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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

or

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

For the transition period from __________to________

Commission File Number 1-2256

Exxon Mobil Corporation
(Exact name of registrant as specified in its charter)

New Jersey	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 Las Colinas Boulevard, Irving, Texas 75039-2298
(Address of principal executive offices) (Zip Code)

(972) 940-6000
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, without par value	**XOM**	**New York Stock Exchange**

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 every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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	Outstanding as of June 30, 2019
Common stock, without par value	**4,231,106,294**

EXXON MOBIL CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2019

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PART I. FINANCIAL INFORMATION

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EXXON MOBIL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(millions of dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenues and other income				
Sales and other operating revenue	67,491	71,456	129,137	136,892
Income from equity affiliates	1,359	1,729	3,068	3,639
Other income	241	316	511	1,181
Total revenues and other income	69,091	73,501	132,716	141,712
Costs and other deductions				
Crude oil and product purchases	38,942	41,327	73,743	77,615
Production and manufacturing expenses	9,522	8,918	18,492	17,409
Selling, general and administrative expenses	2,827	2,993	5,597	5,740
Depreciation and depletion	4,631	4,589	9,202	9,059
Exploration expenses, including dry holes	333	332	613	619
Non-service pension and postretirement benefit expense	313	308	671	645
Interest expense	216	147	397	351
Other taxes and duties	7,675	8,375	15,080	16,522
Total costs and other deductions	64,459	66,989	123,795	127,960
Income before income taxes	4,632	6,512	8,921	13,752
Income taxes	1,241	2,526	3,124	4,983
Net income including noncontrolling interests	3,391	3,986	5,797	8,769
Net income attributable to noncontrolling interests	261	36	317	169
Net income attributable to ExxonMobil	3,130	3,950	5,480	8,600
Earnings per common share *(dollars)*	0.73	0.92	1.28	2.01
Earnings per common share - assuming dilution *(dollars)*	0.73	0.92	1.28	2.01

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
(millions of dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income including noncontrolling interests	3,391	3,986	5,797	8,769
Other comprehensive income (net of income taxes)				
Foreign exchange translation adjustment	600	(2,040)	1,349	(2,844)
Adjustment for foreign exchange translation (gain)/loss included in net income	-	18	-	186
Postretirement benefits reserves adjustment (excluding amortization)	(34)	43	(60)	(391)
Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs	141	229	326	466
Total other comprehensive income	707	(1,750)	1,615	(2,583)
Comprehensive income including noncontrolling interests	4,098	2,236	7,412	6,186
Comprehensive income attributable to noncontrolling interests	391	(97)	573	(106)
Comprehensive income attributable to ExxonMobil	3,707	2,333	6,839	6,292

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

EXXON MOBIL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(millions of dollars)

	June 30, 2019	Dec. 31, 2018
Assets		
Current assets		
Cash and cash equivalents	4,213	3,042
Notes and accounts receivable – net	27,132	24,701
Inventories		
Crude oil, products and merchandise	14,379	14,803
Materials and supplies	4,456	4,155
Other current assets	1,563	1,272
Total current assets	51,743	47,973
Investments, advances and long-term receivables	42,533	40,790
Property, plant and equipment – net	250,853	247,101
Other assets, including intangibles – net	15,600	10,332
Total assets	360,729	346,196
Liabilities		
Current liabilities		
Notes and loans payable	26,195	17,258
Accounts payable and accrued liabilities	41,480	37,268
Income taxes payable	2,612	2,612
Total current liabilities	70,287	57,138
Long-term debt	19,001	20,538
Postretirement benefits reserves	19,822	20,272
Deferred income tax liabilities	26,846	27,244
Long-term obligations to equity companies	4,181	4,382
Other long-term obligations	22,127	18,094
Total liabilities	162,264	147,668
Commitments and contingencies (Note 3)		
Equity		
Common stock without par value		
(9,000 million shares authorized, 8,019 million shares issued)	15,639	15,258
Earnings reinvested	419,913	421,653
Accumulated other comprehensive income	(18,205)	(19,564)
Common stock held in treasury		
(3,788 million shares at June 30, 2019 and		
3,782 million shares at December 31, 2018)	(225,970)	(225,553)
ExxonMobil share of equity	191,377	191,794
Noncontrolling interests	7,088	6,734
Total equity	198,465	198,528
Total liabilities and equity	360,729	346,196

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

(millions of dollars)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities		
Net income including noncontrolling interests	5,797	8,769
Depreciation and depletion	9,202	9,059
Changes in operational working capital, excluding cash and debt	1,014	(982)
All other items – net	(1,728)	(547)
Net cash provided by operating activities	14,285	16,299
Cash flows from investing activities		
Additions to property, plant and equipment	(11,372)	(8,276)
Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments	140	1,748
Additional investments and advances	(1,730)	(704)
Other investing activities including collection of advances	292	277
Net cash used in investing activities	(12,670)	(6,955)
Cash flows from financing activities		
Additions to long-term debt	43	-
Reductions in short-term debt	(3,805)	(4,256)
Additions/(reductions) in commercial paper, and debt with three months or less maturity *(1)*	11,126	2,902
Cash dividends to ExxonMobil shareholders	(7,220)	(6,793)
Cash dividends to noncontrolling interests	(100)	(135)
Changes in noncontrolling interests	(119)	(275)
Common stock acquired	(421)	(429)
Net cash used in financing activities	(496)	(8,986)
Effects of exchange rate changes on cash	52	(105)
Increase/(decrease) in cash and cash equivalents	1,171	253
Cash and cash equivalents at beginning of period	3,042	3,177
Cash and cash equivalents at end of period	4,213	3,430
Supplemental Disclosures		
Income taxes paid	3,884	4,426
Cash interest paid		
Included in cash flows from operating activities	277	144
Capitalized, included in cash flows from investing activities	355	333
Total cash interest paid	632	477

(1) Includes a net addition of commercial paper with a maturity of over three months of $6.5 billion in 2019 and $0.9 billion in 2018. The gross amount of commercial paper with a maturity of over three months issued was $12.3 billion in 2019 and $2.2 billion in 2018, while the gross amount repaid was $5.8 billion in 2019 and $1.3 billion in 2018.

