10-Q 1 first2002.txt 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, 2002 OR ( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _________to _________ Commission File Number 1-2256 EXXON MOBIL CORPORATION ____ (Exact name of registrant as specified in its charter) NEW JERSEY 13-5409005 ______________________________ _____________________ (State or other jurisdiction of (I.R.S. Employer incorporation or organization) 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 X No ___ ___ Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Class Outstanding as of March 31, 2002 ______________________________ ______________________________ Common stock, without par value 6,782,021,295 EXXON MOBIL CORPORATION FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002 TABLE OF CONTENTS Page Number ______ PART I. FINANCIAL INFORMATION Item 1. Financial Statements Condensed Consolidated Statement of Income 3 Three months ended March 31, 2002 and 2001 Condensed Consolidated Balance Sheet 4 As of March 31, 2002 and December 31, 2001 Condensed Consolidated Statement of Cash Flows 5 Three months ended March 31, 2002 and 2001 Notes to Condensed Consolidated Financial Statements 6-15 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 16-21 Item 3. Quantitative and Qualitative Disclosures About Market Risk 22 PART II. OTHER INFORMATION Item 1. Legal Proceedings 22 Item 6. Exhibits and Reports on Form 8-K 22 Signature 23 -2- PART I. FINANCIAL INFORMATION Item 1. Financial Statements EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF INCOME (millions of dollars)

Three Months Ended March 31,

____

2002 2001 ____ ____

~~REVENUE Sales and other operating revenue, including excise taxes $42,718 $56,076 Earnings from equity interests and other revenue 813 1,224 _______ _______ Total revenue 43,531 57,300 _______ _______ COSTS AND OTHER DEDUCTIONS Crude oil and product purchases 18,013 24,878 Operating expenses 3,858 4,989 Selling, general and administrative expenses 3,138 3,060 Depreciation and depletion 2,020 1,976 Exploration expenses, including dry holes 218 280 Merger related expenses 83 121 Interest expense 88 77 Excise taxes 4,791 5,294 Other taxes and duties 7,945 8,193 Income applicable to minority and preferred interests 15 212 _______ _______ Total costs and other~~

~~deductions 40,169 49,080~~ _______ ~~_______ INCOME BEFORE INCOME TAXES 3,362 8,220 Income taxes 1,272 3,260~~ _______ ~~_______ INCOME BEFORE EXTRAORDINARY ITEM 2,090 4,960 Extraordinary gain, net of income tax 0 40~~ _______ _______ ~~NET INCOME $ 2,090 $ 5,000~~ ======= ======= ~~NET INCOME PER COMMON SHARE (DOLLARS)* Before extraordinary gain $ 0.30 $ 0.71 Extraordinary gain, net of income tax 0.00 0.01~~ _______ ~~_______ Net income $ 0.30 $ 0.72~~ ======= ~~======= NET INCOME PER COMMON SHARE - ASSUMING DILUTION (DOLLARS)* Before extraordinary gain $ 0.30 $ 0.70 Extraordinary gain, net of income tax 0.00 0.01~~ _______ ~~_______ Net income $ 0.30 $ 0.71~~ ======= =======

~~DIVIDENDS PER COMMON SHARE* $ 0.23 $ 0.22~~

* Prior year amounts restated to reflect two-for-one stock split effective in June 2001. -3- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEET (millions of dollars)

March 31, Dec. 31, 2002 2001 ____ ____ ~~ASSETS Current assets Cash and cash equivalents $ 6,622 $ 6,547 Notes and accounts receivable - net 18,640 19,549 Inventories Crude oil, products and merchandise 7,154 6,743 Materials and supplies 1,167 1,161 Prepaid taxes~~

~~and expenses 1,872 1,681~~
________ ________
~~Total current assets 35,455 35,681~~
~~Property, plant and equipment - net 89,253 89,602~~
~~Investments and other assets 17,329 17,891~~
________ ________
~~TOTAL ASSETS $142,037 $143,174~~
======== ========

~~LIABILITIES~~
~~Current liabilities~~
~~Notes and loans payable $ 3,395 $ 3,703~~
~~Accounts payable and accrued liabilities 23,159 22,862~~
~~Income taxes payable 3,624 3,549~~
________ ________
~~Total current liabilities 30,178 30,114~~
~~Long-term debt 7,118 7,099~~
~~Deferred income tax liability 16,162 16,359~~
~~Other long-term liabilities 16,212 16,441~~
________ ________
~~TOTAL LIABILITIES 69,670 70,013~~
________ ________ ________

~~SHAREHOLDERS' EQUITY~~
~~Benefit plan related balances (139) (159)~~
~~Common stock, without par value: Authorized: 9,000 million shares Issued: 8,019 million shares 3,828 3,789~~
~~Earnings reinvested 96,245 95,718~~
~~Accumulated other nonowner changes in equity~~
~~Cumulative foreign exchange translation adjustment (6,077)~~

~~(5,947) Minimum pension liability adjustment (535) (535) Unrealized losses on stock investments (56) (108) Common stock held in treasury: 1,237 million shares at March 31, 2002 (20,899) 1,210 million shares at December 31, 2001 (19,597) ________ ________ TOTAL SHAREHOLDERS' EQUITY 72,367 73,161 ________ ________ TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY $142,037 $143,174 ========= =========~~

