# Exxon Investors Support Company on Executive Pay

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DALLAS (AP) — Exxon Mobil Corp.'s CEO had a good year in 2011 — he got compensation valued at $25.2 million. Shareholders had a good year too, so on Wednesday they gave their approval to the oil giant's executive pay program.

Investors at Exxon's annual meeting cast about 78 percent of their shares in favor of the compensation-setting system, ignoring critics who said executive pay was too high.

Shareholders also voted against resolutions that took aim at a controversial method of drilling for natural gas and called on Exxon to set targets for cutting greenhouse gas emissions. Similar resolutions have been defeated at previous Exxon meetings.

They also rejected a measure to ban discrimination against gays and transgender employees. The company said it already prohibits bias of any kind including for sexual orientation, but the measure's supporters complained that Exxon does not offer benefits to partners of gay employees.

Rising oil prices helped boost Exxon's net income by 35 percent to $41 billion in 2011, the company's best year since 2008. The stock rose 16 percent.

The company's board boosted Chairman and CEO Rex W. Tillerson's compensation by 17 percent, according to an analysis by The Associated Press. The combination of salary, stock awards and other compensation made Tillerson the 16th-highest paid executive among publicly traded U.S. companies last year.

Shareholder consultant ISS Proxy Advisory Services recommended that investors vote against Exxon's executive compensation, which it called excessive. ISS said Exxon failed to tie CEO pay to specific financial measurements or goals, "resulting in higher than justified rewards."

Another shareholder-advisory firm, Glass, Lewis & Co., said Exxon paid top officers more than many other large companies and allowed the board too much discretion in setting compensation. That "has left shareholders in the dark, unable to see a direct link between pay and performance."

Still, Glass Lewis said Exxon's pay policies have improved slightly, and it recommended voting for the company's executive compensation. The vote was nonbinding, but if it went against Exxon, the board would have felt pressured to change pay policy.

Exxon shares fell $2.14, or 2.6 percent, to close at $79.79 as stock markets and the

price of oil both slumped.

Exxon shares have fallen 2 percent in the past year, roughly in line with major indexes. Over 10 years, the shares have risen 108 percent, about four times as much as the Dow Jones industrial average and the S&P 500 index.

Irving-based Exxon might have performed better in the past year, but its $29 billion purchase of natural gas producer XTO Energy in 2010 hasn't produced the hoped-for boost because of falling gas prices.

U.S. gas supplies have ballooned since the acquisition. Tillerson said Exxon knew there could be an oversupply of gas because of hydraulic fracturing or fracking, which has boosted production. But, he said, the company didn't expect the U.S. economy to remain so weak for so long, which has also undermined gas prices.

"There's no regrets," he said of the XTO deal.

One of Wednesday's resolutions called on Exxon to report on the risks it faces from opposition to hydraulic fracturing. ISS recommended a "yes" vote but, heeding the board's recommendation, shareholders rejected the measure 70.4 percent to 29.6 percent. Chevron Corp. shareholders voted against a similar resolution at that company's annual meeting in California.

Hydraulic fracturing is the high-pressure injection of water, sand and chemicals deep underground to break up rock formations and release more natural gas. This month, the Obama administration issued proposed new standards for "fracking" on federal land in hopes that states will regulate the practice on private land where most of the drilling is taking place in shale formations of the Northeast, the upper plains and Texas.

Environmentalists say that fracking chemicals have polluted underground water supplies, a claim that is disputed by energy industry officials. Tillerson conceded that fracking opponents have made a strong emotional case and said industry is fighting uphill against "the energy illiteracy of the public."

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