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

(millions of dollars)

	ExxonMobil Share of Equity						
	Common Stock	Earnings Reinvested	Accumulated Other Compre-hensive Income	Common Stock Held in Treasury	ExxonMobil Share of Equity	Non-controlling Interests	Total Equity
Balance as of March 31, 2018	14,888	415,970	(16,992)	(225,671)	188,195	6,716	194,911
Amortization of stock-based awards	199	-	-	-	199	-	199
Other	(1)	-	-	-	(1)	(7)	(8)
Net income for the period	-	3,950	-	-	3,950	36	3,986
Dividends - common shares	-	(3,502)	-	-	(3,502)	(92)	(3,594)
Other comprehensive income	-	-	(1,617)	-	(1,617)	(133)	(1,750)
Acquisitions, at cost	-	-	-	(2)	(2)	(209)	(211)
Balance as of June 30, 2018	15,086	416,418	(18,609)	(225,673)	187,222	6,311	193,533
Balance as of March 31, 2019	15,476	420,498	(18,782)	(225,970)	191,222	6,799	198,021
Amortization of stock-based awards	166	-	-	-	166	-	166
Other	(3)	-	-	-	(3)	-	(3)
Net income for the period	-	3,130	-	-	3,130	261	3,391
Dividends - common shares	-	(3,715)	-	-	(3,715)	(57)	(3,772)
Other comprehensive income	-	-	577	-	577	130	707
Acquisitions, at cost	-	-	-	-	-	(83)	(83)
Dispositions	-	-	-	-	-	38	38
Balance as of June 30, 2019	15,639	419,913	(18,205)	(225,970)	191,377	7,088	198,465

	Three Months Ended June 30, 2019			Three Months Ended June 30, 2018		
Common Stock Share Activity	Issued	Held in Treasury	Outstanding	Issued	Held in Treasury	Outstanding
	(millions of shares)			*(millions of shares)*		
Balance as of March 31	8,019	(3,788)	4,231	8,019	(3,785)	4,234
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Balance as of June 30	8,019	(3,788)	4,231	8,019	(3,785)	4,234

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
(millions of dollars)

	ExxonMobil Share of Equity						
	Common Stock	Earnings Reinvested	Accumulated Other Compre-hensive Income	Common Stock Held in Treasury	ExxonMobil Share of Equity	Non-controlling Interests	Total Equity
Balance as of December 31, 2017	14,656	414,540	(16,262)	(225,246)	187,688	6,812	194,500
Amortization of stock-based awards	436	-	-	-	436	-	436
Other	(6)	-	-	-	(6)	(7)	(13)
Net income for the period	-	8,600	-	-	8,600	169	8,769
Dividends - common shares	-	(6,793)	-	-	(6,793)	(135)	(6,928)
Cumulative effect of accounting change	-	71	(39)	-	32	15	47
Other comprehensive income	-	-	(2,308)	-	(2,308)	(275)	(2,583)
Acquisitions, at cost	-	-	-	(429)	(429)	(268)	(697)
Dispositions	-	-	-	2	2	-	2
Balance as of June 30, 2018	15,086	416,418	(18,609)	(225,673)	187,222	6,311	193,533
Balance as of December 31, 2018	15,258	421,653	(19,564)	(225,553)	191,794	6,734	198,528
Amortization of stock-based awards	389	-	-	-	389	-	389
Other	(8)	-	-	-	(8)	-	(8)
Net income for the period	-	5,480	-	-	5,480	317	5,797
Dividends - common shares	-	(7,220)	-	-	(7,220)	(100)	(7,320)
Other comprehensive income	-	-	1,359	-	1,359	256	1,615
Acquisitions, at cost	-	-	-	(421)	(421)	(166)	(587)
Dispositions	-	-	-	4	4	47	51
Balance as of June 30, 2019	15,639	419,913	(18,205)	(225,970)	191,377	7,088	198,465

	Six Months Ended June 30, 2019			Six Months Ended June 30, 2018		
Common Stock Share Activity	Issued	Held in Treasury	Outstanding	Issued	Held in Treasury	Outstanding
		(millions of shares)			*(millions of shares)*	
Balance as of December 31	8,019	(3,782)	4,237	8,019	(3,780)	4,239
Acquisitions	-	(6)	(6)	-	(5)	(5)
Dispositions	-	-	-	-	-	-
Balance as of June 30	8,019	(3,788)	4,231	8,019	(3,785)	4,234

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

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 2018 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. Accounting Changes

Effective January 1, 2019, the Corporation adopted the Financial Accounting Standards Board's Standard, *Leases (Topic 842)*, as amended. The standard requires all leases to be recorded on the balance sheet as a right of use asset and a lease liability. The Corporation used a transition method that applies the new lease standard at January 1, 2019. The Corporation applied a policy election to exclude short-term leases from balance sheet recognition and also elected certain practical expedients at adoption. As permitted, the Corporation did not reassess whether existing contracts are or contain leases, the lease classification for any existing leases, initial direct costs for any existing lease and whether existing land easements and rights of way, which were not previously accounted for as leases, are or contain a lease. At adoption on January 1, 2019, an operating lease liability of $3.3 billion was recorded and the operating lease right of use asset was $4.3 billion, including $1.0 billion of previously recorded prepaid leases. There was no cumulative earnings effect adjustment.

Effective January 1, 2020, ExxonMobil will adopt the Financial Accounting Standards Board's update, *Financial Instruments – Credit Losses (Topic 326)*, as amended. The standard requires a valuation allowance for credit losses be recognized for certain financial assets that reflects the current expected credit loss over the asset's contractual life. The valuation allowance considers the risk of loss, even if remote, and considers past events, current conditions and expectations of the future. The Corporation is evaluating the standard and its effect on the Corporation's financial statements.

3. 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 June 30, 2019, 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 June 30, 2019		
	Equity Company Obligations *(1)*	**Other Third Party Obligations**	**Total**
	(millions of dollars)		
Guarantees			
Debt-related	641	83	724
Other	855	4,674	5,529
Total	1,496	4,757	6,253

(1) ExxonMobil share

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 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 Venezuelan nationalization decree issued in February 2007, a subsidiary of the Venezuelan National Oil Company (PdVSA) assumed the operatorship of the Cerro Negro Heavy Oil 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. 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 collected awards of $908 million in an arbitration against PdVSA under the rules of the International Chamber of Commerce in respect of an indemnity related to the Cerro Negro Project and $260 million in an arbitration for compensation due for the La Ceiba Project and for export curtailments at the Cerro Negro Project under rules of International Centre for Settlement of Investment Disputes (ICSID). An ICSID arbitration award relating to the Cerro Negro Project's expropriation ($1.4 billion) was annulled based on a determination that a prior Tribunal failed to adequately explain why the cap on damages in the indemnity owed by PdVSA did not affect or limit the amount owed for the expropriation of the Cerro Negro Project. ExxonMobil filed a new claim seeking to restore the original award of damages for the Cerro Negro Project with ICSID on September 26, 2018.