The number of shares of common stock issued and outstanding at March 31, 2002 and December 31, 2001 were 6,782,021,295 and 6,808,565,611, respectively. -4- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (millions of dollars)

Three Months Ended March 31,

____

2002 2001 ____ ____

~~CASH FLOWS FROM OPERATING ACTIVITIES Net income $ 2,090 $ 5,000 Depreciation and depletion 2,020 1,976 Changes in operational working capital, excluding cash and debt 872 1,678 All other items - net (358) 75 _______ _______ Net cash provided by operating activities 4,624 8,729 _______ _______ CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (2,426) (2,028) Sales of subsidiaries, investments, and property, plant and equipment 768 287 Other investing activities - net 421 649 _______ _______ Net~~

~~cash used in investing activities (1,237) (1,092) _______ _______ NET CASH GENERATION BEFORE FINANCING ACTIVITIES 3,387 7,637 _______ _______ CASH FLOWS FROM FINANCING ACTIVITIES Additions to long-term debt 31 243 Reductions in long-term debt (15) (214) Additions/(reductions) in short-term debt - net (362) (720) Cash dividends to ExxonMobil shareholders (1,563) (1,522) Cash dividends to minority interests (58) (63) Changes in minority interests and sales/(purchases) of affiliate stock (7) (16) Net ExxonMobil shares acquired (1,310) (1,370) _______ _______ Net cash used in financing activities (3,284) (3,662) _______ _______ Effects of exchange rate changes on cash (28) (149) _______ _______ Increase/(decrease) in cash and cash equivalents 75 3,826 Cash and cash equivalents at beginning of period 6,547 7,080 _______ _______ CASH AND CASH EQUIVALENTS AT END OF PERIOD $ 6,622 $10,906 ======= ======= SUPPLEMENTAL DISCLOSURES Income taxes paid $ 1,644 $ 1,491 Cash interest paid $ 153 $ 166~~

