

Exxon Mobil Made Nearly \$12 Billion
Over the Last Three Months ...

What's the Price for Michigan Families?



OBAMA'08
WWW.BARACKOBAMA.COM

Introduction:

Today Exxon-Mobil reported \$11.68 billion in quarterly profits – the largest quarterly profit by any corporation in American history.¹ This shatters the previous record, which was also set by Exxon-Mobil. Shell also reported \$11.56 in quarterly profits today.

Exxon-Mobil's windfall this quarter comes in addition to astonishingly high profits reported by other major oil companies in recent days, including \$5.44 billion for Conoco Phillips and \$9.47 billion for BP. In total, the five largest oil companies will have reaped about \$43 billion in profits in the last three months alone.²

Not coincidentally, these profits have come during a period of time when Michigan families have been paying more than \$4.00 per gallon or more. This report analyzes how oil companies and Michigan families have fared over the past eight years.

In summary:

- Oil company profits in the last three months were \$29.8 billion higher than they were during the same period in 2001, when President Bush took office;³
- Michigan families spent \$522 more on gasoline over the last three months (April-June 2008) than when Bush took office (April-June 2001);
- Since Bush took office, Michigan families have seen their incomes decline by \$4,639 in inflation-adjusted dollars.⁴
- Despite the \$43 billion in profits reaped by oil companies this quarter, they are poised to do even better with John McCain. Under the McCain plan, the five largest oil companies would get \$4 billion in new tax breaks.
- In contrast, Barack Obama wants to impose a windfall profits tax on oil companies to recoup some of what hardworking families have overpaid and use it to invest in solutions that will bring meaningful relief to American families.

¹ See, e.g., <http://www.nytimes.com/2008/08/01/business/01oil.html?hp>

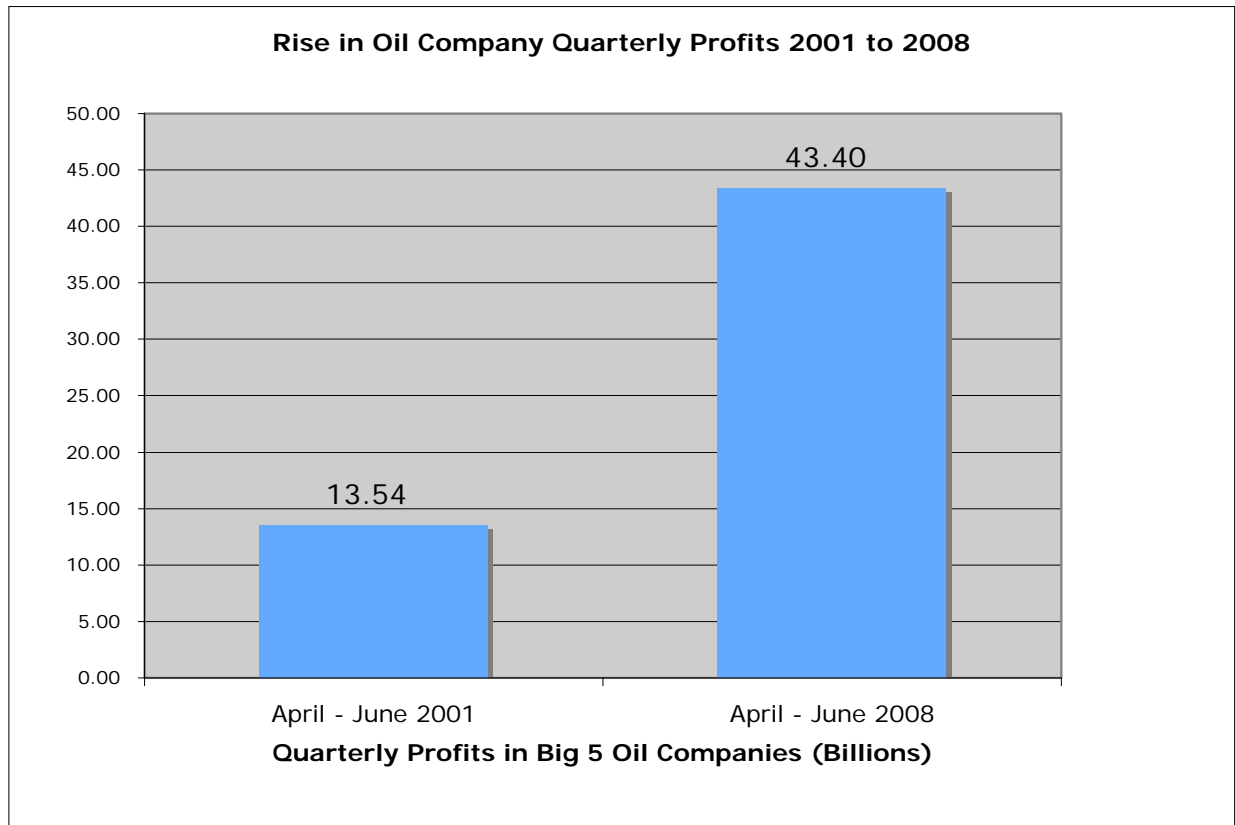
² The fifth oil company, Chevron, has yet to report its second quarter profits. This figure assumes that its second quarter profits will equal the \$5.17 billion in profits Chevron earned in the first quarter of this year.