The net impact of this matter 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 appealed that judgment to the Court of Appeal, Abuja Judicial Division. On July 22, 2016, the Court of Appeal upheld the decision of the lower court setting aside the award. On October 21, 2016, the Contractors appealed the decision to the Supreme Court of Nigeria. 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. Following dismissal by this court, the Contractors appealed to the Nigerian Court of Appeal in June 2016. In October 2014, the Contractors filed suit in the United States District Court for the Southern District of New York to enforce, if necessary, the arbitration award against NNPC assets residing within that jurisdiction. NNPC has moved to dismiss the lawsuit. 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.

4. Other Comprehensive Income Information

ExxonMobil Share of Accumulated Other Comprehensive Income	**Cumulative Foreign Exchange Translation Adjustment**	**Post-retirement Benefits Reserves Adjustment**	**Total**
		(millions of dollars)	
Balance as of December 31, 2017	(9,482)	(6,780)	(16,262)
Current period change excluding amounts reclassified from accumulated other comprehensive income	(2,573)	(409)	(2,982)
Amounts reclassified from accumulated other comprehensive income	186	449	635
Total change in accumulated other comprehensive income	(2,387)	40	(2,347)
Balance as of June 30, 2018	(11,869)	(6,740)	(18,609)
Balance as of December 31, 2018	(13,881)	(5,683)	(19,564)
Current period change excluding amounts reclassified from accumulated other comprehensive income	1,096	(49)	1,047
Amounts reclassified from accumulated other comprehensive income	-	312	312
Total change in accumulated other comprehensive income	1,096	263	1,359
Balance as of June 30, 2019	(12,785)	(5,420)	(18,205)

Amounts Reclassified Out of Accumulated Other Comprehensive Income - Before-tax Income/(Expense)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2019	**2018**	**2019**	**2018**
		(millions of dollars)		
Foreign exchange translation gain/(loss) included in net income (Statement of Income line: Other income)	-	(18)	-	(186)
Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs (Statement of Income Line: Non-service pension and postretirement benefit expense)	(191)	(290)	(428)	(610)

Income Tax (Expense)/Credit For Components of Other Comprehensive Income	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2019	**2018**	**2019**	**2018**
		(millions of dollars)		
Foreign exchange translation adjustment	-	5	-	5
Postretirement benefits reserves adjustment (excluding amortization)	10	(58)	20	66
Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs	(50)	(61)	(102)	(144)
Total	(40)	(114)	(82)	(73)

5. Earnings Per Share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Earnings per common share				
Net income attributable to ExxonMobil *(millions of dollars)*	3,130	3,950	5,480	8,600
Weighted average number of common shares outstanding *(millions of shares)*	4,271	4,271	4,270	4,270
Earnings per common share *(dollars) (1)*	0.73	0.92	1.28	2.01
Dividends paid per common share *(dollars)*	0.87	0.82	1.69	1.59

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

6. Pension and Other Postretirement Benefits

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(millions of dollars)			
Components of net benefit cost				
Pension Benefits - U.S.				
Service cost	180	204	355	413
Interest cost	189	181	382	361
Expected return on plan assets	(142)	(181)	(284)	(363)
Amortization of actuarial loss/(gain) and prior service cost	79	92	156	183
Net pension enhancement and curtailment/settlement cost	53	63	107	126
Net benefit cost	359	359	716	720
Pension Benefits - Non-U.S.				
Service cost	138	154	277	312
Interest cost	192	186	384	386
Expected return on plan assets	(192)	(237)	(389)	(489)
Amortization of actuarial loss/(gain) and prior service cost	55	113	158	231
Net pension enhancement and curtailment/settlement cost	-	-	-	33
Net benefit cost	193	216	430	473
Other Postretirement Benefits				
Service cost	33	35	66	71
Interest cost	79	76	158	151
Expected return on plan assets	(4)	(6)	(8)	(12)
Amortization of actuarial loss/(gain) and prior service cost	4	21	7	38
Net benefit cost	112	126	223	248

7. Financial Instruments and Derivatives

Financial Instruments. The estimated fair value of financial instruments at June 30, 2019 and December 31, 2018, and the related hierarchy level for the fair value measurement is as follows:

	At June 30, 2019 (millions of dollars)							
	Fair Value							
	Level 1	Level 2	Level 3	Total Gross Assets & Liabilities	Effect of Counterparty Netting	Effect of Collateral Netting	Difference in Carrying Value and Fair Value	Net Carrying Value
Assets								
Derivative assets *(1)*	449	39	-	488	(415)	(34)	-	39
Advances to/receivables from equity companies *(2)(7)*	-	2,191	6,313	8,504	-	-	151	8,655
Other long-term financial assets *(3)*	1,000	-	810	1,810	-	-	86	1,896
Liabilities								
Derivative liabilities *(4)*	432	26	-	458	(415)	(17)	-	26
Long-term debt *(5)*	18,446	137	4	18,587	-	-	(885)	17,702
Long-term obligations to equity companies *(7)*	-	-	4,209	4,209	-	-	(28)	4,181
Other long-term financial liabilities *(6)*	-	-	1,030	1,030	-	-	7	1,037

	At December 31, 2018 (millions of dollars)							
	Fair Value							
	Level 1	Level 2	Level 3	Total Gross Assets & Liabilities	Effect of Counterparty Netting	Effect of Collateral Netting	Difference in Carrying Value and Fair Value	Net Carrying Value
Assets								
Derivative assets *(1)*	297	-	-	297	(151)	(146)	-	-
Advances to/receivables from equity companies *(2)(7)*	-	2,100	6,293	8,393	-	-	215	8,608
Other long-term financial assets *(3)*	848	-	974	1,822	-	-	112	1,934
Liabilities								
Derivative liabilities *(4)*	151	-	-	151	(151)	-	-	-
Long-term debt *(5)*	19,029	117	4	19,150	-	-	85	19,235
Long-term obligations to equity companies *(7)*	-	-	4,330	4,330	-	-	52	4,382
Other long-term financial liabilities *(6)*	-	-	1,046	1,046	-	-	(3)	1,043

(1) Included in the Balance Sheet lines: Notes and accounts receivable, less estimated doubtful amounts and Other assets, including intangibles, net
(2) Included in the Balance Sheet line: Investments, advances and long-term receivables
(3) Included in the Balance Sheet lines: Investments, advances and long-term receivables and Other assets, including intangibles, net
(4) Included in the Balance Sheet lines: Accounts payable and accrued liabilities and Other long-term obligations
(5) Excluding finance lease obligations
(6) Included in the Balance Sheet line: Other long-term obligations
(7) Advances to/receivables from equity companies and long-term obligations to equity companies are mainly designated as hierarchy level 3 inputs. The fair value is calculated by discounting the remaining obligations by a rate consistent with the credit quality and industry of the equity company.