-5- 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 2001 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. The corporation's exploration and production activities are accounted for under the "successful efforts" method. 2. Accounting Changes As of January 1, 2002, ExxonMobil adopted Financial Accounting Standards Board Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations", and No. 142 (FAS 142), "Goodwill and Other Intangible Assets". Under FAS 141, the pooling of interests method of accounting is no longer permitted and the purchase method must be used for business combinations initiated after June 30, 2001. Under FAS 142, goodwill and certain intangibles will no longer be amortized but will be subject to annual impairment tests. The effect of adoption of the new standards on the corporation's financial statements was negligible. As of January 1, 2002, ExxonMobil adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 144 (FAS 144), "Accounting for the Impairment or Disposal of Long-Lived Assets". FAS 144 supercedes previous guidance related to the impairment or disposal of long-lived assets. For long-lived assets to be held and used, it resolves certain implementation issues of the former standards, but retains the basic requirements of recognition and measurement of impairment losses. For long-lived assets to be disposed of by sale, it broadens the definition of those disposals that should be reported separately as discontinued operations. There was no impact on the corporation of adopting FAS 144, except that future sales of long-lived assets may be required to be presented as discontinued operations, which would be a different presentation than under previous accounting standards. 3. Recently Issued Statements of Financial Accounting Standards In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143 (FAS 143), "Accounting for Asset Retirement Obligations". FAS 143 is required to be adopted by the corporation no later than January 1, 2003 and its primary impact will be to change the method of accruing for upstream site restoration costs. These costs are currently accrued ratably over the productive lives of the assets. At the end of 2001, the cumulative amount accrued under this policy was approximately $3.2 billion. Under FAS 143, the fair value of asset retirement obligations will be recorded as liabilities when they are incurred, which are typically at the time the assets are installed. Amounts recorded for the related assets will be increased by the amount of these obligations. Over time the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depreciated over the useful lives of the related assets. The corporation is evaluating the impact of adopting FAS 143. -6- 4. Merger of Exxon Corporation and Mobil Corporation On November 30, 1999, a wholly-owned subsidiary of Exxon Corporation merged with Mobil Corporation so that Mobil became a wholly-owned subsidiary of Exxon (the "Merger"). At the same time, Exxon changed its name to Exxon Mobil Corporation. The Merger was accounted for as a pooling of interests. In the first quarter of 2002, in association with the Merger, $83 million of before tax costs ($60 million after tax) were recorded as merger related expenses, including costs for rationalization of facilities and systems. In the first quarter of 2001, merger related costs were $121 million before tax ($90 million after tax). The severance reserve balance at the end of the first quarter of 2002 is expected to be expended in 2002. The following table summarizes the activity in the severance reserve for the quarter ended March 31, 2002: Opening Balance at Balance Additions Deductions Period End _______ _________ _________ _________ (millions of dollars) 197 0 75 122 5. Extraordinary Gains on Required Asset Divestitures First quarter 2002 results included no extraordinary gains. First quarter 2001 included a net after-tax gain of $40 million (including an income tax credit of $15 million), or $0.01 per common share, from asset divestments that were required as a condition of the regulatory approval of the Merger. These net gains on required divestments have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. 6. Litigation and Other Contingencies A number of lawsuits, including class actions, were brought in various courts against Exxon Mobil Corporation and certain of its subsidiaries relating to the accidental release of crude oil from the tanker Exxon Valdez in 1989. The vast majority of the claims have been resolved leaving a few compensatory damages cases to be tried. All of the punitive damage claims were consolidated in the civil trial that began in May 1994. In that trial, on September 24, 1996, the United States District Court for the District of Alaska entered a judgment in the amount of $5.058 billion. The District Court awarded approximately $19.6 million in compensatory damages to fisher plaintiffs, $38 million in prejudgment interest on the compensatory damages and $5 billion in punitive damages to a class composed of all persons and entities who asserted claims for punitive damages from the corporation as a result of the Exxon Valdez grounding. The District Court also ordered that these awards shall bear interest from and after entry of the judgment. The District Court stayed execution on the judgment pending appeal based on a $6.75 billion letter of credit posted by the corporation. ExxonMobil appealed the judgment. On November 7, 2001, the United States Court of Appeals for the Ninth Circuit vacated the punitive damage award as being excessive under the Constitution and remanded the case to the District Court for it to determine the amount of the punitive damage award consistent with the Ninth Circuit's holding. The Ninth Circuit upheld the compensatory damage award which has been paid. The letter of credit was terminated on February 1, 2002. -7- On January 29, 1997, a settlement agreement was concluded resolving all remaining matters between the corporation and various insurers arising from the Valdez accident. Under terms of this settlement, ExxonMobil received $480 million. Final income statement recognition of this settlement continues to be deferred in view of uncertainty regarding the ultimate cost to the corporation of the Valdez accident. The ultimate cost to ExxonMobil from the lawsuits arising from the Exxon Valdez grounding is not possible to predict and may not be resolved for a number of years. A dispute with a Dutch affiliate concerning an overlift of natural gas by a German affiliate was resolved by payments by the German affiliate pursuant to an arbitration award. The German affiliate had paid royalties on the excess gas and recovered the royalties in 2001. The only substantive issue remaining is the taxes payable on the final compensation for the overlift. Resolution of this issue will not have a materially adverse effect upon the corporation's operations or financial condition. On December 19, 2000, a jury in Montgomery County, Alabama, returned a verdict against the corporation in a contract dispute over royalties in the amount of $87.69 million in compensatory damages and $3.42 billion in punitive damages in the case of Exxon Corporation v. State of Alabama, et al. The verdict was upheld by the trial court on May 4, 2001. ExxonMobil has appealed the judgment and believes it should be set aside or substantially reduced on factual and constitutional grounds. The Alabama Supreme Court heard oral arguments on the appeal on April 25, 2002. The ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition. On May 22, 2001, a state court jury in New Orleans, Louisiana, returned a verdict against the corporation and three other entities in a case brought by a landowner claiming damage to his property. The property had been leased by the landowner to a company that performed pipe cleaning and storage services for customers, including the corporation. The jury awarded the plaintiff $56 million in compensatory damages (90 percent to be paid by the corporation) and $1 billion in punitive damages (all to be paid by the corporation). The damage related to the presence of naturally occurring radioactive material (NORM) on the site resulting from pipe cleaning operations. The award has been upheld at the trial court. ExxonMobil will appeal the judgment to the Louisiana Fourth Circuit Court of Appeals and believes that the judgment should be set aside or substantially reduced on factual and constitutional grounds. The ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition. The U.S. Tax Court has decided the issue with respect to the pricing of crude oil purchased from Saudi Arabia for the years 1979-1981 in favor of the corporation. This decision is subject to appeal. Certain other issues for the years 1979-1993 remain pending before the Tax Court. The ultimate resolution of these issues is not expected to have a materially adverse effect upon the corporation's operations or financial condition. Claims for substantial amounts have been made against ExxonMobil and certain of its consolidated subsidiaries in other pending lawsuits, the outcome of which is not expected to have a materially adverse effect upon the corporation's operations or financial condition. -8- The corporation and certain of its consolidated subsidiaries are directly and indirectly contingently liable for amounts similar to those at the prior year-end relating to guarantees for notes, loans and performance under contracts, including guarantees of non-U.S. excise taxes and customs duties of other companies, entered into as a normal business practice, under reciprocal arrangements. 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, 2002, 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. 7. Nonowner Changes in Shareholders' Equity

Three Months Ended
March 31,

2002 2001 ____ ____

~~Net income $ 2,090 $ 5,000 Changes in other nonowner changes in equity Foreign exchange translation adjustment (130) (1,005) Minimum pension liability adjustment 0 0 Unrealized gains/(losses) on stock investments 52 (7)~~

~~Total nonowner changes in shareholders' equity $ 2,012 $ 3,988~~

-9- 8. Earnings Per Share*

Three Months Ended
March 31,

2002 2001 ____ ____

~~NET INCOME PER COMMON SHARE Income before extraordinary item (millions of dollars) $ 2,090 $ 4,960 Weighted average number of common shares outstanding (millions of shares) 6,793 6,912 Net income per common share (dollars) Before extraordinary gain $ 0.30 $ 0.71 Extraordinary gain, net of income tax 0.00~~

~~0.01 _______ _______ Net income $ 0.30 $ 0.72 ======= ======= NET INCOME PER COMMON SHARE - ASSUMING DILUTION Income before extraordinary item (millions of dollars) $ 2,090 $ 4,960 Adjustment for assumed dilution 0 (3) _______ _______ Income available to common shares $ 2,090 $ 4,957 ======= ======= Weighted average number of common shares outstanding (millions of shares) 6,793 6,912 Plus: Issued on assumed exercise of stock options 65 77 _______ _______ Weighted average number of common shares outstanding 6,858 6,989 ======= ======= Net income per common share - assuming dilution (dollars) Before extraordinary gain $ 0.30 $ 0.70 Extraordinary gain, net of income tax 0.00 0.01 _______ _______ Net income $ 0.30 $ 0.71 ======= =======~~

