

March 16, 2010

Mr. Rex W. Tillerson
Chairman and CEO
Exxon Mobil Corporation
5959 Las Colinas Boulevard
Irving, Texas 75039-2298.

Re: Last week's analysts' meeting and Natural Gas for Transportation

Dear Mr. Tillerson:

I am writing in response to your comments last week during your analysts' meeting about natural gas as a transportation fuel. Obviously, your opinions carry great weight with policymakers and the driving public. So, I am concerned that you have not been provided accurate information about NGVs and its potential markets.

You are correct in pointing out that to replicate America's 180,000 gasoline fueling stations with natural gas ones would be a massive economic hurdle. Fortunately, NGVs can play a large role in the country's transportation future without attempting to do that. As you point out, return-to-home fleet vehicles is an easy market where one station can serve a large fleet or several smaller fleets, and this has been our first target. Trash trucks, transit buses, school buses, airport vehicles, port fleets, and urban delivery vehicles of all types are all growing return-to-home fleet markets for NGVs.

We now are targeting the "point-to-point" fleets. There are hundreds of thousands of large trucks that simply travel between two cities (e.g., Houston-Dallas, Los Angeles-San Francisco, NY-Boston). In fact, 85% of trucking is now "regional trucking" and travel 350 miles a day or less. These fleets will use LNG vs. CNG due to the density issue you referenced. With LNG, we can put enough fuel on board to meet their duty cycle. We can serve (and are serving) these fleets with one station at each end. Also, contrary to conventional wisdom, we can serve a significant percentage of the long-haul trucks without a national fueling system. Many large long-haul fleet companies have depots strategically placed along long-haul routes. While the trailers move across the country, the tractors only travel back and forth between depots. In effect, these are point-to-point trucks, dozens of large trucking fleets are already beginning to take LNG trucks into their fleets.

Fleet vehicles represent over 25% of the transportation fuel used. If we could capture half of that, it would have a huge impact of our transportation mix. Importantly, it also would represent 1.5 tcf of natural gas annually.

Clearly, non-fleets use the majority of the fuel. While personal vehicles are not our primary market, the industry is seeing embryonic growth in cities where an adequate network of public fueling stations has developed (e.g., Los Angeles, Salt Lake City). We will see more of this growth over the next 10 years.

The purchase price for a natural gas vehicle in the U.S. is greater, but they need not be as Europeans currently enjoy over 62 "light-duty" natural gas vehicle options with only about a \$3,000 incremental cost; about the same incremental cost as a hybrid with greater life-cycle savings. In fact, the world went from 3 million natural gas vehicles to over 11 million over the past seven years. Obviously, vehicle price is dependent upon economies of scale. This has been proven in the U.S. heavy-duty marketplace as the incremental cost for a refuse truck has been reduced by more than 70% over the past eight years as demand increased. In terms of infrastructure, the groundwork is already in place. America has over 1.5 million miles of gas pipelines and distribution lines, carrying gas to virtually every community. Over 60 million homes are served today with natural gas. You cannot say that for any other alternative to petroleum. The number of fueling stations is growing along with the number of natural gas vehicles.

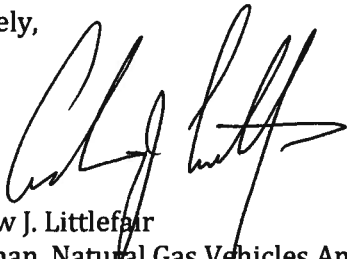
And this highlights another reason that ExxonMobil should be very supportive of NGVs. As you know well, natural gas producers see the power generation sector as its biggest market. Natural gas is selling into the power generation market at roughly \$4.50 per thousand cubic feet (or million Btu), with the price of coal acting as a brake on potential growth. However, as you also know well, the competition in the transportation market is gasoline. At \$3.00 per gallon, gasoline sells for \$24 per million Btu at the pump. If ExxonMobil were to sell those same thousand cubic feet of natural gas into the transportation market, it could net your company approximately \$12.00 per mcf at your stations if you simply sold it as a vehicle fuel at \$2.25 per gasoline gallon equivalent. In this case, the ExxonMobil shareholder wins and, more importantly, the consumer wins by saving more than 25% per gallon at the pump over gasoline.

On top of all these cost benefits, NGVs also offer significant environmental benefits. NGVs produce less ozone producing pollutants. Importantly, given the Climate change debate, NGVs also deliver up to a 30% greenhouse gas benefit (on a "well-to-wheels" basis -- the only way to measure greenhouse gas reductions). In your interview, you rightly point out that the internal combustion gasoline engine has a lot of room to improve on greenhouse gas emissions. However, NGVs also benefits from those improvements. Advances in both vehicle technology and fuel composition will continue to increase natural gas benefits, from hybrid drive-train combinations to the blending of renewable natural gas or biomethane (a fuel that can provide up to an 88% carbon benefit). The National Academy of Sciences recently stated that natural gas vehicles could even outperform electric vehicles when it comes to emissions well out to 2030.

America's natural gas resource base is huge and estimates keep increasing. The question is no longer "Do we have the domestic natural gas to serve new markets?" Now the question facing the industry is "How can we create markets for all the gas we have?" If America is ever to reduce its reliance on foreign oil, 70% of which goes into our transportation sector, then the only readily available resource that we have is natural gas. Recent estimates show that America has more natural gas than any other country in the world: well over 120 years of proved reserves. There is no competition between power generation and transportation use when it comes to this fuel. We can do both.

NGVs offer the industry a high visibility growth market while providing fleet, and eventually, consumers an economic transportation alternative. I would be delighted to discuss this with you further.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew J. Littlefair". The signature is stylized and cursive, with a long horizontal stroke at the end.

Andrew J. Littlefair
Chairman, Natural Gas Vehicles America

AJL: cmw

cc: Hon. Steven Chu, Secretary, U.S. Department of Energy