Derivative Instruments. The Corporation's size, strong capital structure, geographic diversity and the complementary nature of the Upstream, Downstream and Chemical businesses reduce the Corporation's enterprise-wide risk from changes in commodity prices, currency rates and interest rates. In addition, the Corporation uses commodity-based contracts, including derivatives, to manage commodity price risk and for trading purposes. Commodity contracts held for trading purposes are presented in the Consolidated Statement of Income on a net basis in the line "Sales and other operating revenue." The Corporation's commodity derivatives are not accounted for under hedge accounting. At times, the Corporation also enters into currency and interest rate derivatives, none of which are material to the Corporation's financial position as of June 30, 2019 and December 31, 2018, or results of operations for the periods ended June 30, 2019 and 2018.

Credit risk associated with the Corporation's derivative position is mitigated by several factors, including the use of derivative clearing exchanges and the quality of and financial limits placed on derivative counterparties. The Corporation maintains a system of controls that includes the authorization, reporting and monitoring of derivative activity.

At June 30, 2019, the net notional long/(short) position of derivative instruments was (20) million barrels for crude oil, (44) million barrels for products, and (140) million MMBtus of natural gas. At December 31, 2018, the net notional long/(short) position of derivative instruments was (19) million barrels for crude oil and (9) million barrels for products.

Realized and unrealized gains/(losses) on derivative instruments that were recognized in the Consolidated Statement of Income are included in the following lines on a before-tax basis:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(millions of dollars)			
Sales and other operating revenue	33	(11)	(242)	(3)
Crude oil and product purchases	33	(193)	15	(274)
Total	66	(204)	(227)	(277)

8. Disclosures about Segments and Related Information

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(millions of dollars)			
Earnings After Income Tax				
Upstream				
United States	335	439	431	868
Non-U.S.	2,926	2,601	5,706	5,669
Downstream				
United States	310	695	149	1,014
Non-U.S.	141	29	46	650
Chemical				
United States	(6)	453	155	956
Non-U.S.	194	437	551	945
Corporate and financing	(770)	(704)	(1,558)	(1,502)
Corporate total	3,130	3,950	5,480	8,600
Sales and Other Operating Revenue				
Upstream				
United States	2,594	2,548	5,287	4,909
Non-U.S.	3,709	3,587	7,513	7,215
Downstream				
United States	18,721	19,658	34,363	36,653
Non-U.S.	35,306	37,406	67,603	71,778
Chemical				
United States	2,504	3,019	5,009	6,008
Non-U.S.	4,647	5,226	9,342	10,304
Corporate and financing	10	12	20	25
Corporate total	67,491	71,456	129,137	136,892
Intersegment Revenue				
Upstream				
United States	2,641	2,071	4,952	4,133
Non-U.S.	8,376	7,381	15,505	14,252
Downstream				
United States	6,742	5,749	11,503	10,693
Non-U.S.	6,568	7,611	12,737	14,700
Chemical				
United States	2,569	2,350	4,458	4,544
Non-U.S.	1,583	1,973	3,130	3,816
Corporate and financing	55	50	108	99

Geographic

Sales and Other Operating Revenue	**Three Months Ended June 30, 2019**	**Three Months Ended June 30, 2018**	**Six Months Ended June 30, 2019**	**Six Months Ended June 30, 2018**
	(millions of dollars)			
United States	23,819	25,225	44,659	47,570
Non-U.S.	43,672	46,231	84,478	89,322
Total	67,491	71,456	129,137	136,892
Significant Non-U.S. revenue sources include: *(1)*				
Canada	5,346	6,163	10,196	11,538
United Kingdom	4,781	4,771	9,202	9,443
Belgium	3,245	4,090	6,773	8,067
France	3,258	3,572	6,332	6,817
Singapore	3,135	3,458	6,255	6,885
Italy	2,494	3,214	5,139	6,368
Germany	2,019	2,435	3,916	4,666

(1) Revenue is determined by primary country of operations. Excludes certain sales and other operating revenues in Non-U.S. operations where attribution to a specific country is not practicable.

9. Leases

The Corporation and its consolidated affiliates generally purchase the property, plant and equipment used in operations, but there are situations where assets are leased, primarily for drilling equipment, tankers, office buildings, railcars, and other moveable equipment. Right of use assets and lease liabilities are established on the balance sheet for leases with an expected term greater than one year, by discounting the amounts fixed in the lease agreement for the duration of the lease which is reasonably certain, considering the probability of exercising any early termination and extension options. The portion of the fixed payment related to service costs for drilling equipment and tankers is excluded from the calculation of right of use assets and lease liabilities. Generally assets are leased only for a portion of their useful lives, and are accounted for as operating leases. In limited situations assets are leased for nearly all of their useful lives, and are accounted for as finance leases.

Variable payments under these lease agreements are not significant. Residual value guarantees, restrictions, or covenants related to leases, and transactions with related parties are also not significant. In general, leases are capitalized using the incremental borrowing rate of the leasing affiliate. The Corporation's activities as a lessor are not significant.

At adoption of the lease accounting change (see Note 2), on January 1, 2019, an operating lease liability of $3.3 billion was recorded and the operating lease right of use asset was $4.3 billion, including $1.0 billion of previously recorded prepaid leases. There was no cumulative earnings effect adjustment.