* Prior year amounts restated to reflect two-for-one stock split effective in June 2001. -10- 9. Disclosures about Segments and Related Information

Three Months Ended March 31,	2002	2001
	(millions of dollars)	
EARNINGS AFTER INCOME TAX		
Upstream United States	$ 444	$ 1,628
Non-U.S.	1,565	2,150
Downstream United States	14	409
Non-U.S.	(42)	590
Chemicals United States	70	45
Non-U.S.	62	155
All Other	(23)	23
Corporate Total	$ 2,090	$ 5,000
Extraordinary gains included above: All Other	$ 0	$ 40
SALES AND OTHER OPERATING REVENUE		
Upstream United States	$ 797	$ 2,286
Non-U.S.	2,923	4,497
Downstream United States	9,568	12,729
Non-U.S.	25,780	31,928
Chemicals United States	1,476	1,965
Non-U.S.	2,018	2,445
All Other	156	226
Corporate Total	$ 42,718	$ 56,076
INTERSEGMENT REVENUE		
Upstream United States	$ 1,113	$ 1,564
Non-U.S.	2,748	3,427
Downstream United States	1,209	1,292
Non-U.S.	3,890	4,032
Chemicals United States	541	698
Non-U.S.	500	586
All Other	66	51

10. Condensed Consolidating Financial Information Related to Guaranteed Securities Issued by Subsidiaries Exxon Mobil Corporation has fully and unconditionally guaranteed the 6.0% notes due 2005 ($106 million of long-term debt at March 31, 2002) and the 6.125% notes due 2008 ($160 million) of Exxon Capital Corporation and the deferred interest debentures due 2012 ($929 million) and the debt securities due 2003-2011 ($105 million long-term and $10 million short-term) of SeaRiver Maritime Financial Holdings, Inc. Exxon Capital Corporation and SeaRiver Maritime Financial Holdings, Inc. are 100 percent owned subsidiaries of Exxon Mobil Corporation. The following condensed consolidating financial information is provided for Exxon Mobil Corporation, as guarantor, and for Exxon Capital Corporation and SeaRiver Maritime Financial Holdings, Inc., as issuers, as an alternative to providing separate financial statements for the issuers. The accounts of Exxon Mobil Corporation, Exxon Capital Corporation and

SeaRiver Maritime Financial Holdings, Inc. are presented utilizing the equity method of accounting for investments in subsidiaries.

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated

(millions of dollars)

Condensed consolidated statement of income for three months ended March 31, 2002

Revenue						
Sales and other operating revenue, including excise taxes	$1,844	$ -	$ -	$ 40,874	$ -	$ 42,718
Earnings from equity interests and other revenue	2,211	5	4	627	(2,034)	813
Intercompany revenue	2,824	11	7	24,773	(27,615)	-
Total revenue	6,879	16	11	66,274	(29,649)	43,531
Costs and other deductions						
Crude oil and product purchases	2,574	-	-	40,851	(25,412)	18,013
Operating expenses	1,123	-	-	3,808	(1,073)	3,858
Selling, general and administrative expenses	458	1	-	2,681	(2)	3,138
Depreciation and depletion	390	1	1	1,628	-	2,020
Exploration expenses, including dry holes	43	-	-	175	-	218
Merger related expenses	16	-	-	70	(3)	83
Interest expense	138	6	28	1,043	(1,127)	88
Excise taxes	-	-	-	4,791	-	4,791
Other taxes and duties	3	-	-	7,942	-	7,945
Income applicable to minority and preferred interests	-	-	-	15	-	15
Total costs and other deductions	4,745	8	29	63,004	(27,617)	40,169
Income before income taxes	2,134	8	(18)	3,270	(2,032)	3,362
Income taxes	44	3	(8)	1,233	-	1,272
Income before extraordinary item	2,090	5	(10)	2,037	(2,032)	2,090
Extraordinary gain, net of income tax	-	-	-	-	-	-
Net income	$ 2,090	$ 5	$ (10)	$ 2,037	$ (2,032)	$ 2,090

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated

(millions of dollars)

Condensed consolidated statement of income for three months ended March 31, 2001

Revenue						
Sales and other operating revenue, including excise taxes	$ 9,256	$ -	$ -	$ 46,820	$ -	$ 56,076
Earnings from equity interests and other revenue	4,352	-	16	1,063	(4,207)	1,224
Intercompany revenue	1,128	294	21	27,346	(28,789)	-
Total revenue	14,736	294	37	75,229	(32,996)	57,300
Costs and other deductions						
Crude oil and product purchases	5,488	-	-	45,402	(26,012)	24,878
Operating expenses	1,679	1	-	4,240	(931)	4,989
Selling, general and administrative expenses	509	-	-	2,551	-	3,060
Depreciation and depletion	376	1	1	1,598	-	1,976
Exploration expenses, including dry holes	44	-	-	236	-	280
Merger related expenses	35	-	-	86	-	121
Interest expense	380	275	31	1,237	(1,846)	77
Excise taxes	608	-	-	4,686	-	5,294
Other taxes and duties	4	-	-	8,189	-	8,193
Income applicable to minority and preferred interests	-	-	-	212	-	212
Total costs and other deductions	9,123	277	32	68,437	(28,789)	49,080
Income before income taxes	5,613	17	5	6,792	(4,207)	8,220
Income taxes	653	6	(4)	2,605	-	3,260
Income before extraordinary item	4,960	11	9	4,187	(4,207)	4,960
Extraordinary gain, net of income tax	40	-	-	25	(25)	40
Net income	$ 5,000	$ 11	$ 9	$ 4,212	$(4,232)	$ 5,000

