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2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-2256

EXXON MOBIL CORPORATION
(Exact name of registrant as specified in its charter)

NEW JERSEY	13-5409005
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298
(Address of principal executive offices) (Zip Code)
(972) 444-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,958,598,361 shares outstanding at January 31, 2011)	**New York Stock Exchange**
Registered securities guaranteed by Registrant:	
SeaRiver Maritime Financial Holdings, Inc.	
Twenty-Five Year Debt Securities due October 1, 2011	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ✓ No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ___ No ✓

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ✓ No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ✓

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ✓ Accelerated filer ___
Non-accelerated filer ___ Smaller reporting company ___

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ___ No ✓

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2010, the last business day of

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the Corporation's chief executive officer, principal financial officer, and principal accounting officer, is responsible for establishing and maintaining adequate internal control over the Corporation's financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Exxon Mobil Corporation's internal control over financial reporting was effective as of December 31, 2010.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2010, as stated in their report included in the Financial Section of this report.

Rex W. Tillerson	Donald D. Humphreys	Patrick T. Mulva
Chief Executive Officer	Sr. Vice President and Treasurer	Vice President and Controller
	(Principal Financial Officer)	(Principal Accounting Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

pwc

To the Shareholders of Exxon Mobil Corporation:

In our opinion, the accompanying Consolidated Balance Sheets and the related Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows present fairly, in all material respects, the financial position of Exxon Mobil Corporation and its subsidiaries at December 31, 2010, and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Corporation's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

Dallas, Texas
February 25, 2011

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidating financial information related to guaranteed securities issued by subsidiaries

	Exxon Mobil Corporation Parent Guarantor	SeaRiver Maritime Financial Holdings, Inc.	All Other Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
			(millions of dollars)		
Condensed consolidated statement of cash flows for 12 months ended December 31, 2008					
Cash provided by/(used in) operating activities	$ 47,823	$ 68	$ 54,478	$ (42,644)	$ 59,725
Cash flows from investing activities					
Additions to property, plant and equipment	(2,154)	—	(17,164)	—	(19,318)
Sales of long-term assets	162	—	5,823	—	5,985
Decrease/(increase) in restricted cash and cash equivalents	—	—	—	—	—
Net intercompany investing	(502)	(155)	476	181	—
All other investing, net	—	—	(2,166)	—	(2,166)
Net cash provided by/(used in) investing activities	(2,494)	(155)	(13,031)	181	(15,499)
Cash flows from financing activities					
Additions to short- and long-term debt	—	—	1,146	—	1,146
Reductions in short- and long-term debt	(4)	(13)	(1,799)	—	(1,816)
Additions/(reductions) in debt with three months or less maturity	—	—	143	—	143
Cash dividends	(8,058)	—	(42,644)	42,644	(8,058)
Common stock acquired	(35,734)	—	—	—	(35,734)
Net intercompany financing activity	—	—	81	(81)	—
All other financing, net	1,085	100	(793)	(100)	292
Net cash provided by/(used in) financing activities	(42,711)	87	(43,866)	42,463	(44,027)
Effects of exchange rate changes on cash	—	—	(2,743)	—	(2,743)
Increase/(decrease) in cash and cash equivalents	$ 2,618	$ —	$ (5,162)	$ —	$ (2,544)

14. Incentive Program

The 2003 Incentive Program provides for grants of stock options, stock appreciation rights (SARs), restricted stock and other forms of award. Awards may be granted to eligible employees of the Corporation and those affiliates at least 50 percent owned. Outstanding awards are subject to certain forfeiture provisions contained in the program or award instrument. The maximum number of shares of stock that may be issued under the 2003 Incentive Program is 220 million. Awards that are forfeited or expire, or are settled in cash, do not count against this maximum limit. The 2003 Incentive Program does not have a specified term. New awards may be made until the available shares are depleted, unless the Board terminates the plan early. At the end of 2010, remaining shares available for award under the 2003 Incentive Program were 141,939 thousand.

