

EXXON MOBIL CORP
Form 10-Q
November 05, 2013

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

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

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

(State or other jurisdiction of incorporation or organization)

13-5409005

(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)

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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common stock, without par
value

Outstanding as of September 30, 2013
4,368,513,787

EXXON MOBIL CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statement of Income	3
Three and nine months ended September 30, 2013 and 2012	
Condensed Consolidated Statement of Comprehensive Income	4
Three and nine months ended September 30, 2013 and 2012	
Condensed Consolidated Balance Sheet	5
As of September 30, 2013 and December 31, 2012	
Condensed Consolidated Statement of Cash Flows	6
Nine months ended September 30, 2013 and 2012	
Condensed Consolidated Statement of Changes in Equity	7
Nine months ended September 30, 2013 and 2012	
Notes to Condensed Consolidated Financial Statements	8

Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
----------------	--	----

Item 3.	Quantitative and Qualitative Disclosures About Market Risk	21
----------------	---	----

Item 4.	Controls and Procedures	21
----------------	--------------------------------	----

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	22
----------------	--------------------------	----

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	23
----------------	--	----

Item 6.	Exhibits	23
----------------	-----------------	----

Signature		24
------------------	--	----

Index to Exhibits		25
--------------------------	--	----

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

Earnings per common share - assuming dilution (dollars)			1.79			2.09			5.46			7.50
Dividends per common share (dollars)			0.63			0.57			1.83			1.61
(1) Sales-based taxes included in sales and other												
		operating revenue	7,882			8,137			22,926			24,657

The information in the Notes to Condensed Consolidated Financial Statements is an integral part of these statements.

EXXON MOBIL CORPORATION												
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME												
<i>(millions of dollars)</i>												
				Three Months Ended				Nine Months Ended				
				September 30,				September 30,				
				2013		2012		2013		2012		
Net income including noncontrolling interests				8,069		9,926		24,805		37,379		
Other comprehensive income (net of income taxes)												
Foreign exchange translation adjustment				1,229		1,620		(2,317)		1,298		
Adjustment for foreign exchange translation (gain)/loss												
included in net income				-		(119)		-		(4,354)		
Postretirement benefits reserves adjustment (excluding amortization)				(222)		(224)		(58)		(404)		
Amortization and settlement of postretirement benefits reserves												
adjustment included in net periodic benefit costs				455		454		1,353		2,083		
Total other comprehensive income				1,462		1,731		(1,022)		(1,377)		
Comprehensive income including noncontrolling interests				9,531		11,657		23,783		36,002		
Comprehensive income attributable to noncontrolling interests				331		541		420		1,062		
Comprehensive income attributable to ExxonMobil				9,200		11,116		23,363		34,940		

The information in the Notes to Condensed Consolidated Financial Statements is an integral part of these statements.

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

	Earnings reinvested			381,832			365,727	
	Accumulated other comprehensive income			(13,051)			(12,184)	
	Common stock held in treasury							
	(3,650 million shares at Sept. 30, 2013 and							
	3,517 million shares at Dec. 31, 2012)			(209,598)			(197,333)	
	ExxonMobil share of equity			169,245			165,863	
	Noncontrolling interests			6,233			5,797	
	Total equity			175,478			171,660	
	Total liabilities and equity			347,564			333,795	

The information in the Notes to Condensed Consolidated Financial Statements is an integral part of these statements.

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

Cash and cash equivalents at beginning of period						9,582			12,664	
Cash and cash equivalents at end of period						5,310			13,055	
Supplemental Disclosures										
	Income taxes paid					19,871			17,895	
	Cash interest paid					318			387	

The information in the Notes to Condensed Consolidated Financial Statements is an integral part of these statements.

EXXON MOBIL CORPORATION									
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY									
<i>(millions of dollars)</i>									
ExxonMobil Share of Equity									
Accumulated									
Other									
Common									
Compre-									
Stock									
ExxonMobil									
Non-									
controlling									
Interests									
Total									
Equity									
Balance as of December 31, 2011		9,512	330,939	(9,123)	(176,932)	154,396	6,348		160,744
Amortization of stock-based awards		618	-	-	-	618	-		618
Tax benefits related to stock-based awards		252	-	-	-	252	-		252
Other		(737)	-	-	-	(737)	(1,450)		(2,187)
Net income for the period		-	34,930	-	-	34,930	2,449		37,379
Dividends – common shares		-	(7,500)	-	-	(7,500)	(287)		(7,787)
Other comprehensive income		-	-	10	-	10	(1,387)		(1,377)
Acquisitions, at cost		-	-	-	(15,814)	(15,814)	(31)		(15,845)
Dispositions		-	-	-	558	558	-		558
Balance as of September 30, 2012		9,645	358,369	(9,113)	(192,188)	166,713	5,642		172,355
Balance as of December 31, 2012		9,653	365,727	(12,184)	(197,333)	165,863	5,797		171,660
Amortization of stock-based awards		593	-	-	-	593	-		593
Tax benefits related to stock-based awards		200	-	-	-	200	-		200

