

EXXON MOBIL CORP
Form 10-Q
May 07, 2014

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 March 31, 2014

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 March 31, 2014
4,294,374,730

EXXON MOBIL CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2014

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statement of Income	3
Three months ended March 31, 2014 and 2013	
Condensed Consolidated Statement of Comprehensive Income	4
Three months ended March 31, 2014 and 2013	
Condensed Consolidated Balance Sheet	5
As of March 31, 2014 and December 31, 2013	
Condensed Consolidated Statement of Cash Flows	6
Three months ended March 31, 2014 and 2013	
Condensed Consolidated Statement of Changes in Equity	7
Three months ended March 31, 2014 and 2013	
Notes to Condensed Consolidated Financial Statements	8

Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13
----------------	--------------------------------------------------------------------------------------------------	----

Item 3.	Quantitative and Qualitative Disclosures About Market Risk	18
----------------	-----------------------------------------------------------------------	----

Item 4.	Controls and Procedures	18
----------------	--------------------------------	----

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	19
----------------	--------------------------	----

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	20
----------------	------------------------------------------------------------------------	----

Item 6.	Exhibits	20
----------------	-----------------	----

Signature		21
------------------	--	----

Index to Exhibits		22
--------------------------	--	----

PART I. FINANCIAL INFORMATION							
Item 1. Financial Statements							
EXXON MOBIL CORPORATION							
CONDENSED CONSOLIDATED STATEMENT OF INCOME							
<i>(millions of dollars)</i>							
				Three Months Ended			
				March 31,			
				2014			2013
Revenues and other income							
	Sales and other operating revenue <i>(1)</i>			101,760			103,378
	Income from equity affiliates			4,108			4,418
	Other income			905			561
		Total revenues and other income		106,773			108,357
Costs and other deductions							
	Crude oil and product purchases			58,314			59,449
	Production and manufacturing expenses			10,088			9,736
	Selling, general and administrative expenses			3,132			3,118
	Depreciation and depletion			4,192			4,110
	Exploration expenses, including dry holes			317			445
	Interest expense			66			24
	Sales-based taxes <i>(1)</i>			7,416			7,492
	Other taxes and duties			8,021			7,945
		Total costs and other deductions		91,546			92,319
Income before income taxes				15,227			16,038
	Income taxes			5,857			6,277
Net income including noncontrolling interests				9,370			9,761
	Net income attributable to noncontrolling interests			270			261
Net income attributable to ExxonMobil				9,100			9,500
Earnings per common share <i>(dollars)</i>				2.10			2.12
Earnings per common share - assuming dilution <i>(dollars)</i>				2.10			2.12

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

Dividends per common share (<i>dollars</i>)				0.63			0.57	
<i>(1) Sales-based taxes included in sales and other operating revenue</i>				7,416			7,492	

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	
										March 31,	
										2014	2013
Net income including noncontrolling interests										9,370	9,761
Other comprehensive income (net of income taxes)											
Foreign exchange translation adjustment										(786)	(1,209)
Adjustment for foreign exchange translation (gain)/loss included in net income										82	-
Postretirement benefits reserves adjustment (excluding amortization)										(84)	65
Amortization and settlement of postretirement benefits reserves adjustment											
included in net periodic benefit costs										316	444
Unrealized change in fair value of stock investments										(54)	-
Total other comprehensive income										(526)	(700)
Comprehensive income including noncontrolling interests										8,844	9,061
Comprehensive income attributable to noncontrolling interests										59	144
Comprehensive income attributable to ExxonMobil										8,785	8,917

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

EXXON MOBIL CORPORATION									
CONDENSED CONSOLIDATED BALANCE SHEET									
<i>(millions of dollars)</i>									
						Mar. 31,			Dec. 31,
						2014			2013
Assets									
Current assets									
						5,601			4,644
						204			269
						32,480			33,152
						14,439			12,117
						4,129			4,018
						5,011			5,108
						61,864			59,308
						37,169			36,328
						245,897			243,650
						8,103			7,522
						353,033			346,808
Liabilities									
Current liabilities									
						9,223			15,808
						52,109			48,085
						8,776			7,831
						70,108			71,724
						12,144			6,891
						20,215			20,646
						40,783			40,530
						4,877			4,742
						22,015			21,780
						170,142			166,313
Commitments and contingencies (Note 2)									
Equity									
						10,276			10,077