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated ~~(millions of dollars) Condensed consolidated balance sheet as of March 31, 2002~~

~~Cash and cash equivalents $ 937 $ - $ - $ 5,685 $ - $ 6,622 Notes and accounts receivable - net 2,292 - - 16,348 - 18,640 Inventories 1,047 - - 7,274 - 8,321 Prepaid taxes and expenses 180 2 14 1,676 - 1,872~~ ~~Total current assets 4,456 2 14 30,983 - 35,455 Property, plant and equipment - net 16,827 107 6 72,313 - 89,253 Investments and other assets 94,544 - 556 326,445 (404,216) 17,329 Intercompany receivables 6,752 1,409 1,435 285,244 (294,840) -~~ ~~Total assets $122,579 $ 1,518 $ 2,011 $714,985 $(699,056) $142,037~~ ~~Notes and loan payables $ - $ 10 $ 10 $ 3,375 $ - $ 3,395 Accounts payable and accrued liabilities 2,583 7 1 20,568 - 23,159 Income taxes payable 730 - - 2,894 - 3,624~~ ~~Total current liabilities 3,313 17 11 26,837 - 30,178 Long-term debt 1,271 266 1,034 4,547 - 7,118 Deferred income tax liabilities 2,976 32 301 12,853 - 16,162 Other long-term liabilities 4,371 - - 11,841 - 16,212 Intercompany payables 38,281 307 382 255,870 (294,840) -~~ ~~Total liabilities 50,212 622 1,728 311,948 (294,840) 69,670 Earnings reinvested 96,245 90 (111) 50,833 (50,812) 96,245 Other shareholders' equity (23,878) 806 394 352,204 (353,404) (23,878)~~ ~~Total shareholders' equity 72,367 896 283 403,037 (404,216) 72,367~~ ~~Total liabilities and shareholders' equity $122,579 $ 1,518 $ 2,011 $714,985 $(699,056) $142,037~~ ~~Condensed consolidated balance sheet as of December 31, 2001~~

~~Cash and cash equivalents $ 1,375 $ - $ - $ 5,172 $ - $ 6,547 Notes and accounts receivable - net 2,458 - - 17,091 - 19,549 Inventories 996 - - 6,908 - 7,904 Prepaid taxes and expenses 155 5 8 1,513 - 1,681~~ ~~Total current assets 4,984 5 8 30,684 - 35,681 Property, plant and equipment - net 16,843 108 6 72,645 - 89,602 Investments and other assets 92,844 - 552 323,689 (399,194) 17,891 Intercompany receivables 8,466 1,365 1,431 266,527 (277,789) -~~ ~~Total assets $123,137 $ 1,478 $ 1,997 $693,545 $(676,983) $143,174~~ ~~Notes and loan payables $ - $ 35 $ 10 $ 3,658 $ - $ 3,703 Accounts payable and accrued liabilities 2,735 6 1 20,120 - 22,862 Income taxes payable 767 - - 2,782 - 3,549~~ ~~Total current liabilities 3,502 41 11 26,560 - 30,114 Long-term debt 1,258 266 1,008 4,567 - 7,099 Deferred income tax liabilities 2,989 33 302 13,035 - 16,359 Other long-term liabilities 4,373 - - 12,068 - 16,441 Intercompany payables 37,854 248 382 239,305 (277,789) -~~ ~~Total liabilities 49,976 588 1,703 295,535 (277,789) 70,013 Earnings reinvested 95,718 84 (100) 48,907 (48,891) 95,718 Other shareholders' equity (22,557) 806 394 349,103 (350,303) (22,557)~~ ~~Total shareholders' equity 73,161 890 294 398,010 (399,194) 73,161~~ ~~Total liabilities and shareholders' equity $123,137 $ 1,478 $ 1,997 $693,545 $(676,983) $143,174~~

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated ___________ ___________ __________ ____________ ____________ ____________ (millions of dollars) Condensed consolidated statement of cash flows for three months ended March 31, 2002

Cash provided by/(used in) operating activities $ 662 $ 10 $ 4 $ 4,057 $ (109) $ 4,624 ________ ________ ________ _________ _________ _________ Cash flows from investing activities Additions to property, plant and equipment (415) - - (2,011) - (2,426) Sales of long-term assets 26 - - 742 - 768 Net intercompany investing 2,162 (44) (4) (2,290) 176 - All other investing, net - - - 421 - 421 ________ ________ ________ _________ _________ _________ Net cash provided by/(used in) investing activities 1,773 (44) (4) (3,138) 176 (1,237) ________ ________ ________ _________ _________ _________ Cash flows from financing activities Additions to long-term debt - - - 31 - 31 Reductions in long-term debt - - - (15) - (15) Additions/(reductions) in short-term debt - net - (25) - (337) - (362) Cash dividends (1,563) - - (109) 109 (1,563) Net ExxonMobil shares (acquired) (1,310) - - - - (1,310) Net intercompany financing activity - 59 - 117 (176) - All other financing, net - - - (65) - (65) ________ ________ ________ _________ _________ _________ Net cash provided by/(used in) financing activities (2,873) 34 - (378) (67) (3,284) ________ ________ ________ _________ _________ _________ Effects of exchange rate changes on cash - - - (28) - (28) ________ ________ ________ _________ _________ _________ Increase/(decrease) in cash and cash equivalents $ (438) $ - $ - $ 513 $ - $ 75 ________ ________ ________ _________ _________ _________ Condensed consolidated statement of cash flows for three months ended March 31, 2001