As under earlier programs, options and SARs may be granted at prices not less than 100 percent of market value on the date of grant and have a maximum life of 10 years. Most of the options and SARs normally first become exercisable one year following the date of grant. All remaining stock options and SARs outstanding were either granted prior to 2002 or were converted XTO stock options as a result of the XTO merger.

Under the terms of the XTO merger agreement, outstanding XTO stock-based awards were converted into ExxonMobil stock-based awards based on the merger exchange ratio. The converted XTO awards, granted under XTO's 1998 or 2004 Stock Incentive Plans, include restricted stock awards, stock options and performance stock awards. The grant date for the converted XTO awards is considered to be the effective date of the merger for purposes of calculating fair value. Compensation cost for the converted XTO awards is recognized in income over the requisite service period. The maximum term of the XTO awards is ten years under the 1998 plan and seven years under the 2004 plan. No additional awards will be issued under either XTO plan. In connection with the closing of the merger, the Corporation also made new grants of restricted stock under the Corporation's 2003 Incentive Program to certain current or former XTO employees as described in more detail below.

Restricted Stock. Excluding XTO merger-related grants, long-term incentive awards totaling 10,648 thousand of restricted (nonvested) common stock and restricted (nonvested) common stock units were granted in 2010. Awards totaling 10,133 thousand and

10,116 thousand of restricted (nonvested) common stock and restricted (nonvested) common stock units were granted in 2009 and 2008, respectively. These shares are issued to employees from treasury stock. The total compensation expense is recognized over the requisite service period. The units that are settled in cash are recorded as liabilities and their changes in fair value are recognized over the vesting period. During the applicable restricted periods, the shares may not be sold or transferred and are subject to forfeiture. The majority of the awards have graded vesting periods, with 50 percent of the shares in each award vesting after three years and the remaining 50 percent vesting after seven years. A small

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number of awards granted to certain senior executives have vesting periods of five years for 50 percent of the award and of 10 years or retirement, whichever occurs later, for the remaining 50 percent of the award.

Additionally, long-term incentive awards totaling 4,206 thousand of restricted (nonvested) common stock were granted in 2010 in association with the XTO merger. This included the granting of 1,423 thousand of restricted common stock awards under the Corporation's 2003 Incentive Program and 2,783 thousand of converted XTO restricted common stock awards. The majority of the converted XTO awards vest in three installments over a period of three years or three and a half years after the initial grant. The remainder of converted XTO awards that were granted to certain senior XTO employees will vest on the first anniversary of the effective date of the merger. Awards granted to certain former senior executives of XTO in connection with consulting agreements negotiated as part of the merger have vesting periods of one year for 50 percent of the award and of two or three years for the remaining 50 percent of the award, depending on the actual term of the consulting engagements.

The Corporation has purchased shares in the open market and through negotiated transactions to offset shares issued in conjunction with benefit plans and programs. Purchases may be discontinued at any time without prior notice.

In 2002, the Corporation began issuing restricted stock as stock-based compensation in lieu of stock options. Compensation expense for these awards is based on the price of the stock at the date of grant and has been recognized in income over the requisite service period. Prior to 2002, the Corporation issued stock options as stock-based compensation and since these awards vested prior to the effective date of current authoritative guidance, they continue to be accounted for under the prior prescribed method. Under this method, compensation expense for awards granted in the form of stock options is measured at the intrinsic value of the options (the difference between the market price of the stock and the exercise price of the options) on the date of grant. Since these two prices were the same on the date of grant, no compensation expense has been recognized in income for these awards.

The following tables summarize information about restricted stock and restricted stock units for the year ended December 31, 2010.