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

	Earnings reinvested			393,800			387,432	
	Accumulated other comprehensive income			(11,040)			(10,725)	
	Common stock held in treasury							
	(3,725 million shares at Mar. 31, 2014 and							
	3,684 million shares at Dec. 31, 2013)			(216,638)			(212,781)	
	ExxonMobil share of equity			176,398			174,003	
	Noncontrolling interests			6,493			6,492	
	Total equity			182,891			180,495	
	Total liabilities and equity			353,033			346,808	

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

EXXON MOBIL CORPORATION										
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS										
<i>(millions of dollars)</i>										
						Three Months Ended				
						March 31,				
						2014			2013	
Cash flows from operating activities										
	Net income including noncontrolling interests						9,370			9,761
	Depreciation and depletion						4,192			4,110
	Changes in operational working capital, excluding cash and debt						2,452			2,321
	All other items – net						(911)			(2,600)
			Net cash provided by operating activities				15,103			13,592
Cash flows from investing activities										
	Additions to property, plant and equipment						(7,328)			(7,494)
	Proceeds associated with sales of subsidiaries, property, plant and									
			equipment, and sales and returns of investments				1,111			360
	Additional investments and advances						(457)			(3,032)
	Other investing activities – net						368			112
			Net cash used in investing activities				(6,306)			(10,054)
Cash flows from financing activities										
	Additions to long-term debt						5,500			5
	Additions/(reductions) in short-term debt – net						(6,668)			1,587
	Cash dividends to ExxonMobil shareholders						(2,732)			(2,561)
	Cash dividends to noncontrolling interests						(58)			(105)
	Changes in noncontrolling interests						-			(1)
	Common stock acquired						(3,860)			(5,621)
	Common stock sold						2			2
			Net cash used in financing activities				(7,816)			(6,694)
Effects of exchange rate changes on cash							(24)			(212)
Increase/(decrease) in cash and cash equivalents							957			(3,368)
Cash and cash equivalents at beginning of period							4,644			9,582
Cash and cash equivalents at end of period							5,601			6,214

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

Supplemental Disclosures							
	Income taxes paid			4,145			7,220
	Cash interest paid			87			105

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, 2012	9,653	365,727	(12,184)	(197,333)	165,863	5,797	171,660	
Amortization of stock-based awards	212	-	-	-	212	-	212	
Tax benefits related to stock-based awards	188	-	-	-	188	-	188	
Other	(388)	-	-	-	(388)	241	(147)	
Net income for the period	-	9,500	-	-	9,500	261	9,761	
Dividends – common shares	-	(2,561)	-	-	(2,561)	(105)	(2,666)	
Other comprehensive income	-	-	(583)	-	(583)	(117)	(700)	
Acquisitions, at cost	-	-	-	(5,621)	(5,621)	(1)	(5,622)	
Dispositions	-	-	-	391	391	-	391	
Balance as of March 31, 2013	9,665	372,666	(12,767)	(202,563)	167,001	6,076	173,077	
Balance as of December 31, 2013	10,077	387,432	(10,725)	(212,781)	174,003	6,492	180,495	
Amortization of stock-based awards	201	-	-	-	201	-	201	
Tax benefits related to stock-based awards	3	-	-	-	3	-	3	

Other	(5)	-	-	-	(5)	-	(5)	
Net income for the period	-	9,100	-	-	9,100	270	9,370	
Dividends – common shares	-	(2,732)	-	-	(2,732)	(58)	(2,790)	
Other comprehensive income	-	-	(315)	-	(315)	(211)	(526)	
Acquisitions, at cost	-	-	-	(3,860)	(3,860)	-	(3,860)	
Dispositions	-	-	-	3	3	-	3	
Balance as of March 31, 2014	10,276	393,800	(11,040)	(216,638)	176,398	6,493	182,891	
	Three Months Ended March 31, 2014				Three Months Ended March 31, 2013			
		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	(3,684)	4,335		8,019	(3,517)	4,502	
Acquisitions	-	(41)	(41)		-	(63)	(63)	
Dispositions	-	-	-		-	7	7	
Balance as of March 31	8,019	(3,725)	4,294		8,019	(3,573)	4,446	

