

# Target: Exxon



## Activist shareholders push salary caps, global warming at annual meeting; customers plan month-long boycott.

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NEW YORK (CNNMoney.com) -- Exxon Mobil can't catch a break.

Despite a healthy dividend, a soaring stock price, a relatively clean environmental record and a management team that's arguably the best in the business, the company still finds itself besieged by investors and the general public alike.

On Wednesday, activist investors vented at Exxon's annual meeting in Dallas.

Items on the agenda included greater restrictions and oversight of executive pay, goals for reducing greenhouse gases, more investment in renewable energy, and a call to put the company's nondiscrimination policy on sexual orientation into writing.

None of the 15 shareholder proposals that were up for approval at the meeting won 50 percent of the shareholder vote, but four dealing with pay and governance received at least 40 percent. All four measures would increase the accountability of Exxon management, and the company's board of directors, for their policies and performance.

About 47.8 percent of shares voted backed a measure that would give holders of 10 percent of Exxon's outstanding common shares the right to call special shareholder meetings, and 47.2 percent favored a proposal to allow the company to recoup incentive bonuses that weren't justified.

Proposals to give shareholders an advisory vote on executive pay and to split the chief executive and chairman positions got 41.2 percent and 40 percent of the vote, respectively.

But climate change was the central topic of discussion at the meeting and one environmental proposal - that the company adopt goals for greenhouse gas reductions from its products and operations - received 31 percent of the vote.

Exxon Chief Executive Rex Tillerson disputed claims by investor activists and environmentalists that the company is working to mislead the public about the causes of climate change.

"What I find perplexing is why people feel threatened because we want to have a discussion," Tillerson told Reuters, when offering an explanation of why the company funds some groups that are skeptical of the mainstream scientific views of climate change.

"I'm not going to just adopt a slogan. If that makes me public enemy number one, so be it," he said.

About three dozen protesters - outnumbered by police - staged a peaceful demonstration outside the meeting to protest the company's funding of groups the critics believe deny or distort the science of global warming.

The protesters waved banners with slogans like "People Before Profits" and chanted "No More Junk Science."

"Exxon Mobil is double-crossing the public and policy-makers. It's avoiding real changes and continuing to fund groups that purposefully distort the science of global warming," said Shawnee Hoover, the campaign director of Exxpose Exxon, a coalition of green and scientific groups.

Exxpose Exxon says the oil producer still funds about 40 organizations that the environmental group calls "global warming deniers," with Exxon shelling out about \$2 million to the groups last year.

Exxon disagrees with the claim that the groups, many of which concern themselves with a wide range of issues, are "deniers of climate change."

Scientists believe the use of fossil fuels causes global warming.

### **Frustrated drivers**

Consumers, faced with record gasoline prices, have also set their sights on the world's largest publicly traded oil company. Several letters calling for boycotts have reportedly been circulating on the Internet.

Modeled after the May 15 'Buy no gas' day (widely viewed as ineffective since it simply shifts gas purchases from one to another), the latest round of letters urges customers to stop buying gasoline from a particular oil company, often Exxon (Charts, Fortune 500), for a month or more.

The idea is that one oil company will accumulate so much gasoline it will have to slash prices to move inventory, which would in turn spark a price war with other oil companies, lowering gas prices for everyone.

"Totally boycott one gas company until their price drops to \$ 2.00/gal then only buy that gas until the other oil companies drop their price," wrote one reader to the CNNMoney.com energy blog. "If consumers did this they could literally set the price they pay for fuel."

Unfortunately for frustrated motorists, experts say this idea won't work either. First off, just because the service station says Exxon doesn't mean it's Exxon gas.

"Exxon doesn't own the service stations, they could care less," said Tom Kloza, chief oil analyst at the Oil Price Information Service, which tracks energy prices.

Kloza said if the mostly independently owned Exxon service stations stopped selling gasoline, Exxon the oil company would just sell its gasoline in bulk to another retailer, like Hess (Charts, Fortune 500) or Marathon (Charts, Fortune 500) or Sunoco (Charts, Fortune 500).

Even today, Exxon will ship its gasoline to another retailer in a different part of the country if Exxon has an oversupply and the other retailer has a shortage.

"They are all using the same gasoline, it's a fungible commodity," said Peter Beutel, oil analyst at Cameron Hanover. "It's like shoveling water," he said of the proposed boycott. "It wouldn't do a thing."

Worse, if a service station did close due to a boycott, it might actually force prices higher as fewer competitors could lead to rising prices, he added.

Both Kloza and Beutel said reducing demand was the best way to lower prices. Kloza said if every American used 4 ounces less gasoline a day, it would significantly bring down prices.

Beutel said cutting out one out of every 20 trips - by carpooling or consolidating errands - would reduce gasoline demand by 4 percent a year and knock up to \$1 a gallon off the retail price.

"The minute gasoline demand goes negative, people start freaking out and selling gas futures," he said.