

ExxonMobil

Taking on the world's toughest energy challenges.™

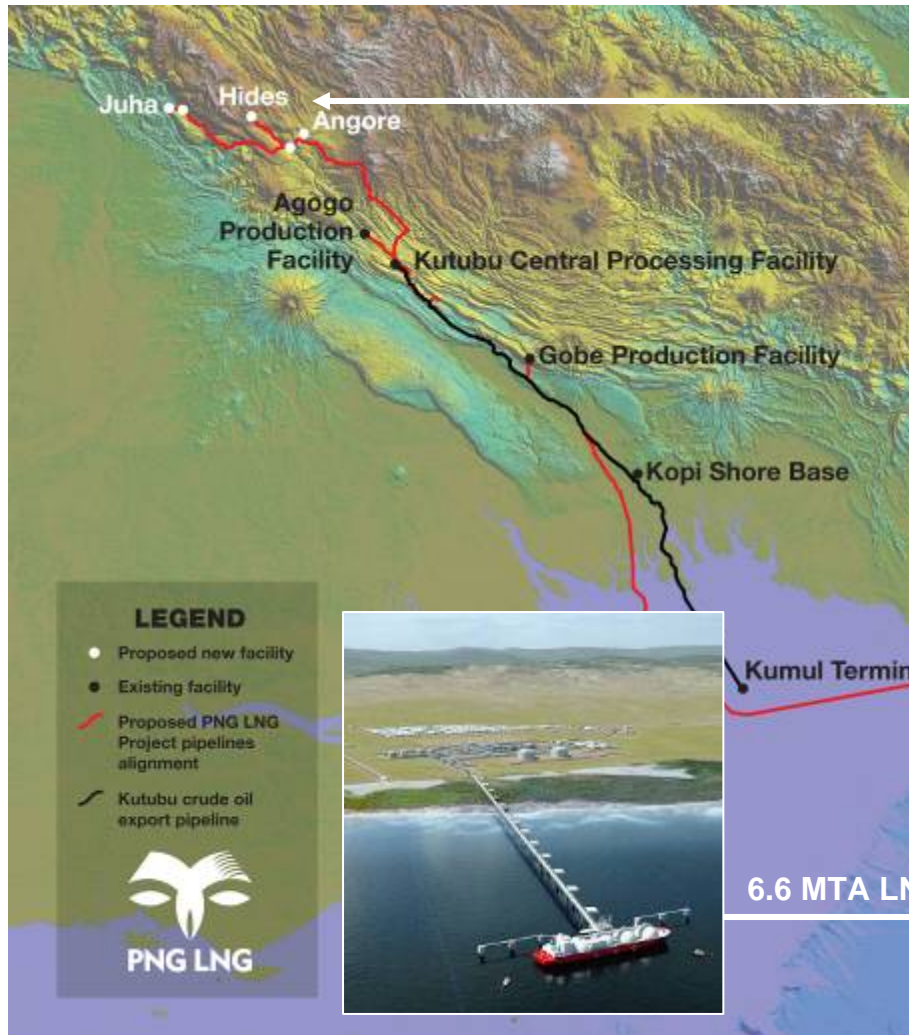
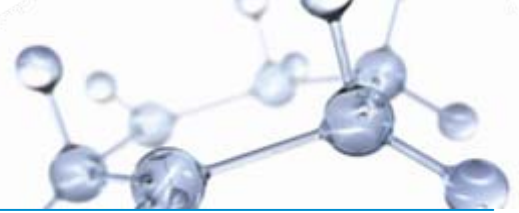
PNG LNG Financing A Major Achievement

Steven Kane
ExxonMobil



This presentation includes forward-looking statements. Actual future conditions (including economic conditions, energy demand, and energy supply) could differ materially due to changes in technology, the development of new supply sources, political events, demographic changes, and other factors discussed herein (and in Item 1 of ExxonMobil's latest report on Form 10-K). This material is not to be reproduced without the permission of Exxon Mobil Corporation.

Development Concept



- Vertically integrated development comprising upstream production systems, processing facilities, pipelines and liquefaction plant
- Quality gas (9.2 TCF 2P) with high heating value, and high quality liquids content
- 6.6 MTA LNG plant with base volume sold to buyers in Japan, China and Taiwan in long-term take-or-pay agreements
- As Operator, ExxonMobil draws on its extensive experience in managing procurement, construction and operations of oil and gas facilities

Importance to Sponsors



- Captures new LNG sales into high-growth Asia Pacific region
- Encourages exploration and development in PNG
- Provides opportunity for expansion and diversification of LNG operations
- Underpins future economic and social aspirations of PNG people



<u>Sponsor</u>	<u>Project Interest</u>
ExxonMobil	33.2%
Oil Search	29.0%
State Participants	19.6%
Santos	13.5%
Nippon Oil/JPP	4.7%

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PNG LNG is operated by a subsidiary of Exxon Mobil Corporation in co-venture with:



OIL SEARCH LIMITED

Kroton No. 2 Limited

Santos
We have the energy.