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

Other	(384)	-	-	-	(384)	242	(142)	
Net income for the period	-	24,230	-	-	24,230	575	24,805	
Dividends – common shares	-	(8,125)	-	-	(8,125)	(225)	(8,350)	
Other comprehensive income	-	-	(867)	-	(867)	(155)	(1,022)	
Acquisitions, at cost	-	-	-	(12,696)	(12,696)	(1)	(12,697)	
Dispositions	-	-	-	431	431	-	431	
Balance as of September 30, 2013	10,062	381,832	(13,051)	(209,598)	169,245	6,233	175,478	
	Nine Months Ended September 30, 2013				Nine Months Ended September 30, 2012			
		Held in				Held in		
Common Stock Share Activity	Issued	Treasury	Outstanding		Issued	Treasury	Outstanding	
	<i>(millions of shares)</i>				<i>(millions of shares)</i>			
Balance as of December 31	8,019	(3,517)	4,502		8,019	(3,285)	4,734	
Acquisitions	-	(141)	(141)		-	(185)	(185)	
Dispositions	-	8	8		-	10	10	
Balance as of September 30	8,019	(3,650)	4,369		8,019	(3,460)	4,559	

The information in the Notes to Condensed Consolidated Financial Statements is an integral part of these statements.

EXXON MOBIL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Financial Statement Preparation

These unaudited condensed consolidated financial statements should be read in the context of the consolidated financial statements and notes thereto filed with the Securities and Exchange Commission in the Corporation's 2012 Annual Report on Form 10-K. In the opinion of the Corporation, the information furnished herein reflects all known accruals and adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature. Prior data has been reclassified in certain cases to conform to the current presentation basis.

The Corporation's exploration and production activities are accounted for under the "successful efforts" method.

2. 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. For purposes of our contingency disclosures, "significant" includes material matters as well as other matters which management believes should be disclosed. 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 material adverse effect upon the Corporation's operations, financial condition, or financial statements taken as a whole.

Other Contingencies

The Corporation and certain of its consolidated subsidiaries were contingently liable at September 30, 2013, for guarantees relating to notes, loans and performance under contracts. Where guarantees for environmental remediation and other similar matters do not include a stated cap, the amounts reflect management's estimate of the maximum potential exposure. These guarantees are not reasonably likely to have a material effect on the Corporation's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

				As of September 30, 2013										
				Equity		Other								
				Company		Third Party								
				Obligations (1)		Obligations		Total						
				<i>(millions of dollars)</i>										
Guarantees														
	Debt-related				3,002		52					3,054		
	Other				3,572		4,774					8,346		
		Total			6,574		4,826					11,400		
<i>(1) ExxonMobil share</i>														

Additionally, the Corporation and its affiliates have numerous long-term sales and purchase commitments in their various business activities, all of which are expected to be fulfilled with no adverse consequences material to the Corporation's operations or financial condition. The Corporation's outstanding unconditional purchase obligations at September 30, 2013, were similar to those at the prior year-end period. Unconditional purchase obligations as defined by accounting standards are those long-term commitments that are noncancelable or cancelable only under certain conditions, and that third parties have used to secure financing for the facilities that will provide the contracted goods or services.

The operations and earnings of the Corporation and its affiliates throughout the world have been, and may in the future be, affected from time to time in varying degree by political developments and laws and regulations, such as forced divestiture of assets; restrictions on production, imports and exports; price controls; tax increases and retroactive tax claims; expropriation of property; cancellation of contract rights and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the Corporation vary greatly from country to country and are not predictable.

In accordance with a nationalization decree issued by Venezuela's president in February 2007, by May 1, 2007, a subsidiary of the Venezuelan National Oil Company (PdVSA) assumed the operatorship of the Cerro Negro Heavy Oil Project. This Project had been operated and owned by ExxonMobil affiliates holding a 41.67 percent ownership interest in the Project. The decree also required conversion of the Cerro Negro Project into a "mixed enterprise" and an increase in PdVSA's or one of its affiliate's ownership interest in the Project, with the stipulation that if ExxonMobil refused to accept the terms for the formation of the mixed enterprise within a specified period of time, the government would "directly assume the activities" carried out by the joint venture. ExxonMobil refused to accede to the terms proffered by the government, and on June 27, 2007, the government expropriated ExxonMobil's 41.67 percent interest in the Cerro Negro Project. ExxonMobil's remaining net book investment in Cerro Negro producing assets is about \$750 million.

On September 6, 2007, affiliates of ExxonMobil filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes (ICSID) invoking ICSID jurisdiction under Venezuela's Investment Law and the Netherlands-Venezuela Bilateral Investment Treaty. The ICSID Tribunal issued a decision on June 10, 2010, finding that it had jurisdiction to proceed on the basis of the Netherlands-Venezuela Bilateral Investment Treaty. The ICSID arbitration proceeding is continuing and a hearing on the merits was held in February 2012. At this time, the net impact of these matters on the Corporation's consolidated financial results cannot be reasonably estimated. Regardless, the Corporation does not expect the resolution to have a material effect upon the Corporation's operations or financial condition.