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 2013 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 March 31, 2014, 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 March 31, 2014									
				Equity		Other							
				Company		Third Party							
				Obligations (1)		Obligations		Total					
				<i>(millions of dollars)</i>									
Guarantees													
	Debt-related			3,187		46		3,233					
	Other			4,309		4,437		8,746					
		Total		7,496		4,483		11,979					
<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 March 31, 2014, 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-		Unrealized		
			Foreign		retirement		Change in		
			Exchange		Benefits		Stock		
ExxonMobil Share of Accumulated Other			Translation		Reserves		Investments		Total
Comprehensive Income			Adjustment		Adjustment				
<i>(millions of dollars)</i>									
Balance as of December 31, 2012			2,410		(14,594)		-		(12,184)
Current period change excluding amounts reclassified									
from accumulated other comprehensive income			(1,088)		78		-		(1,010)
Amounts reclassified from accumulated other									
comprehensive income			-		427		-		427
Total change in accumulated other comprehensive income			(1,088)		505		-		(583)
Balance as of March 31, 2013			1,322		(14,089)		-		(12,767)
Balance as of December 31, 2013			(846)		(9,879)		-		(10,725)
Current period change excluding amounts reclassified									
from accumulated other comprehensive income			(555)		(93)		(54)		(702)
Amounts reclassified from accumulated other									
comprehensive income			82		305		-		387
Total change in accumulated other comprehensive income			(473)		212		(54)		(315)
Balance as of March 31, 2014			(1,319)		(9,667)		(54)		(11,040)

							Three Months Ended		
Amounts Reclassified Out of Accumulated Other							March 31,		
Comprehensive Income - Before-tax Income/(Expense)							2014		2013
<i>(millions of dollars)</i>									
Foreign exchange translation gain/(loss) included in net income									

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

	(Statement of Income line: Other income)								(82)			-
	Amortization and settlement of postretirement benefits reserves											
	adjustment included in net periodic benefit costs (1)								(451)			(644)

(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			
									March 31,			
Income Tax (Expense)/Credit For									2014		2013	
Components of Other Comprehensive Income									(millions of dollars)			
	Foreign exchange translation adjustment								(32)			37
	Postretirement benefits reserves adjustment (excluding amortization)								50			(19)
	Amortization and settlement of postretirement benefits reserves											
	adjustment included in net periodic benefit costs								(135)			(200)
	Unrealized change in fair value of stock investments								29			-
	Total								(88)			(182)

4. Earnings Per Share

				Three Months Ended			
				March 31,			
				2014			2013
Earnings per common share							
Net income attributable to ExxonMobil (<i>millions of dollars</i>)				9,100			9,500
Weighted average number of common shares outstanding (<i>millions of shares</i>)				4,328			4,485
Earnings per common share (<i>dollars</i>) (1)				2.10			2.12

(1) The calculation of earnings per common share and earnings per common share – assuming dilution are the same in each period shown.

5. Pension and Other Postretirement Benefits

				Three Months Ended			
				March 31,			
				2014			2013
				<i>(millions of dollars)</i>			
Components of net benefit cost							
Pension Benefits - U.S.							
Service cost				177			187
Interest cost				202			187
Expected return on plan assets				(200)			(209)
Amortization of actuarial loss/(gain) and prior service cost				104			164
Net pension enhancement and curtailment/settlement cost				112			167
Net benefit cost				395			496
Pension Benefits - Non-U.S.							
Service cost				150			178
Interest cost				285			277
Expected return on plan assets				(298)			(292)

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

		Amortization of actuarial loss/(gain) and prior service cost			192		250
		Net benefit cost			329		413
		Other Postretirement Benefits					
		Service cost			37		36
		Interest cost			92		91
		Expected return on plan assets			(9)		(10)
		Amortization of actuarial loss/(gain) and prior service cost			43		63
		Net benefit cost			163		180

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 \$12,086 million at March 31, 2014, and \$6,787 million at December 31, 2013, as compared to recorded book values of \$11,786 million at March 31, 2014, and \$6,516 million at December 31, 2013. The increase in the estimated fair value and book value of long-term debt reflects the Corporation's issuance of \$5,500 million of long-term debt in the first quarter of 2014. The \$5,500 million of long-term debt is comprised of \$750 million of floating-rate notes due in 2017, \$500 million of floating-rate notes due in 2019, \$1,500 million of 0.921% notes due in 2017, \$1,750 million of 1.819% notes due in 2019, and \$1,000 million of 3.176% notes due in 2024.

The fair value of long-term debt by hierarchy level at March 31, 2014, is: Level 1 \$11,142 million; Level 2 \$880 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.

