

Interest rates are at the lowest level since the third quarter of 2009. The third quarter 2009 pension interest rates were historically the lowest that we can recall. If you are planning to retire within the next 12 months, we strongly encourage you to review your pension lump sum balance based on the current pension interest rates.

To: ExxonMobil Employees

From: Andrew J. Krosnowski and Melissa Scott Paine

I. ExxonMobil Interest Rates:

1st Quarter 2013 rate is 2.5%
2nd Quarter 2013 rate is 2.75%
3rd Quarter 2013 rate is 3.00%

Hypothetical situation- During June 2010 employee John Doe decides to retire from ExxonMobil. He determines that his third quarter PLS balance is higher than the second quarter PLS balance. In this example, John could maximize his PLS economic benefit by selecting a **retirement date** of June 30 and **benefit commencement** date of July 1. This will enable him to terminate his employment with the company in the month of June when he wants to retire and lock in the more favorable third quarter PLS balance calculation.

II. Key Terms Used in the ExxonMobil Pension Formula

- **Pensionable Service**: Generally, all your service while participating in this Plan.
- **Final Average Normal Pay**: The highest average of 36 consecutive months of your normal pay during the last 10 years of your employment.
- **Basic Pension Benefit**: $1.6\% \times \text{years of pensionable service} \times \text{final average normal pay} - \text{Your Social Security offset}$
- **Social Security Offset**: The part of your estimated Social Security benefit that is used as an offset in the pension formula. The offset is equal to 1.5% of your estimated Social Security benefit for each year of pensionable service, up to 33 1/3 years, which is a maximum of 50%. This offset reflects the fact that while you work for ExxonMobil, the company pays half of your Social Security tax and Social Security benefits make up part of your retirement income.

As a retiree, you can receive the pension benefit as an annuity consisting of monthly payments or as a lump sum. If your benefit starts in the month you reach age 60 or older, you receive 100% of your basic pension benefit. If you are a retiree and begin your benefit before age 60, it will be adjusted according to a schedule. As an example at age 55, you receive 75%.

The stream of monthly annuity payments is converted to a lump sum using:

- A plan-specific mortality table developed by the Plan's actuaries to calculate the probability of your being alive to receive payments.
- An interest rate. Once the retiree's pension is calculated, an interest rate is used to convert the total future payments to a figure representing that total in present-day dollars.

The current interest rate for those retiring in the fourth quarter 2010 is 4.50%. The interest rate for those retiring during the first quarter 2011 will be 3.75%. On the last day of the current quarter the pension interest rate two quarters into the future is announced (for example: the fourth quarter pension interest rate is announced on June 30).

The interest rate is based upon 95% of the three month average T-bond rate for the previous quarter. The T-bond rate can be found on the www.irs.gov website and Monthly 30 year Treasury bond rates.

If an employee elects to receive the monthly annuity payments, there are different payment options to choose from that provide varying amounts of monthly payments to your spouse if you pre-decease your spouse during retirement.

III. Quantify whether it makes sense to retire or to continue to remain employed

We can run a free "**Ben Franklin**" retirement analysis which addresses the pros and cons of such critical issues as:

➤ **Future Annual Employment Income:**

At ExxonMobil=\$_____, Outside of ExxonMobil=\$_____, Difference=\$_____ X
Number of years you plan to continue to work____(years) = \$ _____
(Total Income Difference). (+)

➤ **Pension Lump Sum Utilization:** Measure the effect of continuing to work at ExxonMobil and the possibility of your PLS balance declining. Estimated annual amount of pension reduction =
\$_____ X (# of years) _____ = \$_____ (total pension balance decrease in value). (-)

➤ **If you retire** from the company and roll over your pension lump sum balance to an IRA, you can invest your pension assets where they may increase in value while you continue employment with another employer.

Estimate your annual pension lump sum/IRA Rollover balance increase. PLS
balance \$_____ X 0.06 (assume 6% return) X ____ (number of years) = \$_____(-)

➤ **ExxonMobil 401k Savings Plan match** = \$_____. (+)

➤ **Rate your Job satisfaction** at ExxonMobil on a scale of 1 (very happy) to 10 (very unhappy) _____.
(+ or -)

(+) = Advantage of staying with current employer, (-) disadvantage of staying with current employer.

**Quantifying and comparing all of the factors above will enable us to help you make a better, more well informed, retirement decision.*

IV. Free Retirement and Investment Planning Reports

We offer free initial investment & retirement planning analysis. Below is a brief description of the different reports that we can generate for you:

A. 401(k) Savings Plan Investment and IRA Rollover Advice

- We will review your 401 (k) plan investment allocations and provide you with investments recommendations.
- Upon retirement, we can assist you in rolling over your 401(k) assets into an IRA and advise you on efficient investment strategies.
- We can assist you in executing an “in-service” 401(k) Savings Plan rollover to an IRA. This may give you access to potentially more attractive investment vehicles while you continue to work for your current employer.

B. IRA Income Distribution Alternatives

There are two ways to distribute assets from your 401(k) savings plan prior to age 59 ½ (penalty free). Ordinary income taxes still apply.

1. Age 55 Rule - If you retire at age 55 or older, you can request up to twelve 401(k) Savings Plan distributions per year (minimum distribution amount is \$1,000.)

2. IRA 72(t) Income Distribution Analysis -

- Did you know that there is a way you can withdraw assets from your IRA before you are 59 ½? Normally there is a 10% penalty on premature (before 59 ½) IRA withdrawals.
- We can run a report which will illustrate how much income you can withdraw from your IRA prior to age 59 ½ and avoid the 10% penalty.

C. Investment Portfolio Review (Financial Physical)

- If you provide us with a summary of your investment holdings, we will analyze them for you.

We will provide you with a report that will review areas of improvement in your portfolio including ways that may enable you to lower your fees, improve performance, and reduce risk. We will also notify you if your assets are in proper alignment with your stated goals and objectives.

D. Retirement Income Analysis (RIA)

We can assist you in gathering financial data (including future cash flows, investment balances and income needs) and generating a report which will measure your potential to retire comfortably.

E. NUA Stock Distribution Analysis

Net Unrealized Appreciation (NUA) is a special tax method where retirees distribute stock from the Savings Plan and deposit the shares into a taxable account. Upon distribution the cost basis of the shares is taxable as ordinary income (or can be distributed cost basis tax free if an “after-tax” (tax paid) balance exists in the Savings Plan). When NUA shares are liquidated, the appreciation is taxed at capital gains rates.

If you fax us a copy of your Savings Plan Statement (**FAX: 703-506-9556**), we will generate a report which will analyze the “pros” and “cons” of distributing NUA shares including both tax and estate planning considerations.

V. FOMC (Federal Open Market Committee) – Meeting Dates

January	29-30
March	19-20*
April/May	30-1
June	18-19*
July	30-31
September	17-18*
October	29-30
December	17-18*

Please feel free to contact us if you would like to take advantage of our free initial reports and services.

Sincerely,

Andrew J. Krosnowski
Senior Financial Consultant
akrosnowski@1stallied.com

Melissa Scott Paine
Financial Consultant
mscott@1stallied.com

Securities offered through First Allied Securities, Inc. Member FINRA/SIPC, Advisory Services, Inc. offered through First Allied Advisory Services, Inc., a Registered Investment Advisor

E-mail: akrosnowski@1stallied.com Phone: 703-506-8310 (not necessary for email)