An affiliate of ExxonMobil is one of the Contractors under a Production Sharing Contract (PSC) with the Nigerian National Petroleum Corporation (NNPC) covering the Erha block located in the offshore waters of Nigeria. ExxonMobil's affiliate is the operator of the block and owns a 56.25 percent interest under the PSC. The Contractors are in dispute with NNPC regarding NNPC's lifting of crude oil in excess of its entitlement under the terms of the PSC. In accordance with the terms of the PSC, the Contractors initiated arbitration in Abuja, Nigeria, under the

Nigerian Arbitration and Conciliation Act. On October 24, 2011, a three-member arbitral Tribunal issued an award upholding the Contractors' position in all material respects and awarding damages to the Contractors jointly in an amount of approximately \$1.8 billion plus \$234 million in accrued interest. The Contractors petitioned a Nigerian federal court for enforcement of the award, and NNPC petitioned the same court to have the award set aside. On May 22, 2012, the court set aside the award. The Contractors have appealed that judgment. In June 2013, the Contractors filed a lawsuit against NNPC in the Nigerian federal high court in order to preserve their ability to seek enforcement of the PSC in the courts if necessary. At this time, the net impact of this matter on the Corporation's consolidated financial results cannot be reasonably estimated. However, regardless of the outcome of enforcement proceedings, the Corporation does not expect the proceedings to have a material effect upon the Corporation's operations or financial condition.

3. Other Comprehensive Income Information

					Cumulative			Post-		
					Foreign			retirement		
					Exchange			Benefits		
ExxonMobil Share of Accumulated Other					Translation			Reserves		
Comprehensive Income					Adjustment			Adjustment		Total
<i>(millions of dollars)</i>										
Balance as of December 31, 2011					4,168			(13,291)		(9,123)
Current period change excluding amounts reclassified										
from accumulated other comprehensive income					1,159			(351)		808
Amounts reclassified from accumulated other										
comprehensive income					(2,603)			1,805		(798)
Total change in accumulated other comprehensive income					(1,444)			1,454		10
Balance as of September 30, 2012					2,724			(11,837)		(9,113)
Balance as of December 31, 2012					2,410			(14,594)		(12,184)
Current period change excluding amounts reclassified										
from accumulated other comprehensive income					(2,118)			(52)		(2,170)
Amounts reclassified from accumulated other										
comprehensive income					-			1,303		1,303
Total change in accumulated other comprehensive income					(2,118)			1,251		(867)
Balance as of September 30, 2013					292			(13,343)		(13,051)

					Three Months Ended			Nine Months Ended			
Amounts Reclassified Out of Accumulated Other					September 30,			September 30,			
Comprehensive Income - Before-tax Income/(Expense)					2013		2012		2013		2012
<i>(millions of dollars)</i>											
Foreign exchange translation gain/(loss) included in net income											
(Statement of Income line: Other income)					-		119		-		4,354

Amortization and settlement of postretirement benefits reserves										
adjustment included in net periodic benefit costs (1)	(648)			(654)			(1,951)			(3,215)

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost. (See Note 5 – Pension and Other Postretirement Benefits for additional details.)

		Three Months Ended				Nine Months Ended			
Income Tax (Expense)/Credit For		September 30,				September 30,			
Components of Other Comprehensive Income		2013		2012		2013		2012	
<i>(millions of dollars)</i>									
Foreign exchange translation adjustment		(16)		(55)		100		(92)	
Postretirement benefits reserves adjustment									
Postretirement benefits reserves adjustment									
	(excluding amortization)	85		100		28		190	
Amortization and settlement of postretirement benefits reserves									
	adjustment included in net periodic benefit costs	(193)		(200)		(598)		(1,132)	
Total		(124)		(155)		(470)		(1,034)	

4. Earnings Per Share

		Three Months Ended				Nine Months Ended			
		September 30,				September 30,			
		2013		2012		2013		2012	
Earnings per common share									
Net income attributable to ExxonMobil (<i>millions of dollars</i>)		7,870		9,570		24,230		34,930	
Weighted average number of common shares									
outstanding (<i>millions of shares</i>)		4,395		4,597		4,438		4,657	
Earnings per common share (<i>dollars</i>)		1.79		2.09		5.46		7.50	
Earnings per common share - assuming dilution									
Net income attributable to ExxonMobil (<i>millions of dollars</i>)		7,870		9,570		24,230		34,930	
Weighted average number of common shares									
outstanding (millions of shares)		4,395		4,597		4,438		4,657	
Effect of employee stock-based awards		-		-		-		-	
Weighted average number of common shares									
outstanding - assuming dilution		4,395		4,597		4,438		4,657	
Earnings per common share - assuming dilution (<i>dollars</i>)		1.79		2.09		5.46		7.50	

5. Pension and Other Postretirement Benefits

		Three Months Ended				Nine Months Ended			
		September 30,				September 30,			
		2013		2012		2013		2012	
		<i>(millions of dollars)</i>							
Pension Benefits - U.S.									
Components of net benefit cost									
	Service cost	206		173		581		489	
	Interest cost	188		205		562		615	
	Expected return on plan assets	(209)		(196)		(626)		(590)	
	Amortization of actuarial loss/(gain) and prior								
	service cost	165		146		493		436	
	Net pension enhancement and curtailment/settlement cost	182		123		546		369	
	Net benefit cost	532		451		1,556		1,319	
Pension Benefits - Non-U.S.									
Components of net benefit cost									
	Service cost	170		156		521		490	
	Interest cost	265		279		803		859	
	Expected return on plan assets	(278)		(269)		(841)		(831)	
	Amortization of actuarial loss/(gain) and prior								
	service cost	239		228		724		719	
	Net pension enhancement and curtailment/settlement cost	1		109		2		1,538	
	Net benefit cost	397		503		1,209		2,775	
Other Postretirement Benefits									
Components of net benefit cost									
	Service cost	44		31		123		100	
	Interest cost	87		89		264		293	
	Expected return on plan assets	(10)		(9)		(30)		(30)	
	Amortization of actuarial loss/(gain) and prior								
	service cost	61		48		186		156	
	Net benefit cost	182		159		543		519	