³ Profit figures for 2008Q2 are derived from the Wall Street Journal Markets Data Center, http://online.wsj.com/mdc/page/marketsdata.html?mod=topnav_0_0002. Figures for 2001Q2 are from Capital IQ.

⁴ Annual data from the U.S. Census Bureau, comparing 2000 and 2006 (the most recent year with data).

Historical Comparison of Oil Company Profits:

During the second quarter of 2001, President Bush's first year in office, the five largest oil companies posted a combined quarterly profit of \$13.5 billion. That is modest compared to the \$43 billion they reported over the past three months and represents an increase of 220%. At Exxon alone, profits have jumped 170% during the Bush presidency.



How Much More Are Michigan Families Paying?

Families have been forced to pay more as the price of energy has skyrocketed – including for heating and electrical bills, the higher cost of a wide array of retail products, higher airfares, and more. But the most direct way they have contributed to oil company profits has been through the rising price of gasoline.

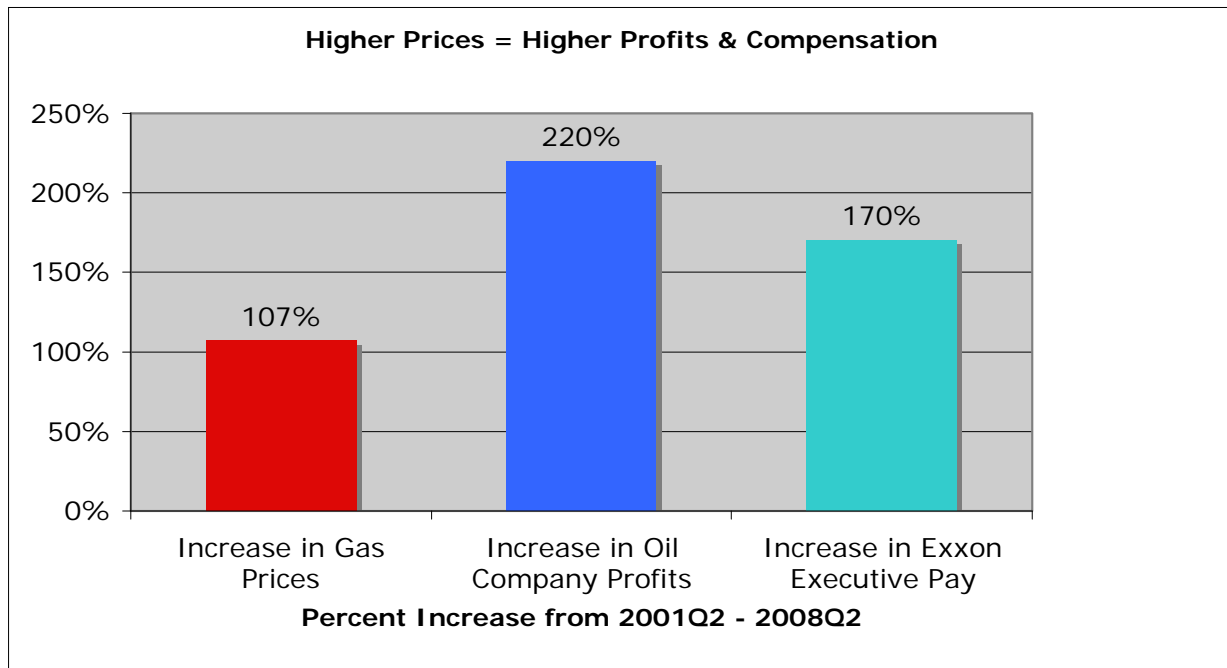
In May 2001, Michigan families were paying \$1.82 per gallon. Seven years later, in May 2008, they were paying \$3.80 per gallon – an increase of 107 percent. This spike in prices has eaten into families' savings and ability to afford middle class items such as health insurance and college. In the three month period of April through June 2008, the typical