Cash provided by/(used in) operating activities $ 2,052 $ 14 $ 27 $ 6,921 $ (285) $ 8,729 ________ ________ ________ _________ _________ _________ Cash flows from investing activities Additions to property, plant and equipment (445) - - (1,583) - (2,028) Sales of long-term assets 110 - - 177 - 287 Net intercompany investing 2,492 (2,887) 3 437 (45) - All other investing, net (12) - - 661 - 649 ________ ________ ________ _________ _________ _________ Net cash provided by/(used in) investing activities 2,145 (2,887) 3 (308) (45) (1,092) ________ ________ ________ _________ _________ _________ Cash flows from financing activities Additions to long-term debt - - - 243 - 243 Reductions in long-term debt (1) (12) - (201) - (214) Additions/(reductions) in short-term debt - net 2 (23) - (699) - (720) Cash dividends (1,522) - - (285) 285 (1,522) Net ExxonMobil shares (acquired) (1,370) - - - - (1,370) Net intercompany financing activity - 2,908 (30) (2,923) 45 - All other financing, net - - - (79) - (79) ________ ________ ________ _________ _________ _________ Net cash provided by/(used in) financing activities (2,891) 2,873 (30) (3,944) 330 (3,662) ________ ________ ________ _________ _________ _________ Effects of exchange rate changes on cash - - - (149) - (149) ________ ________ ________ _________ _________ _________ Increase/(decrease) in cash and cash equivalents $ 1,306 $ - $ - $ 2,520 $ - $ 3,826 ________ ________ ________ _________ _________ _________

-15- EXXON MOBIL CORPORATION Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations FUNCTIONAL EARNINGS SUMMARY

First Quarter ____________________
2002 2001 ____ ____ ~~(millions of dollars)~~
~~Earnings including merger effects~~

~~Upstream United States $ 444 $ 1,628 Non-U.S. 1,565 2,150 Downstream United States 14 409 Non-U.S. (42) 590 Chemicals United States 70 45 Non-U.S. 62 155 Other operations 153 141 Corporate and financing (116) (68) Merger expenses (60) (90) Gain from required asset divestitures 0 40~~ _______ _______
~~NET INCOME $ 2,090 $ 5,000~~
======= ======= ~~Net income per common share* $ 0.30 $ 0.72 Net income per common share - assuming dilution* $ 0.30 $ 0.71 Merger effects~~
______________ ~~Merger expenses $ (60) $ (90) Gain from required asset divestitures 0 40~~ _______ _______ ~~TOTAL $ (60) $ (50)~~ ======= ======= ~~Earnings excluding merger effects~~

~~Upstream United States $ 444 $ 1,628 Non-U.S. 1,565 2,150 Downstream United States 14 409 Non-U.S. (42) 590 Chemicals United States 70 45 Non-U.S. 62 155 Other operations 153 141 Corporate and financing (116) (68)~~
_______ _______ ~~TOTAL $ 2,150 $ 5,050~~ ======= ======= ~~Earnings per common share* $ 0.31 $ 0.73 Earnings per common share - assuming dilution* $ 0.31 $ 0.72~~