7. Disclosures about Segments and Related Information

				Three Months Ended			
				March 31,			
				2014			2013
				<i>(millions of dollars)</i>			
Earnings After Income Tax							
Upstream							
		United States		1,244			859
		Non-U.S.		6,539			6,178
Downstream							
		United States		623			1,039
		Non-U.S.		190			506
Chemical							
		United States		679			752
		Non-U.S.		368			385
		All other		(543)			(219)
		Corporate total		9,100			9,500
Sales and Other Operating Revenue (1)							
Upstream							
		United States		4,322			2,872
		Non-U.S.		5,827			6,160
Downstream							
		United States		30,412			30,998

Edgar Filing: EXXON MOBIL CORP - Form 10-Q

		Non-U.S.			51,288			53,407
	Chemical							
		United States			3,876			3,883
		Non-U.S.			6,032			6,050
	All other				3			8
	Corporate total				101,760			103,378
	<i>(1) Includes sales-based taxes</i>							
	Intersegment Revenue							
	Upstream							
		United States			2,063			2,275
		Non-U.S.			10,781			11,387
	Downstream							
		United States			4,909			5,170
		Non-U.S.			12,842			13,517
	Chemical							
		United States			2,634			3,227
		Non-U.S.			2,267			2,062
	All other				67			67

EXXON MOBIL CORPORATION

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

FUNCTIONAL EARNINGS SUMMARY							
				First Three Months			
Earnings (U.S. GAAP)				2014			2013
				<i>(millions of dollars)</i>			
Upstream							
	United States			1,244			859
	Non-U.S.			6,539			6,178
Downstream							
	United States			623			1,039
	Non-U.S.			190			506
Chemical							
	United States			679			752
	Non-U.S.			368			385
Corporate and financing				(543)			(219)
	Net Income attributable to ExxonMobil			9,100			9,500
Earnings per common share <i>(dollars)</i>				2.10			2.12
Earnings per common share - assuming dilution <i>(dollars)</i>				2.10			2.12

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 FIRST QUARTER 2014 RESULTS

ExxonMobil's first quarter earnings and cash flow reflect the company's continuing focus on delivering profitable

growth and creating long-term shareholder value. Strong performance in the Upstream benefitted from improved production mix and increased unit profitability.

First quarter 2014 earnings were \$9.1 billion, down 4 percent from the first quarter of 2013. Upstream earnings were \$7.8 billion, up 11 percent from the previous year.

Capital and exploration expenditures for the first quarter were \$8.4 billion, down 28 percent from the first quarter of 2013.

The Corporation distributed \$5.7 billion to shareholders in the first quarter through dividends and share purchases to reduce shares outstanding.

				First Three Months	
				2014	2013
				<i>(millions of dollars)</i>	
Upstream earnings					
	United States			1,244	859
	Non-U.S.			6,539	6,178
	Total			7,783	7,037

Upstream earnings were \$7,783 million in the first three months of 2014, up \$746 million from the first quarter of 2013. Higher natural gas realizations, partially offset by lower liquids realizations, increased earnings by \$410 million. Production volume and mix effects increased earnings by \$20 million. All other items, including asset management impacts, increased earnings by \$320 million.

On an oil-equivalent basis, production decreased 5.6 percent from the first quarter of 2013. Excluding the impact of the expiry of the Abu Dhabi onshore concession, production decreased 2.9 percent.

Liquids production totaled 2,148 kbd (thousands of barrels per day), down 45 kbd from the first quarter of 2013. The Abu Dhabi onshore concession expiry reduced volumes by 118 kbd. Excluding this impact, liquids production was up 3.3 percent, driven by project ramp-up, mainly at Kearn, and lower downtime.

First quarter natural gas production was 12,016 mcf (millions of cubic feet per day), down 1,197 mcf from 2013, primarily due to lower demand.

Earnings from U.S. Upstream operations were \$1,244 million, \$385 million higher than the first quarter of 2013. Non-U.S. Upstream earnings were \$6,539 million, up \$361 million from the prior year.

		First Quarter			
Upstream additional information		<i>(thousands of barrels daily)</i>			
Volumes reconciliation (Oil-equivalent production)(1)					
2013					4,395
	Entitlements - Net Interest				(3)
	Entitlements - Price / Spend				(49)
	Quotas				-
	Divestments				(20)
	United Arab Emirates Onshore Concession Expiry				(118)
	Net Growth				(54)
2014					4,151
<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.