	2010	
Restricted stock and units outstanding	Shares	Weighted Average Grant-Date Fair Value per Share
	(thousands)	
Issued and outstanding at January 1	43,503	$67.52
2009 award issued in 2010	10,132	$75.40
Merger-related granted and converted XTO awards	4,206	$59.31
Vested	(10,377)	$61.72
Forfeited	(158)	$67.91
Issued and outstanding at December 31	47,306	$69.74

Value of restricted stock and units	2010	2009	2008
Grant price	$66.07	$75.40	$78.24
Value at date of grant:		*(millions of dollars)*	
Restricted stock and units settled in stock	$ 672	$ 711	$ 735
Merger-related granted and converted XTO awards	250	—	—
Units settled in cash	60	53	56
Total value	$ 982	$ 764	$ 791

As of December 31, 2010, there was $2,133 million of unrecognized compensation cost related to the nonvested restricted awards. This cost is expected to be recognized over a weighted-average period of 4.3 years. The compensation cost charged against income for the restricted stock and restricted units was $801 million, $723 million and $648 million for 2010, 2009 and 2008, respectively. The income tax benefit recognized in income related to this compensation expense was $81 million, $76 million and $75 million for the same periods, respectively. The fair value of shares and units vested in 2010, 2009 and 2008 was $718 million, $763 million and $438 million, respectively. Cash payments of $42 million, $41 million and $25 million for vested restricted stock units settled in cash were made in 2010, 2009 and 2008, respectively.

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Performance Stock. The Corporation granted 157 thousand of converted XTO performance stock awards with a grant-date fair value of $5 million as a result of the merger. Compensation cost for the performance stock awards is based on the estimated grant-date fair value. Vesting of XTO performance stock awards depended on the achievement of certain XTO stock thresholds. Upon conversion of these awards to ExxonMobil performance stock awards in connection with the merger, the performance thresholds were adjusted to equivalent market price thresholds for common stock of the Corporation. The performance stock awards are subject to forfeiture if the performance criteria are not met within the maximum term. Otherwise, holders of performance stock awards generally have all voting, dividend and other rights of other common stockholders.

The following table provides information about these converted performance stock awards as of December 31, 2010.

Performance stock awards	Dec. 31, 2010 Shares *(thousands)*
Vesting Price:	
$108.49	38
$119.76	38

During 2010, 80 thousand performance share awards vested.

Unrecognized compensation cost was $1 million at December 31, 2010. Compensation expense recognized in 2010 was $3 million.

Stock Options. The Corporation granted 12,393 thousand of converted XTO stock options with a grant-date fair value of $182 million as a result of the XTO merger. The grant included 893 thousand of unvested options. The converted XTO stock option awards are accounted for under current authoritative guidance, which requires the measurement and recognition of compensation expense based on estimated grant-date fair values. Upon conversion of these stock options to ExxonMobil stock options in connection with the merger, the performance thresholds were adjusted to equivalent market price thresholds for common stock of the Corporation. These stock options generally vest and become exercisable ratably over a three-year period, and may include a provision for accelerated vesting when the common stock price reaches specified levels. Some stock option tranches vest only when the common stock price reaches specified levels. As of December 31, 2010, unvested stock options of 574 thousand included 130 thousand options that vest ratably over three years and 444 thousand options that vest at stock prices ranging from $76.08 to $126.80.

Changes that occurred in the Corporation's stock options in 2010 are summarized below (shares in thousands):

Stock options	2010 Shares	2010 Avg. Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at January 1	41,473	$ 40.92	
Merger-related converted XTO awards	12,393	$ 55.15	
Exercised	(24,305)	$ 43.62	
Forfeited	(52)	$ 45.91	
Outstanding at December 31	29,509	$ 44.65	2.0 Years
Exercisable at December 31	28,935	$ 43.94	1.9 Years

Unrecognized compensation cost related to the nonvested merger-related converted XTO stock options was $1 million as of December 31, 2010. Compensation expense recognized in 2010 was $2 million. No compensation expense was recognized for stock options in 2009 and 2008, as all remaining outstanding stock options were granted prior to 2002 and were fully vested. Cash received from stock option exercises was $1,043 million, $752 million and $753 million for 2010, 2009 and 2008, respectively. The cash tax benefit realized for the options exercised was $89 million, $164 million and $273 million for 2010, 2009 and 2008, respectively. The aggregate intrinsic value of stock options exercised in 2010, 2009 and 2008 was $539 million, $563 million and $894 million, respectively. The intrinsic value for the balance of outstanding stock options at December 31, 2010, was $868 million. The intrinsic value for the balance of exercisable stock options at December 31, 2010, was $865 million.