family in Michigan with two drivers spent an *extra* \$522 dollars on gasoline as compared to the same period seven years earlier (in 2001). Yet since Bush took office, median real income for households in Michigan declined by \$4,639 since 2000.

How Much More Are Oil Company CEOs Getting?

The money that hardworking families have shelled out on high-priced gasoline over the last seven years has corresponded with not only higher oil company profits, but higher oil company CEO salaries. The average compensation for the Chief Executive Officers of the five major oil companies is currently over \$23 million per year. At Exxon, the total compensation for the top five executives increased from \$28 million a year in 2001 to \$76 million in 2007, a 170% increase.

In short: Michigan families are footing the bill for the excessive profits of the major oil companies.



Are We Better Off Now?

Senator McCain has argued that Americans are better off than we were eight years ago. But as the example of gas prices shows, the

Ask John McCain...

ANDERSON COOPER: Senator McCain, are Americans better off than they were eight years ago?

SEN. JOHN MCCAIN: I think you could argue that Americans overall are better off, because we have had a pretty good prosperous time, with low unemployment and low inflation and a lot of good things have happened. A lot of jobs have been created.

Source: CNN Transcript of Reagan Library Debate, January 30, 2008

numbers show a different story. Oil companies are better off now than ever before – and would get further tax breaks under Senator McCain’s plan. Yet hardworking families across the nation are struggling with high gas, food and health costs while income falls.

Who’s Better Off Than 8 Years Ago?

(Change from the second quarter of 2001 to the second quarter of 2008)

Quarterly Oil Company Profits at Big 5	<u>+\$29.8 billion</u>
Cost to a Typical, 2-Driver Family	<u>+\$522</u>
Average Real Household Income (2000 – 2006)	<u>-\$4,639</u>
Exxon Executive Salaries	+ \$48 million (Annual Average)

Oil Companies Poised for Even Bigger Profits Under McCain

Despite the \$43 billion in profits reaped by oil companies this quarter, they are poised to do even better under Senator John McCain’s plan.

In fact, John McCain’s plan gives \$4 billion dollars in new tax breaks to big oil companies even though they already enjoy record profits due to higher gas prices. This includes a \$1.2 billion per year tax cut for Exxon-Mobil, the most profitable company in the history of the world.

In contrast, Senator Barack Obama has proposed imposing a windfall profits tax on oil companies to recoup some of what hardworking families have overpaid and use it to invest in solutions that will bring meaningful relief to American families. Instead of providing a \$4 billion tax break to oil companies, Senator Obama is proposing a new, \$1,000 tax credit for middle class families to help offset the rising price of gas and other daily necessities.