(1) *Non-U.S. net pension enhancement and curtailment/settlement cost for the nine months ended September 30, 2012, includes \$1,420 million (on a consolidated company, before tax basis) of accumulated other comprehensive income for the postretirement benefit reserves adjustment that was recycled into earnings and included in the Japan restructuring gain reported in "Other income".*

6. Financial Instruments

The fair value of financial instruments is determined by reference to observable market data and other valuation techniques as appropriate. The only category of financial instruments where the difference between fair value and recorded book value is notable is long-term debt. The estimated fair value of total long-term debt, excluding capitalized lease obligations, was \$7,318 million at September 30, 2013, and \$8,027 million at December 31, 2012, as compared to recorded book values of \$7,014 million at September 30, 2013, and \$7,497 million at December 31, 2012.

The fair value of long-term debt by hierarchy level at September 30, 2013, is: Level 1 \$5,984 million; Level 2 \$1,270 million; and Level 3 \$64 million. Level 1 represents quoted prices in active markets. Level 2 includes debt whose fair value is based upon a publicly available index. Level 3 involves using internal data augmented by relevant market indicators if available.

During the third quarter, the Corporation established a \$5.0 billion committed line of credit in the U.S., and reduced its previous U.S. line of credit from \$2.7 billion at December 31, 2012 to \$0.6 billion at September 30, 2013. The committed line of credit was unused as of September 30, 2013.

7. Disclosures about Segments and Related Information

		Three Months Ended				Nine Months Ended			
		September 30,				September 30,			
		2013		2012		2013		2012	
		<i>(millions of dollars)</i>							
EARNINGS AFTER INCOME TAX									
	Upstream								
	United States	1,050		633		3,005		2,321	
	Non-U.S.	5,663		5,340		17,050		19,812	
	Downstream								
	United States	315		1,441		1,602		2,878	
	Non-U.S. (1)	277		1,749		931		8,544	
	Chemical								
	United States	680		565		1,947		1,492	
	Non-U.S. (1)	345		225		971		1,448	
	All other	(460)		(383)		(1,276)		(1,565)	
	Corporate total	7,870		9,570		24,230		34,930	
(1)	<i>Nine months ended September 30, 2012, includes the gain associated with the Japan restructuring of \$5.3 billion in the non-U.S. Downstream and \$0.6 billion in the non-U.S. Chemical segments.</i>								
SALES AND OTHER OPERATING REVENUE (2)									
	Upstream								
	United States	3,416		2,718		9,516		8,108	
	Non-U.S.	5,829		6,755		18,931		21,319	
	Downstream								
	United States	32,032		31,621		92,995		92,991	
	Non-U.S.	57,179		60,763		164,066		190,590	
	Chemical								
	United States	3,873		3,493		11,479		11,167	
	Non-U.S.	6,058		5,634		17,813		18,157	
	All other	3		5		18		16	
	Corporate total	108,390		110,989		314,818		342,348	
(2)	<i>Includes sales-based taxes</i>								
INTERSEGMENT REVENUE									
	Upstream								

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

		United States			2,015			1,935			6,324			6,538
		Non-U.S.			12,505			11,105			35,097			35,171
		Downstream												
		United States			5,056			5,422			15,312			16,214
		Non-U.S.			14,099			15,309			39,263			47,215
		Chemical												
		United States			2,971			3,301			9,157			9,429
		Non-U.S.			2,352			2,292			6,407			7,565
		All other			66			75			204			212

EXXON MOBIL CORPORATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FUNCTIONAL EARNINGS SUMMARY											
		Third Quarter						First Nine Months			
Earnings (U.S. GAAP)		2013		2012		2013		2012			
		<i>(millions of dollars)</i>									
Upstream											
	United States		1,050		633		3,005		2,321		
	Non-U.S.		5,663		5,340		17,050		19,812		
Downstream											
	United States		315		1,441		1,602		2,878		
	Non-U.S.		277		1,749		931		8,544		
Chemical											
	United States		680		565		1,947		1,492		
	Non-U.S.		345		225		971		1,448		
Corporate and financing			(460)		(383)		(1,276)		(1,565)		
	Net Income attributable to ExxonMobil (U.S. GAAP)		7,870		9,570		24,230		34,930		
Earnings per common share <i>(dollars)</i>			1.79		2.09		5.46		7.50		
Earnings per common share - assuming dilution <i>(dollars)</i>			1.79		2.09		5.46		7.50		

References in this discussion to corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.

REVIEW OF THIRD QUARTER 2013 RESULTS

ExxonMobil's results for the third quarter of 2013 reflect our continued progress across a diverse set of profitable growth opportunities, which positions us well to deliver shareholder value. We maintain a long-term perspective on our business with a relentless focus on operational excellence and disciplined investing.

Third quarter earnings were \$7.9 billion, down 18 percent from the third quarter of 2012. Production of oil and natural gas increased from a year earlier as new projects were brought on line and maintenance-related downtime decreased. Significantly weaker refining margins as a result of increased industry capacity negatively impacted ExxonMobil's Downstream earnings.