			First Three Months		
			2014		2013
			<i>(millions of dollars)</i>		
Downstream earnings					
	United States		623		1,039
	Non-U.S.		190		506
		Total	813		1,545

For the first three months, Downstream earnings were \$813 million, down \$732 million from the first quarter of 2013. Weaker margins, mainly in refining, decreased earnings by \$740 million. Volume and mix effects increased earnings by \$80 million. All other items decreased earnings by a net \$70 million. Petroleum product sales of 5,817 kbd were 62 kbd higher than last year's first quarter.

Earnings from the U.S. Downstream were \$623 million, down \$416 million from the first quarter of 2013. Non-U.S. Downstream earnings of \$190 million were \$316 million lower than last year.

				First Three Months			
				2014			2013
				<i>(millions of dollars)</i>			
Chemical earnings							
	United States			679			752
	Non-U.S.			368			385
		Total		1,047			1,137

Chemical earnings of \$1,047 million for the first three months were \$90 million lower than the first quarter of 2013. Weaker margins decreased earnings by \$90 million, while volume and mix effects increased earnings by \$40 million. All other items decreased earnings by \$40 million. First quarter prime product sales of 6,128 kt (thousands of metric tons) were 218 kt higher than last year's first quarter, driven by increased Singapore production.

				First Three Months			
				2014			2013
				<i>(millions of dollars)</i>			
Corporate and financing earnings				(543)			(219)

Corporate and financing expenses were \$543 million for the first three months of 2014, up \$324 million from the first quarter of 2013, due primarily to the absence of favorable tax impacts.

LIQUIDITY AND CAPITAL RESOURCES							
				First Three Months			
				2014			2013
				<i>(millions of dollars)</i>			
Net cash provided by/(used in)							
	Operating activities			15,103			13,592
	Investing activities			(6,306)			(10,054)
	Financing activities			(7,816)			(6,694)
Effect of exchange rate changes				(24)			(212)
Increase/(decrease) in cash and cash equivalents				957			(3,368)
Cash and cash equivalents (at end of period)				5,601			6,214
Cash and cash equivalents – restricted (at end of period)				204			376
Total cash and cash equivalents (at end of period)				5,805			6,590
Cash flow from operations and asset sales							
	Net cash provided by operating activities (U.S. GAAP)			15,103			13,592
	Proceeds associated with sales of subsidiaries, property, plant & equipment,						
		and sales and returns of investments		1,111			360
	Cash flow from operations and asset sales			16,214			13,952

Because of the ongoing nature of our asset management and divestment program, we believe it is useful for investors to consider proceeds associated with asset sales together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.

Cash provided by operating activities totaled \$15.1 billion for the first three months of 2014, \$1.5 billion higher than 2013. The major source of funds was net income including noncontrolling interests of \$9.4 billion, a decrease of \$0.4 billion from the prior year period. The adjustment for the noncash provision of \$4.2 billion for depreciation and depletion increased by \$0.1 billion. Changes in operational working capital added to cash flows in both periods. All other items net decreased cash by \$0.9 billion in 2014 and by \$2.6 billion in 2013. For additional details, see the Condensed Consolidated Statement of Cash Flows on page 6.

Investing activities for the first three months of 2014 used net cash of \$6.3 billion, a decrease of \$3.7 billion compared to the prior year. Spending for additions to property, plant and equipment of \$7.3 billion was \$0.2 billion lower than

2013. Proceeds from asset sales of \$1.1 billion increased \$0.8 billion. Additional investment and advances decreased \$2.6 billion to \$0.5 billion reflecting the absence of the 2013 acquisition of Celtic Exploration Ltd.

Cash flow from operations and asset sales in the first quarter of 2014 of \$16.2 billion, including asset sales of \$1.1 billion, increased \$2.3 billion from the comparable 2013 period.

During the first quarter of 2014, the Corporation issued \$5.5 billion of long-term debt and used the proceeds to reduce short-term debt. Net cash used in financing activities of \$7.8 billion in the first quarter of 2014 was \$1.1 billion higher than 2013 reflecting total debt reduction in 2014 and short-term debt issuance in 2013, partially offset by a lower level of purchases of shares of ExxonMobil stock in 2014.

During the first quarter of 2014, Exxon Mobil Corporation purchased 40.5 million shares of its common stock for the treasury at a gross cost of \$3.9 billion. These purchases included \$3 billion to reduce the number of shares outstanding with the balance used to acquire shares in conjunction with the company's benefit plans and programs. Shares outstanding decreased from 4,335 million at year-end 2013 to 4,294 million at the end of the first quarter 2014. 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 \$5.7 billion in the first quarter of 2014 through dividends and share purchases to reduce shares outstanding.