JX Nippon Oil & Gas Exploration

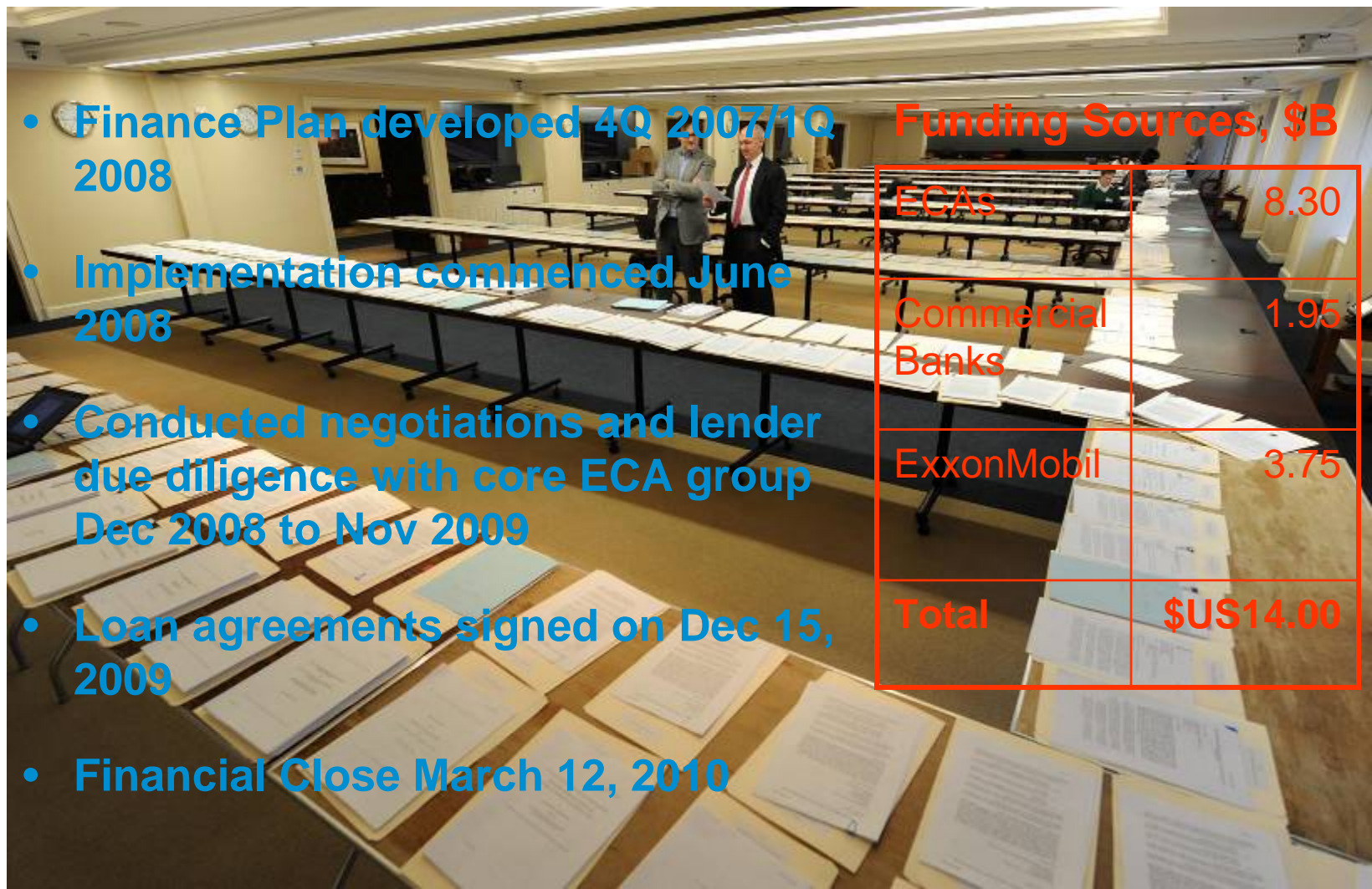
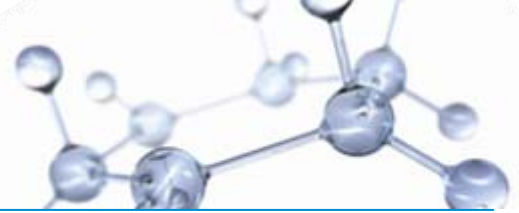


EDA OIL



MRDC

Milestones



- Finance Plan developed 4Q 2007/1Q 2008
- Implementation commenced June 2008
- Conducted negotiations and lender due diligence with core ECA group Dec 2008 to Nov 2009
- Loan agreements signed on Dec 15, 2009
- Financial Close March 12, 2010