	Operating Leases			
	Drilling Rigs and Related Equipment	Other	Total	Finance Leases
	(millions of dollars)			
Lease Cost	Three Months Ended June 30, 2019			
Operating lease cost	57	313	370	
Short-term and other (net of sublease rental income)	258	357	615	
Amortization of right of use assets				31
Interest on lease liabilities				36
Total	315	670	985	67
Lease Cost	Six Months Ended June 30, 2019			
Operating lease cost	97	568	665	
Short-term and other (net of sublease rental income)	453	630	1,083	
Amortization of right of use assets				62
Interest on lease liabilities				67
Total	550	1,198	1,748	129

	Operating Leases			
	Drilling Rigs and Related Equipment	Other	Total	Finance Leases
	(millions of dollars)			
Balance Sheet	June 30, 2019			
Right of use assets				
Included in Other assets, including intangibles - net	616	5,649	6,265	
Included in Property, plant and equipment - net				1,536
Total right of use assets	616	5,649	6,265	1,536
Lease liability due within one year				
Included in Accounts payable and accrued liabilities	221	903	1,124	32
Included in Notes and loans payable				172
Long-term lease liability				
Included in Other long-term obligations	387	3,789	4,176	
Included in Long-term debt				1,299
Included in Long-term obligations to equity companies				140
Total lease liability	608	4,692	5,300	1,643
Maturity Analysis of Lease Liabilities	June 30, 2019			
2019 remaining months	117	554	671	234
2020	211	914	1,125	206
2021	120	698	818	183
2022	61	500	561	175
2023	41	448	489	174
2024	30	404	434	173
2025 and beyond	69	1,877	1,946	2,431
Total lease payments	649	5,395	6,044	3,576
Discount to present value	(41)	(703)	(744)	(1,933)
Total lease liability	608	4,692	5,300	1,643
Weighted average remaining lease term - years	4	9	8	25
Weighted average discount rate - percent	3.0%	3.2%	3.2%	9.8%

In addition to the lease liabilities in the table immediately above, at June 30, 2019, undiscounted commitments for leases not yet commenced totaled \$0.8 billion for operating leases and \$3.4 billion for finance leases. The finance leases relate to floating production storage and offloading vessels and a long-term hydrogen purchase agreement. The underlying assets for these finance leases were primarily designed by, and are being constructed by, the lessors.

	Operating Leases			
	Drilling Rigs and Related Equipment	Other	Total	Finance Leases
	(millions of dollars)			
Other Information	Six Months Ended June 30, 2019			
Cash paid for amounts included in the measurement of lease liabilities				
Cash flows from operating activities		504	504	27
Cash flows from investing activities	110		110	
Cash flows from financing activities				32
Noncash right of use assets recorded for lease liabilities				
For January 1 adoption of *Topic 842*	445	2,818	3,263	
In exchange for new lease liabilities during the period	257	2,305	2,562	

At December 31, 2018, the Corporation and its consolidated subsidiaries held noncancelable operating leases and charters covering drilling equipment, tankers and other assets with minimum undiscounted lease commitments totaling $6,112 million as indicated in the table. Estimated related sublease rental income from noncancelable subleases totals $22 million.

	Lease Payments Under Minimum Commitments As of December 31, 2018		
	Drilling Rigs and Related Equipment	Other	Total
	(millions of dollars)		
2019	222	934	1,156
2020	166	819	985
2021	107	658	765
2022	43	506	549
2023	32	422	454
2024 and beyond	53	2,150	2,203
Total	623	5,489	6,112

Net rental cost under both cancelable and noncancelable operating leases incurred during 2018, 2017 and 2016 were as follows:

	For full year		
	2018	2017	2016
	(millions of dollars)		
Rental cost			
Drilling rigs and related equipment	723	792	1,274
Other (net of sublease rental income)	1,992	1,826	1,817
Total	2,715	2,618	3,091

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

FUNCTIONAL EARNINGS SUMMARY

Earnings (U.S. GAAP)	Second Quarter 2019	Second Quarter 2018	First Six Months 2019	First Six Months 2018
	(millions of dollars)			
Upstream				
United States	335	439	431	868
Non-U.S.	2,926	2,601	5,706	5,669
Downstream				
United States	310	695	149	1,014
Non-U.S.	141	29	46	650
Chemical				
United States	(6)	453	155	956
Non-U.S.	194	437	551	945
Corporate and financing	(770)	(704)	(1,558)	(1,502)
Net income attributable to ExxonMobil (U.S. GAAP)	3,130	3,950	5,480	8,600
Earnings per common share *(dollars)*	0.73	0.92	1.28	2.01
Earnings per common share - assuming dilution *(dollars)*	0.73	0.92	1.28	2.01

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 SECOND QUARTER 2019 RESULTS

ExxonMobil's second quarter 2019 earnings were $3.1 billion, or $0.73 per diluted share, compared with $4.0 billion a year earlier. The decrease in earnings was primarily the result of lower Upstream realizations, weaker Downstream and Chemical margins, higher scheduled maintenance activity, and increased expenses. These impacts were partly offset by volume growth and favorable one-time items.

Earnings of $5.5 billion for the first six months of 2019 were down 36 percent from $8.6 billion in 2018.

Earnings per share assuming dilution were $1.28.

Capital and exploration expenditures were $15.0 billion, up 30 percent from 2018.

Oil-equivalent production was 3.9 million barrels per day, up 5 percent from the prior year. Excluding entitlement effects and divestments, oil-equivalent production was also up 5 percent.

The Corporation distributed $7.2 billion in dividends to shareholders.

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Upstream earnings				
United States	335	439	431	868
Non-U.S.	2,926	2,601	5,706	5,669
Total	3,261	3,040	6,137	6,537

Upstream earnings were $3,261 million in the second quarter of 2019, up $221 million from the second quarter of 2018.

- Lower realizations reduced earnings by $730 million.
- Higher volume and mix effects increased earnings by $720 million due to higher liquids volumes of $590 million and increased gas volumes of $130 million.
- All other items increased earnings by $230 million due to a favorable one-time tax item of $487 million, partly offset by higher expenses.
- U.S. Upstream earnings were $335 million, down $104 million from the prior year quarter.
- Non-U.S. Upstream earnings were $2,926 million, up $325 million from the prior year quarter.
- On an oil-equivalent basis, production increased 7 percent from the second quarter of 2018.
- Liquids production totaled 2.4 million barrels per day, up 177,000 barrels per day as growth and lower downtime were partly offset by decline.
- Natural gas production was 9.1 billion cubic feet per day, up 507 million cubic feet per day driven by growth and higher demand, partly offset by decline.