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Estimated Fair Value of XTO Merger-Related Grants. For restricted stock grants, the fair value was equal to the price of the common stock on the grant date. For the converted XTO stock options and performance stock, the Corporation used a Monte Carlo simulation model to estimate fair value. The Monte Carlo simulation model requires inputs for the risk-free interest rate, dividend yield, volatility, contract term, target vesting price, post-vesting turnover rate and sub-optimal exercise factor. Expected life, derived vesting period and fair value are outputs of this model.

The risk-free interest rate is based on the constant maturity nominal rates of U.S. Treasury securities with remaining lives throughout the contract term on the day of the grant. The dividend yield is the expected common stock annual dividend yield over the expected life of the option or performance stock, expressed as a percentage of the stock price on the date of grant. The volatility factors are based on a combination of both the historical volatilities of ExxonMobil's stock and the implied volatility of traded options on ExxonMobil common stock. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by certain employees who receive stock option grants, and subsequent events are not indicative of the reasonableness of the original fair value estimates.

The total estimated fair value calculated at the time of the merger for the converted XTO stock-based awards was $352 million.

Fair values were determined using the following assumptions:

Weighted average expected term	2.5 years
Range of risk-free interest rates	0.1% - 2.6%
Weighted average risk-free interest rates	0.9%
Dividend yield	3.0%
Weighted average volatility	28.5%
Range of volatility	22.5% - 33.6%

15. Litigation and Other Contingencies

Litigation. A variety of claims have been made against ExxonMobil and certain of its consolidated subsidiaries in a number of pending lawsuits. Management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The Corporation accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Corporation does not record liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and which are significant, the Corporation discloses the nature of the contingency and, where feasible, an estimate of the possible loss. ExxonMobil will continue to defend itself vigorously in these matters. Based on a consideration of all relevant facts and circumstances, the Corporation does not believe the ultimate outcome of any currently pending lawsuit against ExxonMobil will have a materially adverse effect upon the Corporation's operations, financial condition, or financial statements taken as a whole.

13. Employee Benefit Plans

401(k) Plan

We sponsor a 401(k) benefit plan that allows employees to contribute and defer a portion of their wages. We match employee contributions up to 14% of wages, subject to annual dollar maximums established by the federal government and plan limitations. Employee contributions vest immediately while our matching contributions vest 100% upon completion of three years of service. All employees over 18 years of age may participate. Company contributions under the plan were $25 million in 2009, $20 million in 2008 and $14 million in 2007.

Stock Incentive Plans

Stock awards under the 2004 Stock Incentive Plan include stock options, performance shares, restricted shares and unrestricted shares. In May 2008, stockholders approved certain amendments and restatements to the 2004 Plan including increasing the shares available for grants of stock awards by 12 million shares, of which 6 million can be granted as full-value awards and authorizing the compensation committee of our board to grant full-value awards to our executive officers. Prior to approval of the 2004 Plan, grants of stock awards were made pursuant to the 1998 Stock Incentive Plan. No further grants will be made under the 1998 Plan. Stock award grants are subject to certain limitations as specified in the Plan. The maximum term of stock awards is ten years under the 1998 Plan and seven years under the 2004 Plan.

The table below summarizes stock incentive compensation expense included in the consolidated financial statements and related amounts for each year:

	Year Ended December 31		
(in millions)	2009	2008	2007
Non-cash stock option compensation expense	$43	$ 80	$ 42
Non-cash performance share and unrestricted share compensation expense	26	47	4
Non-cash restricted share compensation expense	68	43	19
Related tax benefit recorded in income statement	50	62	24
Intrinsic value of stock option exercises	68	202	170
Income tax benefit on exercise of stock options or vesting of stock awards *(a)*	20	69	64
Grant date fair value of stock options vested	42	70	35

(a) Recorded as additional paid-in-capital

Stock Options

Stock options granted under the 2004 Plan generally vest and become exercisable ratably over a three-year period, and may include a provision for accelerated vesting when the common stock price reaches specified levels as determined by the Compensation Committee of the Board of Directors. Some stock options granted in 2009, 2008 and 2007 vest only when the common stock price reaches specified levels. There were a total of 18.4 million options outstanding under the 2004 and 1998 Plans at December 31, 2009, including 14.3 million that were exercisable at that date. The table below shows the terms under which the remaining options vest.

