

MY LAST EXXONMOBIL ANNUAL MEETING

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Walking to the Myerson Symphony Center past the various galleries, statues and plantings in the Arts District of downtown Dallas during the last week of May is a contemplative experience for me. As a Boston Irishman, I cannot but remember the fate of Jack Kennedy in this seemingly gentle, indeed beautiful, city. Living now year round on the coast of Maine where the leaves around my house are yet to flower, immersion in the foliage and scent of high spring are intoxicating. I am on my annual pilgrimage to the Annual Meeting of shareholders of the most profitable corporation in the history of the world – ExxonMobil. In times past, there was a subdued sense of violence. There was still the careful organization of crowd control barriers, uniformed and other police, the combination of horses and motorcycles, the almost robotic protest by the seemingly inevitable protesters, the politely insistent ticket issuers, takers and the possession examiners – resulting this year in the loss not only of my Blackberry but also of my small brief case except for the few pages I was allowed to retain when I protested that without props memory failure at my advanced age would not allow my presentation of the five motions – I waved the green tickets that proved my entitlement to have the floor for five times three minutes – without embarrassment to all.

Inside, all was a well organized exhibit of Exxon's presence, together with an extremely lavish offering of coffees and various pastries. My long time friend Jamie Houghton was there for his last board meeting. He is very patient with me – our fathers were Harvard College Classmates and members of the Chapter of the National Cathedral – and we enjoy the exchange of views of civilized persons with diametrically opposed world views. I saw Rex Tillerson and tried to get close, with no success, but – to be honest – there was no visible precaution against our meeting.

Annual Meetings are one of the least commented upon contradictions in contemporary capitalism. Statutes advertise them as the time and place for management and owners to meet; for corporate executives to account for their stewardship of the investors resources; and for the shareholders to have the opportunity to hold these managers to account. The reality, alas, is otherwise – the preponderance of votes on all the business items have already been received by proxy and there is absolutely no chance that

anything that occurs in the next several hours will affect the pre ordained results. That said, there is a certain charm to the choreographed process analogous to watching a theatrical performance embedded in our cultural memory – like Shakespeare or Corneille. The numerical result is not the object of the event. What needs to happen is that shareholders and managers have together to conjure up a myth of importance – something real is happening (Santa Claus will come tonight!). In the occasional interplay between management and questioners, a sense of the soul of the corporation is expressed. In the process by which the meeting is conducted a sense of the standards of decency are proclaimed. In the brief passages – presentations are limited to three minutes, and Exxon management for the second year in a row – notwithstanding my ignored letter of protest – will not permit human responsive discussion.

I asked Rex Tillerson, Chairman and CEO, whether I could modify the rules governing the presentation of shareholder proposals in order more clearly to explain a new development of general interest. I was the designated presenter for the first five proposals, and, therefore, entitled to fifteen minutes. Tillerson looked bewildered, conferred with corporate secretary Rosenbaum, and said: “We’ll see where you are after the first three minutes”. It was only later that I came to understand that Tillerson’s entire concern was to limit the “tax” of time that law imposed on Exxon’s top management requiring exposure to their owners and that his hesitation has nothing to do with the content of what I was saying. There was nothing I could say that would interest him in the least. It is sad that these fine engineers cannot conduct themselves so as to save participants in this meaningless meeting of any dignity. Exxon considers shareholder relations as a non cost effective demand on executive time. When a shareholder pointed out that as a New Jersey corporation, Exxon might consider holding meetings in that state, Tillerson pointed out “I like Texas” and, so it is – the CEO’s world.

Tillerson’s Exxon executives examined the New Jersey statute and instructed staff to do everything legally possible to limit the diversion of valuable CEO and director time. New Jersey requires an Annual Meeting, at which directors are elected. The SEC requires that Exxon include on its Annual Meeting proxy resolutions, deemed appropriate by the Commission. The company relentlessly challenges all resolutions before the Commission, requiring not insignificant legal expense for those wishing to advance their proposals. They induce law firms with fine names to opine to the SEC that

even proposals like mine – plain vanilla in the world of corporate governance – are in violation of law and regulation. The SEC of years past will accede to Exxon’s experts unless I adduce comparable legal weight- and so, I do at a cost not far off \$100,000. There is implicit in the SEC rules that proponents be allowed to present their resolutions to the meeting. Over the last several years, Exxon has massaged the choreography of the meeting so that all proposals are presented without any questions or interruptions beyond Tillerson’s mantra that “Management opposes this resolution, etc.” following each presentation. There then follows a random question period during which no exchange of views is possible. Tillerson doesn’t deign to answer questions, nor does he permit any of the board members to answer questions directed at them. A certain punctilio is always observed – all the company directors are present and non-participating, the company’s “performance puff piece” is aired for an hour, the Chairman and Secretary smirk and chat sometimes allowing speakers to talk through the red light signals.

Several of the proposals concerned the long time disagreement between Exxon and important shareholder constituencies who are concerned with the company’s policies towards climate change and alternate energy. This interest in climate culminated in the impassioned presentation of Father Mike who reminded Tillerson of the company’s commitment to the conclusion that man, and Exxon, in particular, were contributors to the problems of global warming. At this point, almost by magic, individuals were recognized who trashed all sentiment having to do with global warming or criticism of EM management. Father Mike rose again to ask Tillerson not simply to acquiesce in these public expressions of opinion that the company, on the record, opposed. He appealed to moral imperatives, to the obligations of leadership not to enable dissemination of false information. Tillerson was unmoved.

Essentially, Exxon’s view is that the shareholder meeting is an utter waste of time which they are legally compelled to endure. So, smirking and with time watch, they absolutely do not give a tinker’s dam what anybody says, as it is all an imposition. I could feel this at the beginning when I actually tried to say something of importance to Exxon about the current state of governance – Tillerson could care less about anything any of us have to say as long as the time limits were observed. Sometimes my naïve optimism appalls me. For many years, I have felt it important to appear at these meetings as a “witness” to the atrocities of governance. I have now come to feel that one

of the reasons I feel sick after these meetings is that I really am being an “enabler”. Appearing at this 2009 version of a show trial tends to legitimate it. Actually, the perfect epitaph for this experience is the ritual by which the Corporate Secretary casts votes for resolutions when no proponent is present – it is in that mode that I will be present in future years. The engineers will have saved three minutes!