

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring Rex Tillerson, Chairman and CEO, Exxon
Mobil Corporation**

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For more than 150 years, the oil and natural gas industry has played an important role in America's economic growth and it continues to help drive the U.S. economy by providing reliable energy, well-paying jobs, tax revenues, technological innovation, and shareholder value. According to a recent study by PriceWaterhouse Coopers, the oil and natural gas industry contributes more than \$1 trillion a year to the U.S. economy. ... the oil and gas sector is responsible for 7.5% of the government's total economic output.

The energy sector is also a major U.S. employer. The oil and natural gas industry supports more than 9 million jobs in the United States, or about 5% of total U.S. employment. These jobs put more than \$550 billion of income into the economy in 2007 alone.

The fact of enormous and growing demand for energy around the world means that the United States must pursue policies that allow us to develop energy from all available and commercially viable resources. We will need to increase the use of alternative energy sources such as wind and solar. We will also need nuclear, hydroelectric, and geothermal power.

Our best hope for bringing change to the world's massive energy system is to harness the power of new technologies and free markets. By allowing nations and peoples to work together, we can invest in integrated solutions. These solutions leverage technology to expand energy supplies, increase efficiency, and reduce emissions. Time and time again, our industry has proven that innovation and cooperation unleash human ingenuity and bring far-reaching technological advances that can transform the economy, protect the environment, and increase energy security.

... our nation needs energy policies that maximize the use of markets, minimize complexity, and give businesses the predictability to invest with confidence to develop the new technologies that are our best hope for a brighter future.

Our shared goal is to reduce emissions at the lowest cost to society. To do that, we must keep administrative costs low so that market participants can invest in technologies that actually reduce emissions, not become bogged down in bureaucratic demands or incur the cost of financially burdensome regulatory systems.

These costs and consequences inherent to cap-and-trade schemes have led many policy experts and economists to prefer another course of action to reduce greenhouse emissions. That other option is a revenue-neutral carbon tax. I know that's hard for a politician to say, so we've given them a new name. They can call it a refundable greenhouse gas emissions fee.

A revenue-neutral carbon tax has the advantage of being well focused for achieving our society's shared goals of reducing emissions over the long term. It can be made predictable, transparent, and comparatively simple to understand and implement. A carbon tax can create a clear and uniform cost for emissions in all economic decisions. This encourages every business, every industry, and every consumer to become more efficient and do their part to increase efficiency and reduce emissions through other choices they might make.

The U.S. oil and gas industry— and I certainly can commit Exxon Mobil—are committed to working with government leaders to help reenergize the economy, create new jobs, protect the environment, and strengthen America’s energy security. We’re going to continue to do our part to achieve all these shared goals by investing heavily, in the face of a down cycle, developing integrated technology-based solutions to our nation’s economic and environmental challenges. And I’m confident, with sound and stable public policies in place, that these investments hold the promise for a brighter future for not just all Americans, but for the global community as well.