

## APPENDIX B

Calculation: Earnings Difference Between Exxon's Rate of Return on Capital and Federal RateObjective

Determine the earnings benefit to Exxon from investing \$507.5 million from 1996 to 2008 in lieu of paying punitive damages in 1996, assuming it pays interest at statutory rate. Benefit calculated as difference between Exxon's publicly-reported return on capital rates and the federal statutory judgment rate since the judgment date.

Method

Compare the difference between the earnings at the return on capital rates reported by Exxon on a year-by-year basis and the federal statutory judgment rate of 5.9% to determine the net additional earnings to Exxon from a delay in payment, without regard to fault or responsibility for delay.

Earnings Difference Calculation

Year	Years Interest	Exxon Earnings (1)		At Federal Rate (2)		Additional Net Earnings to Exxon	
		Return on Capital	Earnings	Judgment Rate	Interest Amount		
1	1996	0.27	14.7%	\$20,142,675	5.9%	\$8,084,475	\$12,058,200
2	1997	1.00	15.5%	\$81,784,615	5.9%	\$30,419,484	\$51,365,131
3	1998	1.00	10.7%	\$65,208,720	5.9%	\$32,214,234	\$32,994,486
4	1999	1.00	10.3%	\$69,487,509	5.9%	\$34,114,873	\$35,372,636
5	2000	1.00	20.6%	\$153,289,445	5.9%	\$36,127,651	\$117,161,794
6	2001	1.00	17.8%	\$159,739,507	5.9%	\$38,259,182	\$121,480,325
7	2002	1.00	13.5%	\$142,715,584	5.9%	\$40,516,474	\$102,199,110
8	2003	1.00	20.9%	\$250,772,423	5.9%	\$42,906,946	\$207,865,477
9	2004	1.00	23.8%	\$345,252,434	5.9%	\$45,438,456	\$299,813,978
10	2005	1.00	31.3%	\$562,114,481	5.9%	\$48,119,325	\$513,995,157
11	2006	1.00	32.2%	\$759,278,381	5.9%	\$50,958,365	\$708,320,016
12	2007	1.00	31.8%	\$991,296,876	5.9%	\$53,964,908	\$937,331,968
13	2008	0.55	35.6%	\$804,460,483	5.9%	\$31,431,861	\$773,028,622
<b>Total Years</b>		<b>11.82</b>				<b>Additional Earnings (3)</b>	<b>\$3,912,986,898</b>

The additional net amount earned by Exxon from the delay in payment is \$3,912,986,898

- (1) Interest compounded annually on award of \$507.5 million using Exxon's "Return on Average Capital Employed," derived from publicly available sources, including Exxon's 2007 Summary Annual Report (for 2003-2007) and 2003 Summary Annual Report (for 1999-2003).
- (2) Interest compounded annually on award of \$507.5 million using federal statutory rate of 5.9%.
- (3) Covers period from September 24, 1996, to July 18, 2008.