In the third quarter, capital and exploration expenditures were \$10.5 billion, in line with anticipated spending plans.

The Corporation distributed \$5.8 billion to shareholders in the third quarter through dividends and share purchases to reduce shares outstanding.

--	--	--

Earnings in the first nine months of 2013 of \$24,230 million decreased \$10,700 million from 2012.

Earnings per share – assuming dilution for the first nine months of 2013 decreased 27 percent to \$5.46.

		Third Quarter				First Nine Months			
		2013		2012		2013		2012	
		<i>(millions of dollars)</i>							
Upstream earnings									
	United States		1,050		633		3,005		2,321
	Non-U.S.		5,663		5,340		17,050		19,812
	Total		6,713		5,973		20,055		22,133

Upstream earnings were \$6,713 million in the third quarter of 2013, up \$740 million from the third quarter of 2012. Higher liquids and natural gas realizations increased earnings by \$440 million. Production volume and mix effects increased earnings by \$20 million. All other items, including favorable tax and foreign exchange impacts, partly offset by higher operating expenses, increased earnings by \$280 million.

On an oil-equivalent basis, production increased 1.5 percent from the third quarter of 2012. Excluding the impacts of entitlement volumes, OPEC quota effects and divestments, production increased 2.7 percent.

Liquids production totaled 2,199 kbd (thousands of barrels per day), up 83 kbd from the third quarter of 2012. Excluding the impacts of entitlement volumes, OPEC quota effects and divestments, liquids production was up 5.3 percent, as lower downtime and project ramp-up in Canada and Nigeria were partially offset by field decline.

Third quarter natural gas production was 10,914 mcf (millions of cubic feet per day), down 147 mcf from 2012. Excluding the impacts of entitlement volumes and divestments, natural gas production was down 0.3 percent, as field decline was mostly offset by lower downtime and project ramp-up.

Earnings from U.S. Upstream operations were \$1,050 million, \$417 million higher than the third quarter of 2012. Non U.S. Upstream earnings were \$5,663 million, up \$323 million from the prior year.

--	--	--

Upstream earnings in the first nine months of 2013 were \$20,055 million, down \$2,078 million from 2012. Higher gas realizations, partially offset by lower liquids realizations, increased earnings by \$350 million. Lower sales volumes decreased earnings by \$400 million. All other items, including lower net gains from asset sales, mainly in Angola, and higher expenses, reduced earnings by \$2.0 billion.

On an oil-equivalent basis, production was down 1.4 percent compared to the same period in 2012. Excluding the impacts of entitlement volumes, OPEC quota effects and divestments, production was up 0.4 percent.

Liquids production of 2,192 kbd increased 13 kbd compared with 2012. Excluding the impacts of entitlement volumes, OPEC quota effects and divestments, liquids production was up 1.3 percent, as project ramp-up and lower downtime were partially offset by field decline.

Natural gas production of 11,818 mcf decreased 431 mcf from 2012. Excluding the impacts of entitlement volumes and divestments, natural gas production was down 0.8 percent, as field decline was partially offset by lower downtime, higher demand, and project ramp-up.

Earnings in the first nine months of 2013 from U.S. Upstream operations were \$3,005 million, up \$684 million from 2012. Earnings outside the U.S. were \$17,050 million, down \$2,762 million from the prior year.

		Third Quarter			First Nine Months		
Upstream additional information		<i>(thousands of barrels daily)</i>					
Volumes reconciliation (Oil-equivalent production)(1)							
2012				3,960			4,220
	Entitlements - Net Interest			(13)			(51)
	Entitlements - Price / Spend			(8)			-
	Quotas			-			4
	Divestments			(28)			(26)
	Net growth			107			15
2013				4,018			4,162
<i>(1) Gas converted to oil-equivalent at 6 million cubic feet = 1 thousand barrels.</i>							

Listed below are descriptions of ExxonMobil's entitlement volume effects. These descriptions are provided to facilitate understanding of the terms.

Production Sharing Contract (PSC) Net Interest Reductions are contractual reductions in ExxonMobil's share of production volumes covered by PSCs. These reductions typically occur when cumulative investment returns or production volumes achieve thresholds as specified in the PSCs. Once a net interest reduction has occurred, it typically will not be reversed by subsequent events, such as lower crude oil prices.

Price and Spend Impacts on Volumes are fluctuations in ExxonMobil's share of production volumes caused by changes in oil and gas prices or spending levels from one period to another. For example, at higher prices, fewer barrels are required for ExxonMobil to recover its costs. According to the terms of contractual arrangements or government royalty regimes, price or spending variability can increase or decrease royalty burdens and/or volumes attributable to ExxonMobil. These effects generally vary from period to period with field spending patterns or market prices for crude oil or natural gas.

		Third Quarter			First Nine Months		
		2013	2012	2013	2012	2012	
<i>(millions of dollars)</i>							
Downstream earnings							
	United States	315	1,441	1,602		2,878	
	Non-U.S.	277	1,749	931		8,544	

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

		Total			592			3,190			2,533			11,422
--	--	-------	--	--	-----	--	--	-------	--	--	-------	--	--	--------

Third quarter 2013 Downstream earnings were \$592 million, down \$2,598 million from the third quarter of 2012. Weaker margins, mainly in refining, decreased earnings by \$2.4 billion. Volume and mix effects increased earnings by \$150 million. All other items, including lower gains on asset sales and foreign exchange impacts, decreased earnings by \$380 million. Petroleum product sales of 6,031 kbd were 74 kbd lower than last year's third quarter reflecting divestment-related impacts.

