

Associated Press Online

February 1, 2007 Thursday 9:51 PM GMT

Exxon Mobil Posts Record Annual Profit

BYLINE: By JOHN PORRETTO, AP Business Writer

SECTION: BUSINESS NEWS

LENGTH: 745 words

DATELINE: HOUSTON

Oil giant Exxon Mobil Corp. on Thursday posted the largest annual profit by a U.S. company \$39.5 billion even as earnings for the last quarter of 2006 declined 4 percent.

The 2006 profit topped the previous record, also by Exxon Mobil, of \$36.13 billion set in 2005. The record earnings amounted to roughly \$4.5 million an hour for the world's largest publicly traded oil company, which produces about 3 percent of the world's oil.

It also equals the approximate gross domestic product a measure of all goods and services produced within a country in a given year of countries like Ecuador, Luxembourg and Croatia.

Also eye-popping was Exxon Mobil's revenue, which rose to \$377.64 billion for the year, surpassing the record \$370.68 billion it posted in 2005.

"Exxon Mobil continued to leverage its globally diverse resource base to bring additional crude oil and natural gas to market," said Rex W. Tillerson, chairman of the Irving, Texas-based company.

Still, it marked the first time since the third quarter of 2002 Exxon Mobil had a year-over-year quarterly earnings decline.

Exxon Mobil's record annual earnings followed a year of extraordinarily high energy prices as crude oil topped \$78 a barrel in the summer driving up average gasoline prices in the United States to more than \$3 a gallon. Prices retreated later in the year.

The fourth-quarter decline reflects lower profits from Exxon's refining and marketing operations and a sharp dropoff in natural gas prices.

The company said earnings from exploration and production were \$6.2 billion for the quarter, down from about \$7 billion in the fourth quarter of 2005. Earnings also fell on the refining and marketing side to \$1.96 billion in the most recent quarter from \$2.4 billion a year ago.

Oil production for the quarter was up slightly from a year ago, while natural gas production was off slightly.

The company said it ended 2006 with \$32.8 billion in cash, and debt of \$8.3 billion. Tillerson and other company executives plan to meet with Wall Street analysts March 7 to discuss ongoing business plans.

Exxon Mobil's results for the October-December period mimicked those of U.S. competitor ConocoPhillips, which last week said its fourth-quarter profit fell 13 percent also primarily because of lower natural gas prices and refining margins. But hefty earnings earlier in the year helped Houston-based ConocoPhillips post its most profitable year on record, earning \$15.55 billion.

ConocoPhillips is the nation's third-largest integrated oil company behind Exxon Mobil and Chevron Corp., which is scheduled to report 2006 results Friday.

Also Thursday, Royal Dutch Shell PLC reported a 21 percent rise in fourth-quarter earnings, buoyed in part by high energy prices and the sale of some operations. Net profit came to \$5.28 billion, up from \$4.37 billion. But excluding divestitures and other one-time items, Shell's earnings from oil production fell 3 percent, while fourth-quarter sales were flat at \$75.5 billion.

The Anglo-Dutch company also said it had taken important steps to bulk up its proven reserves, which were revealed to have been inflated in a 2004 accounting scandal.

At Exxon Mobil, profit for the fourth quarter of 2006 declined to \$10.25 billion from the \$10.71 billion Exxon earned in the 2005 quarter a record quarterly profit for any U.S. public company. That best-ever profit came when the price of both natural gas and crude oil skyrocketed in the wake of hurricanes Katrina and Rita, which damaged wells, pipelines and refineries in the key energy-producing Gulf of Mexico.

Analysts largely have predicted declines in fourth-quarter earnings for the big U.S. oil companies because of the moderation in prices.

Exxon Mobil's per-share earnings in the fourth quarter rose to \$1.76 from \$1.71 as the company reduced the number of shares outstanding. Wall Street analysts polled by Thomson Financial had forecast earnings of \$1.51 a share.

Excluding special items, Exxon Mobil earned \$9.84 billion, or \$1.69 a share, in the final three months of 2006.

Quarterly revenue fell to \$90 billion from \$99 billion in the year-ago period.

For the year, Exxon earned \$6.62 per share in 2006 versus \$5.71 per share in 2005.

Exxon shares rose 47 cents to \$74.57 in afternoon trading on the New York Stock Exchange. They have traded in a 52-week range of \$56.64 to \$79.

AP Business Writer Lauren Villagran in New York and Associated Press Writer Toby Sterling in Amsterdam, Netherlands contributed to this report.

LOAD-DATE: February 2, 2007

LANGUAGE: ENGLISH

PUBLICATION-TYPE: Newswire

Copyright 2007 Associated Press
All Rights Reserved