* Prior year amounts restated to reflect two-for-one stock split effective in June 2001. -16- REVIEW OF FIRST QUARTER 2002 RESULTS Excluding merger effects, estimated first quarter 2002 earnings were $2,150 million ($0.31 per share), a decrease of $2,900 million from the record first quarter of 2001. Including merger effects, net income of $2,090 million ($0.30 per share) decreased $2,910 million. Revenue for the first quarter of 2002 totaled $43,531 million compared with $57,300 million in 2001. Capital and exploration expenditures of $2,974 million in the first quarter of 2002 were up $458 million, or 18 percent, compared with $2,516 million last year. Upstream capital spending was up 28 percent consistent with plans to grow profitable production levels. Excluding merger effects, ExxonMobil's first quarter 2002 earnings of $2,150 million were down $730 million from fourth quarter 2001 earnings of $2,880 million. Compared with the fourth quarter of 2001, upstream earnings improved $339 million, reflecting an upward trend in crude oil prices. Liquids volumes were also higher as production from new operations more than offset OPEC quota restrictions and natural field decline. Gas volumes were up 3 percent reflecting higher production in Indonesia and seasonal demand patterns in Europe. Downstream results fell $1,047 million from the fourth quarter of 2001. Severely compressed industry refining and marketing margins were experienced worldwide and were the primary driver in the decline. Additionally, the absence of benefits from planned inventory reductions that occurred in the fourth quarter contributed to the decrease. Industry conditions have improved in both the upstream and downstream thus far in the second quarter. Oil prices have remained above first quarter levels and natural gas prices in North America have also improved. Early in the quarter, we have seen recovery in some refining and marketing margins, although they remain at low levels, particularly in the Asia-Pacific region. Excluding merger effects, ExxonMobil's first quarter 2002 earnings of $2,150 million were down $2,900 million from the record set last year. Net income was $2,090 million. The reduction in earnings reflected weakened conditions in all business segments, including lower crude oil prices, a sharp decline in natural gas realizations, and significantly weaker refining and marketing margins. Ample inventories, weakened demand and rapidly rising raw materials costs created the worst downstream conditions since the mid-80s. Capital expenditures increased in line with higher full-year spending plans, consistent with a disciplined, long-term focus on investing for profitable growth. Upstream earnings were $2,009 million, a decrease of $1,769 million from the record first quarter 2001 results. Average realizations on crude oil sales were 20 percent lower than the prior year, and natural gas prices in North America fell about 70 percent from the historic highs reached during the same period last year. Liquids production, excluding the impact of OPEC quota restrictions, was consistent with plans. Natural gas volumes were down 3 percent due to a reduction in weather related demand in Europe and also were consistent with plans. Downstream losses were $28 million, versus $999 million of earnings in last year's first quarter, reflecting historically weak industry-wide margin as product prices did not keep pace with rising crude prices. Refining margins dropped sharply in the U.S. and Europe, and remained depressed in Asia-Pacific with particular weakness in Japan. -17- First quarter marketing margins in the U.S. were down significantly from a year earlier, and also declined in other major markets worldwide. In total, the confluence of margin weakness in both the refining and marketing sectors led to a downstream margin environment that was the worst seen since the mid-80s. Worldwide sales volumes decreased 4 percent reflecting reduced weather related

demand for heating oil and lower jet fuels sales. Earnings were also adversely affected by foreign exchange losses in Argentina. Chemicals earnings of $132 million declined despite higher sales volumes which exceeded the record first quarter levels achieved last year. Margins remained depressed, with continuing pressure on product realizations. Outside the U.S., higher volumes reflecting capacity additions in Singapore and Saudi Arabia were more than offset by weaker margins. Earnings from other operations of $153 million increased slightly. First quarter net income of $2,090 million included merger expenses of $60 million. Although first quarter earnings were negatively affected by declines in prices and margins, ExxonMobil continued its vigorous pursuit of plans and programs to enhance shareholder value. Each of the businesses captured additional efficiencies in line with planned full-year targets. Capital and exploration expenditures increased 18 percent, including a 28 percent increase in the upstream, laying the groundwork for future profitable production growth. In the first quarter, the Corporation acquired 35 million shares at a gross cost of $1,450 million to offset the dilution associated with benefit plans and to reduce common stock outstanding. OTHER COMMENTS ON FIRST QUARTER 2002 COMPARED WITH FIRST QUARTER 2001 Upstream earnings were $2,009 million, significantly lower than the first quarter record achieved in 2001 reflecting a 20 percent decline in crude oil realizations and a 70 percent reduction in North America natural gas prices from their historic highs last year. Liquids production of 2,538 kbd (thousands of barrels per day) decreased from 2,620 kbd in the first quarter of 2001. Higher production in Angola and Malaysia was offset by OPEC quota restrictions and natural field declines in mature areas. First quarter natural gas production of 11,744 mcfd (millions of cubic feet per day) compared with 12,119 mcfd last year. Improvements in Asia-Pacific volumes, partly from the absence of production curtailments due to security concerns at the Arun field in Indonesia, were offset by reduced demand in Europe and natural field decline in mature areas. Earnings from U.S. upstream operations were $444 million, a decrease of $1,184 million from the prior year, reflecting the sharp decline in natural gas prices. Upstream earnings outside the U.S. were $1,565 million, a decrease of $585 million. Downstream earnings decreased substantially from the first quarter of last year, reflecting significantly lower refining margins in the U.S. and Europe, with continued weakness in Asia-Pacific. Refining margins in Japan dropped sharply and marketing margins were depressed worldwide. Petroleum product sales were 7,697 kbd, 288 kbd lower than last year's first quarter due to lower demand in Asia-Pacific and Europe. -18- U.S. downstream earnings were $14 million, down $395 million. Non-U.S. downstream losses of $42 million were $632 million lower than last year's first quarter earnings of $590 million. In addition to refining and marketing margin effects, non-U.S. downstream results included negative foreign exchange effects in Argentina. Chemicals earnings were $132 million, down $68 million from the same quarter a year ago reflecting continuing pressure on product realizations in the U.S. manufacturing sector as well as margin declines outside the U.S. Prime product sales volumes of 6,720 kt (thousands of metric tons) exceeded last year's record level, as declines in the U.S. were more than offset by increased sales outside of the U.S., helped by recent capacity additions. Earnings from other operations, including coal, minerals and power, totaled $153 million, compared with $141 million last year. Corporate and financing expenses of $116 million compared with $68 million in 2001. The increase reflected the impact of higher pension expenses. During the period, the company continued to benefit from favorable tax effects. First quarter net income included $60 million of after-tax merger expenses, including costs for rationalization of facilities and systems. MERGER OF EXXON CORPORATION AND MOBIL CORPORATION On November 30, 1999, a wholly-owned subsidiary of Exxon Corporation merged with Mobil Corporation so that Mobil became a wholly-owned subsidiary of Exxon (the "Merger"). At the same time, Exxon changed its name to Exxon Mobil Corporation. The Merger was accounted for as a pooling of interests. In the first quarter of 2002, in association with the Merger, $83 million of before tax costs ($60 million after tax) were recorded as merger related expenses, including costs for rationalization of facilities and systems. In the first quarter of 2001, merger related costs were $121 million before tax ($90 million after tax). The severance reserve balance at the end of the first quarter of 2002 is expected to be expended in 2002. The following table summarizes the activity in the severance reserve for the quarter ended March 31, 2002: Opening Balance at Balance Additions Deductions Period End _______ _________ __________ __________ (millions of dollars) 197 0 75 122 Merger related expenses are expected to grow to approximately $2.9 billion before tax on a cumulative basis by the end of 2002. Merger synergy initiatives, including cost savings, efficiency gains, and revenue enhancements, are on track. First quarter 2002 results included no extraordinary gains. First quarter 2001 included a net after-tax gain of $40 million (including an income tax credit of $15 million), or $0.01 per common share, from asset divestments that were required as a condition of the regulatory approval of the Merger. These net gains on required divestments have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. -19- LIQUIDITY AND CAPITAL RESOURCES Net cash generation before financing activities was $3,387 million in the first three months of 2002 versus $7,637 million in the same period last year. Operating activities provided net cash of $4,624 million, a decrease of $4,105 million from the prior year, influenced by lower net income. Investing activities used net cash of $1,237 million, compared to a net use of $1,092 million in the prior year, reflecting higher additions to property, plant, and equipment and higher asset divestment proceeds. Net cash used in financing activities was $3,284 million in the first quarter of 2002 versus $3,662 million in the same quarter last year reflecting a lower level of debt reductions in the current year. During the first quarter of 2002, Exxon Mobil Corporation purchased 35 million shares of its common stock for the treasury at a gross cost of $1,450 million. These purchases were to offset shares issued in conjunction with company benefit plans and programs and to reduce the number of shares outstanding. Shares outstanding were reduced from 6,809 million at the end of 2001 to 6,782 million at the end of the first quarter 2002. Purchases may be made in both the open market and through negotiated transactions, and may be discontinued at any time. Revenue for the first quarter of 2002 totaled $43,531 million compared to $57,300 million in the first quarter 2001 reflecting significantly lower prices. Capital and exploration expenditures were $2,974 million in the first quarter 2002 compared to $2,516 million in last year's first quarter. In 2002, capital and exploration investments are expected to increase by 10 percent over 2001 primarily driven by ExxonMobil's large portfolio of upstream projects. Total debt of $10.5 billion at March 31, 2002 decreased $0.3 billion from year-end 2001. The corporation's debt to total capital ratio was 12.3 percent at the end of the first quarter of 2002, compared to 12.4 percent at year-end 2001. Although the corporation issues long-term debt from time to time and maintains a revolving commercial paper program, internally generated funds cover the majority of its financial requirements. Litigation and other contingencies are discussed in note 6 to the unaudited condensed consolidated financial statements. There are no events or uncertainties known to management beyond those already included in reported financial information that would indicate a material change in future operating results or future financial condition. 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. Asset management activities in the first quarter of 2002 included the sale of coal operations in Colombia. On May 2, 2002, the corporation announced that it has reached agreement to sell its affiliated companies that hold all of the interests in Compania Minera Disputada de las Condes Limitada (a Chile copper mining business) for