Earnings from the U.S. Downstream were \$315 million, down \$1,126 million from the third quarter of 2012. Non U.S. Downstream earnings of \$277 million were \$1,472 million lower than last year.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Downstream earnings in the first nine months of 2013 of \$2,533 million decreased \$8,889 million from 2012 driven by the absence of the \$5.3 billion gain associated with the Japan restructuring. Lower margins, mainly refining, decreased earnings by \$2.2 billion. Volume and mix effects decreased earnings by \$430 million. All other items, including higher operating expenses, unfavorable foreign exchange impacts, and lower divestments, decreased earnings by \$970 million. Petroleum product sales of 5,851 kbd decreased 346 kbd from 2012.

U.S. Downstream earnings in the first nine months of 2013 were \$1,602 million, down \$1,276 million from 2012. Non U.S. Downstream earnings were \$931 million, a decrease of \$7,613 million from last year.

		Third Quarter				First Nine Months			
		2013		2012		2013		2012	
<i>(millions of dollars)</i>									
Chemical earnings									
	United States		680		565		1,947		1,492
	Non-U.S.		345		225		971		1,448
	Total		1,025		790		2,918		2,940

Third quarter 2013 Chemical earnings of \$1,025 million were \$235 million higher than the third quarter of 2012 due primarily to higher commodity margins. Third quarter prime product sales of 6,245 kt (thousands of metric tons) were 298 kt higher than last year's third quarter.

--	--	--

Chemical earnings in the first nine months of 2013 of \$2,918 million were \$22 million lower than 2012. The absence of the gain associated with the Japan restructuring decreased earnings by \$630 million. Higher margins increased earnings by \$520 million, while volume and mix effects increased earnings by \$80 million. All other items increased earnings by \$10 million. Prime product sales of 17,986 kt were down 270 kt from 2012.

		Third Quarter				First Nine Months			
		2013		2012		2013		2012	
<i>(millions of dollars)</i>									
Corporate and financing earnings									
			(460)		(383)		(1,276)		(1,565)

Corporate and financing expenses of \$460 million in the third quarter of 2013 were up \$77 million from the third quarter of 2012, reflecting unfavorable tax impacts.

--	--	--

Corporate and financing expenses were \$1,276 million in the first nine months of 2013, down \$289 million from 2012, as favorable tax impacts were partially offset by the absence of the Japan restructuring gain.

on asset sales was \$0.5 billion in 2013 and \$11.7 billion in 2012. For additional details, see the Condensed Consolidated Statement of Cash Flows on page 6.

Investing activities for the first nine months of 2013 used net cash of \$27.5 billion, an increase of \$10.9 billion compared to the prior year. Spending for additions to property, plant and equipment of \$25.2 billion was \$1.0 billion higher than 2012. Proceeds from asset sales of \$0.9 billion decreased \$6.0 billion. Additional investment and advances increased \$3.2 billion to \$3.6 billion reflecting the impact of the acquisition of Celtic Exploration Ltd.

Cash flow from operations and asset sales in the first nine months of 2013 of \$35.6 billion, including asset sales of \$0.9 billion, decreased \$14.2 billion. This reflects the change in cash flows from operating activities described above and the lower proceeds from asset sales, driven by the 2012 Japan restructuring.

Net cash used in financing activities of \$11.3 billion in the first nine months of 2013 was \$14.8 billion lower than 2012, reflecting short-term debt issuance in 2013, short-term debt reduction in 2012, and a lower level of purchases of shares of ExxonMobil stock in 2013.

During the third quarter of 2013, Exxon Mobil Corporation purchased 34 million shares of its common stock for the treasury at a gross cost of \$3.0 billion. These purchases were to reduce the number of shares outstanding. Shares outstanding decreased from 4,402 million at the end of the second quarter to 4,369 million at the end of the third quarter 2013. Purchases may be made in both the open market and through negotiated transactions, and may be increased, decreased or discontinued at any time without prior notice.

The Corporation distributed to shareholders a total of \$5.8 billion in the third quarter of 2013 through dividends and share purchases to reduce shares outstanding.

Total cash and cash equivalents of \$5.7 billion at the end of the third quarter of 2013 compared to \$13.3 billion at the end of the third quarter of 2012.

Total debt of \$21.3 billion compared to \$11.6 billion at year-end 2012. The Corporation's debt to total capital ratio was 10.8 percent at the end of the third quarter of 2013 compared to 6.3 percent at year-end 2012.

Although the Corporation issues long-term debt from time to time, the Corporation currently expects to cover its near-term financial requirements predominantly with internally generated funds, supplemented by its revolving commercial paper program. During the third quarter, the Corporation established a \$5.0 billion committed line of credit in the U.S., and reduced its previous U.S. line of credit from \$2.7 billion at December 31, 2012 to \$0.6 billion at September 30, 2013. The committed line of credit was unused as of September 30, 2013.