Total cash and cash equivalents of \$5.8 billion at the end of the first quarter of 2014 compared to \$6.6 billion at the end of the first quarter of 2013.

Total debt of \$21.4 billion compared to \$22.7 billion at year-end 2013. The Corporation's debt to total capital ratio was 10.5 percent at the end of the first quarter of 2014 compared to 11.2 percent at year-end 2013.

While 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.

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							
				First Three Months			
				2014		2013	
				<i>(millions of dollars)</i>			
Income taxes				5,857		6,277	
<i>Effective income tax rate</i>				45 %		46 %	
Sales-based taxes				7,416		7,492	
All other taxes and duties				8,857		8,781	

	Total		22,130		22,550
--	-------	--	--------	--	--------

Income, sales-based and all other taxes and duties totaled \$22.1 billion for the first quarter of 2014, a decrease of \$0.4 billion from 2013. Income tax expense decreased by \$0.4 billion to \$5.9 billion reflecting lower pre-tax income and a lower effective tax rate. The effective income tax rate was 45 percent compared to 46 percent in the prior year period. Sales-based taxes and all other taxes and duties were flat at \$16.3 billion.

CAPITAL AND EXPLORATION EXPENDITURES							
				First Three Months			
				2014			2013
				<i>(millions of dollars)</i>			
Upstream (including exploration expenses)				7,264			10,847
Downstream				540			609
Chemical				630			316
Other				2			3
Total				8,436			11,775

Capital and exploration expenditures in the first quarter of 2014 were \$8.4 billion, down 28 percent from first quarter of 2013, reflecting the absence of the \$3.1 billion Celtic Exploration Ltd. acquisition. The Corporation anticipates an average investment profile of about \$37 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 2013 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 three months ended March 31, 2014, does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2013.

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 March 31, 2014. 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

Regarding the administrative orders issued by the United States Environmental Protection Agency (USEPA) to XTO Energy Inc. (XTO) for alleged violations of the Clean Water Act at three XTO locations in West Virginia reported in the Corporation's Form 10-Q for the first quarter of 2012, the restoration plan for one site has been approved and the physical portion of the restoration has been commenced. The plans for two other sites are still under review by USEPA. XTO has voluntarily disclosed five additional West Virginia sites to the USEPA. XTO has submitted delineation reports for the additional sites which USEPA is reviewing. Negotiations continue on a Consent Decree to resolve outstanding penalty and compliance issues. It is expected that the USEPA will seek penalties from XTO in excess of \$100,000 to resolve the matters at all of the sites.

On April 11, 2014, ExxonMobil Oil Corporation (EMOC) signed an agreement with South Coast Air Quality Management District (AQMD) to resolve the issues relating to three parallel flare lines at EMOC's Torrance Refinery in California as reported in the Corporation's Form 10-Q for the third quarter of 2013. Under the settlement, AQMD will give EMOC a full release of all pending AQMD Notices of Violation and all violations related to and arising from the lines from 1998 through December 31, 2013, in exchange for ExxonMobil's payment of a civil penalty of \$8.1 million and the Refinery's commitment to permanently close off the three lines before December 31, 2015. In addition, ExxonMobil will owe \$14.5 million in back flare mitigation fees (initially paying 50% and retaining 50%) with the opportunity to apply 100% of the back mitigation fees towards one or more AQMD approved Mitigation Projects at or near the Torrance Refinery. ExxonMobil will also pay back emissions fees through 2012 in the amount of \$320,000.

With respect to 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, against ExxonMobil Pipeline Company 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, second and third quarters of 2013, the court has issued an order setting a trial date of February 24, 2015.

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 March 31, 2014										
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
January 2014				13,628,922		\$97.93		13,628,922		
February 2014				12,887,419		\$92.98		12,887,419		
March 2014				13,981,145		\$94.89		13,981,145		
Total				40,497,486		\$95.31		40,497,486		(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 May 1, 2014, the Corporation stated that second quarter 2014 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.

The registrant has not filed with this report copies of the instruments defining the rights of holders of long-term debt of the registrant and its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed. The registrant agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

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: May 7, 2014

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.

The registrant has not filed with this report copies of the instruments defining the rights of holders of long-term debt of the registrant and its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed. The registrant agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

