advances	(2,681)	(1,490)	(986)
PP&E Adds/Investments & Advances	19,458	26,776	20,569

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