Upstream earnings were $6,137 million in the first six months of 2019, down $400 million from the first six months of 2018.

- Realizations reduced earnings by $760 million, mainly due to lower liquids realizations.
- Higher volume and mix effects increased earnings by $790 million mainly due to higher liquids volumes.
- All other items decreased earnings by $430 million as higher expenses and the absence of asset management gains were partly offset by a favorable one-time tax item.
- U.S. Upstream earnings were $431 million, down $437 million from the prior year.
- Non-U.S. Upstream earnings were $5,706 million, up $37 million from the prior year.
- On an oil-equivalent basis, production increased 5 percent from the first six months of 2018.
- Liquids production totaled 2.4 million barrels per day, up 144,000 barrels per day due to growth and lower downtime, partly offset by decline.
- Natural gas production was 9.5 billion cubic feet per day, up 199 million cubic feet per day, as growth and lower downtime were partly offset by decline.

Upstream additional information	Second Quarter	First Six Months
	(thousands of barrels daily)	
Volumes reconciliation (Oil-equivalent production)*(1)*		
2018	3,647	3,768
Entitlements - Net Interest	-	-
Entitlements - Price / Spend / Other	20	14
Quotas	-	-
Divestments	(9)	(17)
Growth / Other	251	180
2019	3,909	3,945

(1) Natural gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels.

Listed below are descriptions of ExxonMobil's volumes reconciliation factors which are provided to facilitate understanding of the terms.

Entitlements - Net Interest are changes to ExxonMobil's share of production volumes caused by non-operational changes to volume-determining factors. These factors consist of net interest changes specified in Production Sharing Contracts (PSCs) which typically occur when cumulative investment returns or production volumes achieve defined thresholds, changes in equity upon achieving pay-out in partner investment carry situations, equity redeterminations as specified in venture agreements, or as a result of the termination or expiry of a concession. Once a net interest change has occurred, it typically will not be reversed by subsequent events, such as lower crude oil prices.

Entitlements - Price, Spend and Other are changes to ExxonMobil's share of production volumes resulting from temporary changes to non-operational volume-determining factors. These factors include changes in oil and gas prices or spending levels from one period to another. 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. For example, at higher prices, fewer barrels are required for ExxonMobil to recover its costs. These effects generally vary from period to period with field spending patterns or market prices for oil and natural gas. Such factors can also include other temporary changes in net interest as dictated by specific provisions in production agreements.

Quotas are changes in ExxonMobil's allowable production arising from production constraints imposed by countries which are members of the Organization of the Petroleum Exporting Countries (OPEC). Volumes reported in this category would have been readily producible in the absence of the quota.

Divestments are reductions in ExxonMobil's production arising from commercial arrangements to fully or partially reduce equity in a field or asset in exchange for financial or other economic consideration.

Growth and Other factors comprise all other operational and non-operational factors not covered by the above definitions that may affect volumes attributable to ExxonMobil. Such factors include, but are not limited to, production enhancements from project and work program activities, acquisitions including additions from asset exchanges, downtime, market demand, natural field decline, and any fiscal or commercial terms that do not affect entitlements.

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Downstream earnings				
United States	310	695	149	1,014
Non-U.S.	141	29	46	650
Total	451	724	195	1,664

Downstream earnings were $451 million in the second quarter of 2019, down $273 million from the second quarter of 2018.

- Margins reduced earnings by $240 million, mainly due to lower Non-U.S. margins.
- Lower volume and mix effects decreased earnings by $60 million.
- All other items increased earnings by $30 million as favorable foreign exchange effects were partly offset by higher expenses.
- U.S. Downstream earnings were $310 million, down $385 million from the prior year quarter.
- Non-U.S. Downstream earnings were $141 million, up $112 million from the prior year quarter.
- Petroleum product sales of 5.4 million barrels per day were 94,000 barrels per day lower than the prior year quarter.

Downstream earnings were $195 million in the first six months of 2019, down $1,469 million from the first six months of 2018.

- Margins reduced earnings by $1,100 million, reflecting lower U.S. and Non-U.S. margins.
- Lower volume and mix effects decreased earnings by $70 million.
- All other items reduced earnings by $300 million as higher expenses were partly offset by favorable foreign exchange effects.
- U.S. Downstream earnings were $149 million, down $865 million from the prior year.
- Non-U.S. Downstream earnings were $46 million, down $604 million from the prior year.
- Petroleum product sales of 5.4 million barrels per day were 55,000 barrels per day lower than the prior year.

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Chemical earnings				
United States	(6)	453	155	956
Non-U.S.	194	437	551	945
Total	188	890	706	1,901

Chemical earnings were $188 million in the second quarter of 2019, down $702 million from the second quarter of 2018.

- Weaker margins reduced earnings by $440 million.
- Volume and mix effects increased earnings by $10 million.
- All other items decreased earnings by $270 million mainly due to higher expenses.
- U.S. Chemical earnings were ($6) million, down $459 million from the prior year quarter.
- Non-U.S. Chemical earnings were $194 million, down $243 million from the prior year quarter.
- Second quarter prime product sales of 6.7 million metric tons were 153,000 metric tons lower than the prior year quarter.

Chemical earnings were $706 million in the first six months of 2019, down $1,195 million from the first six months of 2018.

- Weaker margins reduced earnings by $810 million.
- Volume and mix effects increased earnings by $90 million.
- All other items decreased earnings by $480 million due to higher expenses and unfavorable foreign exchange effects.
- U.S. Chemical earnings were $155 million, down $801 million from the prior year.
- Non-U.S. Chemical earnings were $551 million, down $394 million from the prior year.
- Prime product sales of 13.5 million metric tons in the first six months of 2019 were 49,000 metric tons lower than the first six months of the prior year.

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Corporate and financing earnings	(770)	(704)	(1,558)	(1,502)

Corporate and financing expenses were $770 million for the second quarter of 2019, up $66 million from the second quarter of 2018.

Corporate and financing expenses were $1,558 million for the first six months of 2019, up $56 million from the first six months of 2018.