The Corporation, as part of its ongoing asset management program, continues to evaluate its mix of assets for potential upgrade. Because of the ongoing nature of this program, dispositions will continue to be made from time to time which will result in either gains or losses. Additionally, the Corporation continues to evaluate opportunities to enhance its business portfolio through acquisitions of assets or companies, and enters into such transactions from time to time. Key criteria for evaluating acquisitions include potential for future growth and attractive current valuations. Acquisitions may be made with cash, shares of the Corporation's common stock, or both.

Litigation and other contingencies are discussed in Note 2 to the unaudited condensed consolidated financial statements.

TAXES														
				Third Quarter				First Nine Months						
				2013		2012		2013		2012				
<i>(millions of dollars)</i>														
Income taxes				6,120		7,394		18,190		23,647				
				48	%	47	%	48	%	43	%			
Sales-based taxes				7,882		8,137		22,926		24,657				

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

All other taxes and duties			9,252			8,652			27,019			29,891	
		Total			23,254			24,183			68,135		78,195

Income, sales-based and all other taxes and duties totaled \$23.3 billion for the third quarter of 2013, a decrease of \$0.9 billion from 2012. Income tax expense decreased by \$1.3 billion to \$6.1 billion with the impact of lower earnings partially offset by the higher effective tax rate. The effective income tax rate was 48 percent compared to 47 percent in the prior year period. Sales-based taxes and all other taxes and duties increased by \$0.3 billion to \$17.1 billion.

--	--	--

Income, sales-based and all other taxes and duties totaled \$68.1 billion for the first nine months of 2013, a decrease of \$10.1 billion from 2012. Income tax expense decreased by \$5.5 billion to \$18.2 billion with the impact of lower earnings partially offset by the higher effective tax rate. The effective income tax rate was 48 percent compared to 43 percent in the prior year due to the absence of the lower effective tax rate on divestments. Sales-based and all other taxes decreased by \$4.6 billion reflecting the Japan restructuring.

CAPITAL AND EXPLORATION EXPENDITURES												
				Third Quarter				First Nine Months				
				2013			2012			2013	2012	
<i>(millions of dollars)</i>												
Upstream (including exploration expenses)				9,475			8,248			29,599		24,720
Downstream				556			583			1,740		1,591
Chemical				509			350			1,215		1,031
Other				6			2			11		14
Total				10,546			9,183			32,565		27,356

Capital and exploration expenditures in the third quarter of 2013 were \$10.5 billion, up 15 percent from third quarter of 2012, in line with anticipated spending plans.

--	--	--

Capital and exploration expenditures in the first nine months of 2013 were \$32.6 billion, up 19 percent from the first nine months of 2012, in line with anticipated spending plans and included \$3.1 billion for the acquisition of Celtic Exploration Ltd. The Corporation anticipates an investment profile of about \$38 billion per year for the next several years. Actual spending could vary depending on the progress of individual projects and property acquisitions.

FORWARD-LOOKING STATEMENTS

Statements relating to future plans, projections, events or conditions are forward-looking statements. Actual results, including project plans, costs, timing, and capacities; capital and exploration expenditures; resource recoveries; and share purchase levels, could differ materially due to factors including: changes in oil or gas prices or other market or economic conditions affecting the oil and gas industry, including the scope and duration of economic recessions; the outcome of exploration and development efforts; changes in law or government regulation, including tax and environmental requirements; the outcome of commercial negotiations; changes in technical or operating conditions; and other factors discussed under the heading "Factors Affecting Future Results" in the "Investors" section of our website and in Item 1A of ExxonMobil's 2012 Form 10-K. We assume no duty to update these statements as of any future date.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the nine months ended September 30, 2013, does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2012.

Item 4. Controls and Procedures

As indicated in the certifications in Exhibit 31 of this report, the Corporation's Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer have evaluated the Corporation's disclosure controls and procedures as of September 30, 2013. Based on that evaluation, these officers have concluded that the Corporation's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Corporation in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no changes during the Corporation's last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On September 10, 2013, the Pennsylvania Office of Attorney General filed eight criminal charges against XTO Energy Inc. (XTO) related to the discharge of fluids at the Marquardt Well Site of XTO in Penn Township, Pennsylvania, a matter which the Corporation previously reported in its 2010 Form 10-K and its Forms 10-Q for the third quarter of 2012 and the second quarter of 2013. The charges included five counts of unlawful conduct under the Clean Streams Act and three counts under the Solid Waste Management Act. XTO believes criminal charges are unwarranted and plans to vigorously challenge the charges.

On August 23, 2013, the Louisiana Department of Environmental Quality (LDEQ) accepted a settlement proposal of ExxonMobil Refining and Supply Company and ExxonMobil Chemical Company, both divisions of Exxon Mobil Corporation (the "Corporation"), resolving a number of alleged exceedances of permit and regulatory limits for certain compounds reported from January 1, 2008, to March 31, 2013, as well as Consolidated Compliance Orders & Notices of Potential Penalties issued by LDEQ from 2008 through 2012 to the Baton Rouge Refinery (BRRF), the Baton Rouge Chemical Plant, the Baton Rouge Anchorage Tank Farm and the Baton Rouge Resins Finishing Plant, including the BRRF matter previously reported in the Corporation's Form 10-Q for the third quarter of 2009. The Corporation had previously self-disclosed these matters to the LDEQ along with a proposed number of specific corrective action steps. The settlement terms include payment of a \$300,000 penalty, an agreement to complete certain on-site improvement projects valued at \$1,000,000, Beneficial Environmental Projects valued at \$1,029,000 and a Stipulated Penalty Agreement to address any future environmental non-compliance. The settlement will be the subject of public notice and comment for 45 days before becoming final.