Funding Sources, \$B

ECAs	8.30
Commercial Banks	1.95
ExxonMobil	3.75
Total	\$US14.00

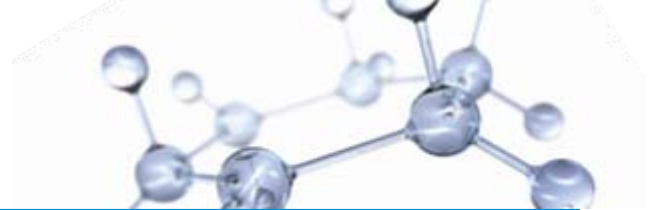
Challenges at the Start



- Large quantum of debt – targeted 70/30 leverage
- Financial market environment
- Tight schedule
- State's negative pledge loan covenants coupled with UJV structure
- Sponsor mix of credits and availability of required equity
- EPC contracting uncertainties
- LNG Buyer uncertainties
- Environmental & social challenges



Innovative Solutions



- **Large quantum of debt:**
 - Finance Plan developed involving multi-lender type strategy
 - Included ECAs, Banks, Bonds (Rating Agencies), potential EM co-lending while keeping MLAs informed
 - All potential funding options developed in parallel
 - Approach resulted in commitments well in excess of amount required to meet the partners' 70/30 objective



Innovative Solutions

- Financial market environment and tight schedule:
 - Negotiated with 6 lead ECAs and 3 Rating Agencies
 - Held Lender/Rating Agency visit to PNG
 - Put forward initial Term Sheet reflecting financial environment and recent precedents
 - Provided detailed Preliminary Information
 - Locked in negotiation sessions
 - Held several Bank 'road shows'
 - Approach resulted in ability to sign loan agreements in Dec 2009



Innovative Solutions



State's negative pledge:

- PNG LNG Global Company formed as a jointly owned borrower, marketer and shipping company overlay to underlying UJV structure



Sponsor mix of credits and availability of required equity:

- State of PNG leveraged ownership in OSL to raise majority of State participants' equity requirements
- Combination of ExxonMobil as operator, joint venture default terms and individual sponsor completion terms enabled lender acceptance
- Resulted in lenders' comfort with security package generating maximum lender interest



Innovative Solutions



- EPC Contracting and LNG Buyer Uncertainties:
 - Engaged six ECAs based on initial expectations/forecasts
 - Three on 'tied' basis (to potential procurement); Three on 'untied' basis (linked to potential LNG purchase)
 - Two additional ECAs brought in once LNG customers appeared likely
 - Resulted in lending commitments from six ECAs achieving the finance plan objectives of the Finance Committee/Project



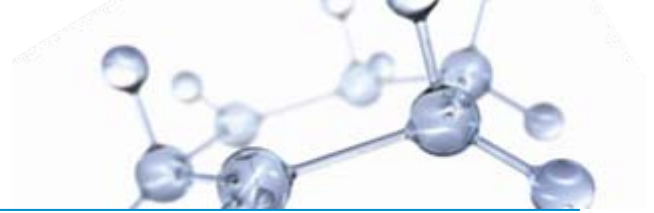
Innovative Solutions



- Environmental and Social Issues:
 - Project hired key E&S consultants to develop world class E&S impact assessment and management plan
 - ExxonMobil brings its best in industry practice Operation Integrity Management System to the Project
 - Extensive National Content plan
 - PNG implemented their unique Benefit Sharing process
 - Best in class ESMP was agreed in record time



Project highlights



- First export gas development for Papua New Guinea
- A new source of LNG for the Asia Pacific market
- Significant benefits to PNG economy
- Compliance with highest current standards for health, safety, environmental and social safeguards
- Unique Benefit Sharing Agreement process enables benefits to flow to PNG people



Financing highlights



- Largest ever project financing in the energy sector
 - Obtained awards from Project Finance International, Project Finance (Euromoney) and Global Trade Review magazines
 - Implemented during one of the most difficult financial market periods in recent decades
 - One of the few LNG project's financed wellhead to terminal in an integrated financing
 - Participation by an unprecedented group of senior lenders
 - A record time frame from start of negotiations to signing
 - 15 year tenor bank debt despite all indications that the market was not there



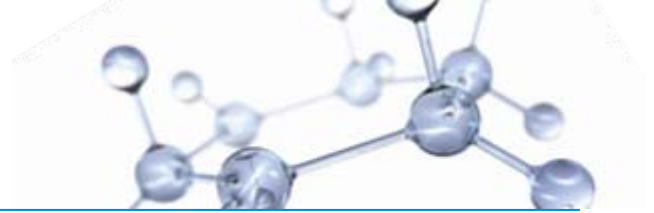
**2009 Asia Pacific
Deal of the Year**

ProjectFinance

**2009 Asia Pacific
Oil & Gas Deal of the Year**



ExxonMobil reputation



- Proven project management expertise
- Efficient processes to maximize recovery and extend field life
- Unparalleled global experience
- Combination of experience and relationships with financial institutions
- Innovative project financing has won international recognition



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