LIQUIDITY AND CAPITAL RESOURCES

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Net cash provided by/(used in)				
Operating activities			14,285	16,299
Investing activities			(12,670)	(6,955)
Financing activities			(496)	(8,986)
Effect of exchange rate changes			52	(105)
Increase/(decrease) in cash and cash equivalents			1,171	253
Cash and cash equivalents (at end of period)			4,213	3,430
Cash flow from operations and asset sales				
Net cash provided by operating activities (U.S. GAAP)	5,947	7,780	14,285	16,299
Proceeds associated with sales of subsidiaries, property, plant & equipment, and sales and returns of investments	33	307	140	1,748
Cash flow from operations and asset sales	5,980	8,087	14,425	18,047

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 flow from operations and asset sales in the second quarter of 2019 was $6.0 billion, including asset sales of $33 million, a decrease of $2.1 billion from the comparable 2018 period primarily reflecting lower earnings and asset sale proceeds.

Cash provided by operating activities totaled $14.3 billion for the first six months of 2019, $2.0 billion lower than 2018. The major source of funds was net income including noncontrolling interests of $5.8 billion, a decrease of $3.0 billion from the prior year period. The adjustment for the noncash provision of $9.2 billion for depreciation and depletion was up $0.1 billion from 2018. Changes in operational working capital contributed $1.0 billion, compared to a decrease of $1.0 billion in the prior year period. All other items net decreased cash flows by $1.7 billion in 2019 versus a reduction of $0.5 billion in 2018. See the Condensed Consolidated Statement of Cash Flows for additional details.

Investing activities for the first six months of 2019 used net cash of $12.7 billion, an increase of $5.7 billion compared to the prior year. Spending for additions to property, plant and equipment of $11.4 billion was $3.1 billion higher than 2018. Proceeds from asset sales of $0.1 billion decreased $1.6 billion. Investments and advances increased $1.0 billion to $1.7 billion.

Cash flow from operations and asset sales in the first six months of 2019 was $14.4 billion, including asset sales of $0.1 billion, a decrease of $3.6 billion from the comparable 2018 period primarily reflecting lower earnings and asset sale proceeds.

Net cash used by financing activities was $0.5 billion in the first six months of 2019, a decrease of $8.5 billion from 2018. The net addition to short-term debt was $7.3 billion compared to a net reduction of $1.4 billion in 2018.

During the first six months of 2019, Exxon Mobil Corporation purchased 5 million shares of its common stock for the treasury at a gross cost of $0.4 billion. These purchases were made to offset shares or units settled in shares issued in conjunction with the company’s benefit plans and programs. Shares outstanding decreased from 4,237 million at year-end to 4,231 million at the end of the second quarter of 2019. Purchases may be made both in the open market and through negotiated transactions, and may be increased, decreased or discontinued at any time without prior notice.

The Corporation distributed a total of $7.2 billion to shareholders in the first six months of 2019 through dividends.

Total cash and cash equivalents of $4.2 billion at the end of the second quarter of 2019 compared to $3.0 billion at year-end 2018.

Total debt at the end of the second quarter of 2019 was $45.2 billion compared to $37.8 billion at year-end 2018. The Corporation's debt to total capital ratio was 18.5 percent at the end of the second quarter of 2019 compared to 16.0 percent at year-end 2018.

The Corporation has access to significant capacity of long-term and short-term liquidity. Internally generated funds are generally expected to cover financial requirements, supplemented by short-term and long-term debt as required.

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 3 to the unaudited condensed consolidated financial statements.

TAXES

	Second Quarter		**First Six Months**	
	2019	**2018**	**2019**	**2018**
	(millions of dollars)			
Income taxes	1,241	2,526	3,124	4,983
Effective income tax rate	*34%*	*44%*	*44%*	*42%*
Total other taxes and duties *(1)*	8,366	9,003	16,453	17,818
Total	9,607	11,529	19,577	22,801

(1) Includes "Other taxes and duties" plus taxes that are included in "Production and manufacturing expenses" and "Selling, general and administrative expenses."

Total taxes were $9.6 billion for the second quarter of 2019, a decrease of $1.9 billion from 2018. Income tax expense decreased by $1.3 billion to $1.2 billion reflecting lower pre-tax income. The effective income tax rate was 34 percent compared to 44 percent in the prior year period due to favorable one-time tax items. Total other taxes and duties decreased by $0.6 billion to $8.4 billion.

Total taxes were $19.6 billion for the first six months of 2019, a decrease of $3.2 billion from 2018. Income tax expense decreased by $1.9 billion to $3.1 billion reflecting lower pre-tax income. The effective income tax rate was 44 percent compared to 42 percent in the prior year period due to a higher share of earnings in higher tax jurisdictions. Total other taxes and duties decreased by $1.4 billion to $16.5 billion.

In the United States, the Corporation has various ongoing U.S. federal income tax positions at issue with the Internal Revenue Service (IRS) for tax years beginning in 2006. The IRS has asserted penalties associated with several of those positions. The Corporation has not recognized the penalties as an expense because the Corporation does not expect the penalties to be sustained under applicable law. The Corporation has filed a refund suit for tax years 2006-2009 in a U.S. federal district court with respect to the positions at issue for those years. The trial for those tax issues was completed at the end of June and the Corporation is awaiting a decision. Unfavorable resolution of all positions at issue with the IRS would not have a materially adverse effect on the Corporation's net income or liquidity.

CAPITAL AND EXPLORATION EXPENDITURES

	Second Quarter		First Six Months	
	2019	2018	2019	2018
	(millions of dollars)			
Upstream (including exploration expenses)	6,242	4,855	11,603	8,614
Downstream	1,113	1,230	1,942	1,844
Chemical	718	533	1,414	998
Other	6	9	10	38
Total	8,079	6,627	14,969	11,494

Capital and exploration expenditures in the second quarter of 2019 were $8.1 billion, up 22 percent from the second quarter of 2018.

Capital and exploration expenditures in the first six months of 2019 were $15.0 billion, up 30 percent from the first six months of 2018 due primarily to growth in the U.S. Permian Basin. The Corporation anticipates an investment level of approximately $30 billion in 2019. Actual spending could vary depending on the progress of individual projects and property acquisitions.

RECENTLY ISSUED ACCOUNTING STANDARDS

Effective January 1, 2020, ExxonMobil will adopt the Financial Accounting Standards Board's update, *Financial Instruments – Credit Losses (Topic 326)*, as amended. The standard requires a valuation allowance for credit losses be recognized for certain financial assets that reflects the current expected credit loss over the asset's contractual life. The valuation allowance considers the risk of loss, even if remote, and considers past events, current conditions and expectations of the future. The Corporation is evaluating the standard and its effect on the Corporation's financial statements.