Unvested Stock Options *(in thousands)*	Vesting
2,053	Ratably over 3 years
776	$ 50
400	$ 54
2	$ 55
794	$ 90

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The following summarizes option activity and balances for the year ended December 31, 2009:

	Weighted-Average Exercise Price	Stock Options (in thousands)	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value (in millions)
Balance at January 1, 2009	$ 36.08	20,290		
Grants	41.94	1,587		
Exercises	26.65	(3,510)		
Forfeitures	43.15	(1)		
Balance at December 31, 2009	$ 38.39	18,366	4.01	$ 203
Exercisable at December 31, 2009	$ 34.52	14,341	3.53	$ 192

As a result of options exercised in 2009, outstanding common stock increased by 1.5 million shares and stockholders' equity increased by $11 million.

Performance Shares

Performance shares granted under the 2004 Plan are subject to restrictions determined by the Compensation Committee of the Board of Directors and are subject to forfeiture if performance criteria are not met. Otherwise, holders of performance shares generally have all the voting, dividend and other rights of other common stockholders. To date, the performance criteria for all awards has been the achievement of specified increases in the common stock price above the market price at the grant date. We granted 826,000 performance shares in 2009 and 1,216,000 performance shares in 2008. There were a total of 1,108,000 performance shares outstanding at December 31, 2009. The table below shows the number of shares and vesting prices of these performance shares.

Performance Shares *(in thousands)*	Vesting Price
390	$ 50
228	$ 55
245	$ 77
245	$ 85

The November 2009 performance share grant totaled 456,000 shares, with half of the shares vesting when the common stock price closes at or above $50 and the other half vesting when the common stock price closes at or above $55. Under the terms of the grant agreement, when the merger agreement with ExxonMobil was signed, the vesting criteria for these shares changed to time vesting, with all of the shares vesting one year after the merger closes. If the merger is not completed, the vesting criteria for the shares would revert to the original price vesting terms.

Restricted Shares

We granted 1,568,000 restricted shares in 2009, 2,537,000 restricted shares in 2008 and 1,388,000 restricted shares in 2007 to key employees other than executive officers. Of the shares granted in 2009, 1,544,000 vest over 42 months, with one-third vesting each at 18, 30 and 42 months. The remaining shares granted in 2009 and previous years vest over three years, with one-third vesting at each grant anniversary date. Holders of restricted shares generally have all the voting, dividend and other rights of other common stockholders.

Unrestricted Share Awards

Nonemployee directors are each eligible to receive discretionary stock awards under the 2004 Plan covering up to 25,000 shares annually, as approved by the Corporate Governance and Nominating Committee and the

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Board of Directors. Subsequent to the November 2008 grant, the directors approved a director compensation program whereby nonemployee directors no longer receive stock options and are limited to annual unrestricted grants not to exceed 6,000 shares per director subject to a cap in value of $300,000 as defined in the compensation program.

Nonemployee directors received 4,166 shares each totaling approximately 25,000 unrestricted shares in 2009, 2008 and 2007 under the 2004 Plan. In November 2007, nonemployee directors received 20,000 stock options each totaling 120,000 stock options, 50% of which vested when the common stock price closed above the target price of $56 in 2008 and 50% of which vested when the common stock price closed above the target price of $60 in 2008. In November 2008, nonemployee directors received 20,000 stock options each totaling 120,000 stock options, 50% of which vested when the common stock price closed above the target price of $40 in 2009 and 50% of which vested when the common stock price closed at or above the target price of $45 in 2009.

In January 2009, our Chairman of the Board and Founder received 110,000 unrestricted common shares.