On October 2, 2013, ExxonMobil Oil Corporation's Joliet Refinery in Channahon, Illinois, received a Notice from the United States Environmental Protection Agency (USEPA) alleging that the Refinery was out of compliance with several requirements of a Consent Decree entered into with the USEPA (United States v. Exxon Mobil Corp., CA No. 05-C-5809 (N.D. Ill.)) in December 2005 and reported in the Corporation's Form 10-Q for the third quarter of 2005. The USEPA alleges violations of the requirements for continuous emissions and opacity monitoring, leak detection and repair requirements, and prohibitions against using emission reduction credits from Consent Decree projects in permitting. USEPA has indicated that it plans to propose penalties up to \$1,242,500. ExxonMobil will contest the proposed penalties.

On October 3, 2013, ExxonMobil Oil Corporation's Joliet Refinery received a Notice and Finding of Violation from the USEPA alleging that Joliet Refinery flares were modified and thereby triggered New Source Performance Standards (NSPS) requirements for refineries, and that the flares do not comply with federal and state combustion efficiency standards. The Notice also alleged that certain tanks at the Refinery were modified and triggered NSPS for tanks, that Prevention of Significant Deterioration Program permitting requirements were not met for projects

involving the Refinery's Fluid Catalytic Cracking Unit, and other leak detection and repair violations. Penalties sought will likely exceed \$100,000.

In July 2013, ExxonMobil Oil Corporation's Torrance Refinery in California confirmed and then self-reported that it may have failed to measure and report flow from parallel flare lines at the Refinery to the South Coast Air Quality Management District (AQMD) as required by AQMD Rule 1118. The Refinery is currently working with the AQMD to resolve the matter, but it is anticipated that a civil penalty in excess of \$100,000 will be assessed.

Regarding the Notice of Enforcement and Proposed Agreed Order issued on January 30, 2013, by the Texas Commission on Environmental Quality (TCEQ) concerning three emission events in May and June 2012 at ExxonMobil Oil Corporation's Beaumont Refinery previously reported in the Corporation's Form 10-Q for the first quarter of 2013, the parties have agreed upon a full settlement of the enforcement action and a penalty of \$126,250, which will become final after endorsement by the TCEQ at an upcoming agenda meeting.

In the enforcement action filed by the United States, on behalf of the USEPA, and the State of Arkansas, on behalf of the Arkansas Department of Environmental Quality (ADEQ), against ExxonMobil Pipeline Company (EMPCo) related to the discharge of crude oil from the Pegasus Pipeline in Mayflower, Faulkner County, Arkansas, previously reported in the Corporation's Forms 10-Q for the first and second quarters of 2013, the court has set a trial date of February 15, 2015.

On September 16, 2013, the United States Department of Justice (USDOJ), based on a referral from the USEPA, advised that a civil enforcement investigation had been opened into the discharge of crude oil from the EMPCo's North Line Pipeline near Torbert in Pointe Coupee Parish, Louisiana, on April 28, 2012. The USDOJ is investigating whether the discharge of oil contaminated waterways resulting in violations of the Clean Water Act. Penalties sought likely will be in excess of \$100,000.

Refer to the relevant portions of Note 2 of this Quarterly Report on Form 10-Q for further information on legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds										
Issuer Purchase of Equity Securities for Quarter Ended September 30, 2013										
Period				Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs			
July 2013				13,277,502	\$93.24	13,277,502				
August 2013				10,625,871	\$88.98	10,625,871				
September 2013				9,787,418	\$87.98	9,787,418				
Total				33,690,791	\$90.37	33,690,791		(See Note 1)		

Note 1 - On August 1, 2000, the Corporation announced its intention to resume purchases of shares of its common stock for the treasury both to offset shares issued in conjunction with company benefit plans and programs and to gradually reduce the number of shares outstanding. The announcement did not specify an amount or expiration date. The Corporation has continued to purchase shares since this announcement and to report purchased volumes in its quarterly earnings releases. In its most recent earnings release dated October 31, 2013, the Corporation stated that fourth quarter 2013 share purchases to reduce shares outstanding are anticipated to equal \$3 billion. Purchases may be made in both the open market and through negotiated transactions, and purchases may be increased, decreased or discontinued at any time without prior notice.

Item 6. Exhibits

Exhibit	Description
31.1	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Chief Executive Officer.
31.2	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Financial Officer.
31.3	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Accounting Officer.
32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer.

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

- 32.2 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Financial Officer.
- 32.3 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Accounting Officer.
- 101 Interactive Data Files.

EXXON MOBIL CORPORATION

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXXON MOBIL CORPORATION

Date: November 5, 2013

By:

/s/ PATRICK T. MULVA
Patrick T. Mulva
Vice President, Controller and
Principal Accounting Officer

INDEX TO EXHIBITS

Exhibit	Description
31.1	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Chief Executive Officer.
31.2	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Financial Officer.
31.3	Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Accounting Officer.
32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer.
32.2	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Financial Officer.
32.3	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Accounting Officer.
101	Interactive Data Files.