FORWARD-LOOKING STATEMENTS

Statements related to outlooks, projections, goals, targets, descriptions of strategic plans and objectives, and other statements of future events or conditions are forward-looking statements. Actual future results, including business and project plans, capacities, costs, and timing; resource recoveries and production rates; and the impact of new technologies, including to increase capital efficiency and production and to reduce greenhouse gas emissions, could differ materially due to a number of factors. These include global or regional changes in supply and demand for oil, gas, and petrochemicals and other market conditions that impact prices and differentials; reservoir performance; the outcome of exploration projects and timely completion of development and construction projects; the impact of fiscal and commercial terms and the outcome of commercial negotiations or acquisitions; changes in law, taxes, or regulation including environmental regulations, and timely granting of governmental permits; war, shipping blockades or harassment, and other political or security disturbances; the actions of competitors; the capture of efficiencies between business lines; unforeseen technical or operating difficulties; unexpected technological developments; the ability to bring new technologies to commercial scale on a cost-competitive basis, including large-scale hydraulic fracturing projects; general economic conditions including the occurrence and duration of economic recessions; the results of research programs; and other factors discussed under the heading Factors Affecting Future Results on the Investors page of our website at www.exxonmobil.com and in Item 1A of ExxonMobil's 2018 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 six months ended June 30, 2019, does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2018.

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 June 30, 2019. 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

As reported in the Corporation's Form 10-Q for the first quarter of 2018, on January 25, 2018, ExxonMobil Oil Corporation (EMOC) received a letter setting forth a potential settlement of a previously issued notice of violation from the South Coast Air Quality Management District (SCAQMD) regarding EMOC's formerly owned Torrance Refinery in California. The SCAQMD contended that the refinery failed to adequately identify and meet the requirements concerning pumps, sumps and other equipment subject to SCAQMD leak detection, repair and reporting requirements over an extended period of time prior to EMOC's sale of the refinery, in violation of SCAQMD rules and the California Health and Safety Code provisions dealing with air quality. On May 6, 2019, SCAQMD and EMOC agreed on a penalty of $165,000 to resolve the matter, and EMOC has paid the penalty.

As reported in the Corporation's Form 10-Q for the first quarter of 2019, on March 20, 2019, the State of California Air Resources Board (CARB) informed EMOC of its intention to attempt to settle an enforcement matter involving the formerly owned Torrance Refinery in California under the California Health and Safety Code. Specifically, CARB contended that the refinery failed to timely calibrate and inspect a greenhouse gas reporting meter as required by the applicable regulations and to accurately report greenhouse gas emissions from refinery operations in 2014 and 2015 in a manner consistent with applicable regulations. The alleged violations have been corrected. On or about June 7, 2019, CARB and EMOC agreed on a penalty of $493,500 to resolve the matter. The settlement agreement has been executed by EMOC, and the company is awaiting execution by CARB.

In a matter last reported in the Corporation's Form 10-Q for first quarter of 2019, the U.S. Department of Justice (DOJ) and U.S. Environmental Protection Agency (EPA) filed a complaint and proposed consent decree on March 6, 2019, to settle a pending enforcement action with EMOC regarding alleged violations at EMOC's Beaumont Refinery in Texas under the Clean Air Act and various sections of the EPA's Chemical Accident Prevention Provisions. The DOJ and EPA had contended that EMOC failed to identify hazards, failed to design and maintain a safe facility, and failed to mitigate the consequences of a claimed accidental release related to a flash fire that occurred on April 17, 2013. Additionally, based on an on-site inspection in 2013, the DOJ and EPA claim that EMOC failed to include all covered processes in its risk management program and failed to inspect certain process equipment in a timely fashion. On May 3, 2019, the U.S. District Court for the Eastern District of Texas, Beaumont Division, accepted and entered final judgment upon a Consent Decree whereby the parties agreed to a civil penalty of $616,000, payment of $730,000 to a Supplemental Environmental Project (SEP), and additional corrective actions to resolve the matter. Payment of the penalty was made on or about May 13, 2019, and completion of the SEP is planned for the second quarter of 2020.

As most recently reported in the Corporation's Form 10-Q for the first quarter of 2019, the DOJ contacted ExxonMobil Pipeline Company (EMPCo) concerning possible civil charges under the Clean Water Act arising in connection with the July 1, 2011, discharge of crude oil into the Yellowstone River from EMPCo's Silvertip Pipeline near Laurel, Montana. In March 2019, EMPCo reached an agreement with the DOJ on a Consent Decree to resolve the matter. On June 4, 2019, the Consent Decree was entered by the U.S. District Court in the District of Montana, and on or about July 2, 2019, EMPCo paid a civil penalty to the United States in the amount of $1.05 million.

As last reported in the Corporation's Form 10-Q for the first quarter of 2019, on July 20, 2017, the United States Department of Treasury, Office of Foreign Assets Control (OFAC) assessed a civil penalty against Exxon Mobil Corporation, ExxonMobil Development Company and ExxonMobil Oil Corporation for violating the Ukraine-Related Sanctions Regulations, 31 C.F.R. part 589. The assessed civil penalty is in the amount of $2,000,000. ExxonMobil and its affiliates have been and continue to be in compliance with all sanctions and disagree that any violation has occurred. ExxonMobil and its affiliates filed a complaint on July 20, 2017, in the United States Federal District Court, Northern District of Texas seeking judicial review of, and to enjoin, the civil penalty under the Administrative Procedures Act and the United States Constitution, including on the basis that it represents an arbitrary and capricious action by OFAC and a violation of the Company's due process rights.

Refer to the relevant portions of Note 3 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 June 30, 2019

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
April 2019	-	-	-	
May 2019	-	-	-	
June 2019	-	-	-	
Total	-		-	(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 earnings release dated February 2, 2016, the Corporation stated it will continue to acquire shares to offset dilution in conjunction with benefit plans and programs, but had suspended making purchases to reduce shares outstanding effective beginning the first quarter of 2016.

Item 6. Exhibits

See Index to Exhibits of this report.

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.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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: August 7, 2019	By:	/s/ DAVID S. ROSENTHAL
		David S. Rosenthal Vice President, Controller and Principal Accounting Officer