$1.3 billion, plus future contingent payments in the event of higher future copper prices. The sale, which is subject to the completion of outstanding due diligence, the completion of a definitive sale and purchase agreement and required regulatory approvals, is expected to be completed by June 30, 2002. -20- FORWARD-LOOKING STATEMENTS Statements in this discussion regarding expectations, plans and future events or conditions are forward-looking statements. Actual future results, including merger related expenses and synergies; financing sources; the resolution of contingencies; the effect of changes in prices, interest rates and other market conditions; and environmental and capital expenditures could differ materially depending on a number of factors, such as the outcome of commercial negotiations; changes in the supply of and demand for crude oil, natural gas and petroleum and petrochemical products; and other factors discussed above and discussed under the caption "Factors Affecting Future Results" in Item 1 of ExxonMobil's 2001 Form 10-K. -21- EXXON MOBIL CORPORATION Item 3. Quantitative and Qualitative Disclosures About Market Risk Information about market risks for the three months ended March 31, 2002 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2001. PART II. OTHER INFORMATION Item 1. Legal Proceedings The Bay Area Air Quality Management District ("BAAQMD") issued approximately 17 notices of violations for alleged violations in 1998 and 1999 of various local, state and federal laws relating to control of air contaminants at the Benicia refinery that was formerly owned by the corporation. The amount of the penalty for which the corporation might ultimately be liable is unknown at this time, but penalties could be in excess of $100,000. Settlement discussions with the BAAQMD to resolve these matters are ongoing. Refer to the relevant portions of Note 6 on pages 7 through 9 of this Quarterly Report on Form 10-Q for further information on legal proceedings. Item 6. Exhibits and Reports on Form 8-K a) Exhibits The registrant has no exhibits for the three month period ended March 31, 2002. b) Reports on Form 8-K The registrant has not filed any reports on Form 8-K during the quarter. -22- 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 14, 2002 /s/ DONALD D. HUMPHREYS ____ Donald D. Humphreys, Vice President, Controller and Principal Accounting Officer -23-