Nonvested Stock Awards

The following summarizes the status of the nonvested stock options, performance shares and restricted shares as of December 31, 2009 and changes for the year then ended:

(in thousands, except per share amounts)	Stock Options		Performance Shares		Restricted Shares	
	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares
Nonvested at January 1, 2009	$ 14.63	5,756	$ 45.37	853	$ 39.87	3,843
Vested	12.70	(3,317)	29.67	(571)	40.53	(1,668)
Grants	11.68	1,587	39.92	826	42.88	1,568
Forfeitures	14.49	(1)	—	—	38.78	(83)
Nonvested at December 31, 2009	$ 15.05	4,025	$ 49.40	1,108	$ 40.88	3,660

As of December 31, 2009, the remaining unrecognized compensation expense related to nonvested stock options was $12 million. Total deferred compensation at December 31, 2009 related to performance shares was $15 million and related to restricted shares was $134 million. For these nonvested stock awards at December 31, 2009, we estimate that stock incentive compensation for service periods after December 31, 2009 will be $90 million in 2010, $45 million in 2011, $18 million in 2012 and $8 million in 2013. The weighted-average remaining vesting period is 1.0 years for stock options, 0.4 years for performance shares, and 2.4 years for restricted shares.

Estimated Fair Value of Grants

We use a trinomial lattice model to value stock option grants that time vest and a Monte Carlo simulation model to value performance shares and stock options that vest, or include a provision for accelerated vesting, when the common stock price reaches specified levels.

During 2009, 2008 and 2007, we used both a trinomial lattice model and a Monte Carlo simulation model to determine the fair value of options granted, and we used a Monte Carlo simulation model to determine the fair value of performance shares granted. For restricted stock grants, the fair value is equal to the closing price of our common stock on the grant date.

The trinomial lattice model requires inputs for risk-free interest rate, dividend yield, volatility, contract term, average vesting period, post-vest turnover rate and suboptimal exercise factor. Both expected life and fair

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value are outputs of this model. The Monte Carlo simulation model requires inputs for risk-free interest rate, dividend yield, volatility, contract term, target vesting price, post-vest turnover rate and suboptimal exercise factor. The suboptimal exercise factor does not affect the valuation of the performance shares since ownership is transferred at vesting. Expected life, derived vesting period and fair value are outputs of this model.

The risk-free interest rate is based on the constant maturity nominal rates of U.S. Treasury securities with remaining lives throughout the contract term on the day of the grant. The dividend yield is the expected common stock annual dividend yield over the expected life of the option or performance share, expressed as a percentage of the stock price on the date of grant. The volatility factors are based on a combination of both the historical volatilities of our stock and the implied volatility of traded options on our common stock. Contract term is seven years. For options subject to time vesting, the average vesting period is two years, based on each grant vesting ratably over a three-year period. For options subject to vesting when the common stock reaches a specified price, the target vesting price is specified by the award. The post-vesting turnover rate is 1.13% and the suboptimal exercise factor is 1.78, and are both based on actual historical exercise activity. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by certain employees who receive stock option grants, and subsequent events are not indicative of the reasonableness of the original fair value estimates.

We record stock incentive compensation only for awards expected to vest. During 2009, we estimated annual forfeitures using a rate of 0% for stock options, 2% for restricted shares and 0% for performance shares.

During the year ended December 31, 2009, we granted 1.6 million options with an estimated total grant-date fair value of $19 million and a weighted-average fair value of $11.68 per option. During 2008, we granted 2.7 million options with an estimated total grant-date fair value of $47 million and a weighted-average fair value of $17.10 per option. During 2007, we granted 4.3 million options with an estimated total grant-date fair value of $65 million and a weighted-average fair value of $15.29 per option. Fair values were determined using the following assumptions:

	2009	2008	2007
Weighted-average expected term (years)	3.8	4.4	4.6
Range of risk-free interest rates	1.6% - 2.7%	1.7% - 3.5%	3.4% - 5.0%
Weighted-average risk-free interest rates	1.7%	2.7%	3.8%
Dividend yield	1.2%	1.0%	0.8%
Range of volatility	40% - 45%	32% - 53%	26% - 33%
Weighted-average volatility	43%	40%	32%