10-Q 1 sec10qs.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 June 30, 2001 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 June 30, 2001 _______________________________ _______________________________ Common stock, without par value 6,871,078,958 EXXON MOBIL CORPORATION FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001 TABLE OF CONTENTS Page Number ______ PART I. FINANCIAL INFORMATION Item 1. Financial Statements Condensed Consolidated Statement of Income 3 Three and six months ended June 30, 2001 and 2000 Condensed Consolidated Balance Sheet 4 As of June 30, 2001 and December 31, 2000 Condensed Consolidated Statement of Cash Flows 5 Six months ended June 30, 2001 and 2000 Notes to Condensed Consolidated Financial Statements 6-16 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 17-23 Item 3. Quantitative and Qualitative Disclosures About Market Risk 24 PART II. OTHER INFORMATION Item 1. Legal Proceedings 24 Item 4. Submission of Matters to a Vote of Security Holders 25-26 Item 5. Other Information 27 Item 6. Exhibits and Reports on Form 8-K 27 Signature 28 Index to Exhibits 29 -2- PART I. FINANCIAL INFORMATION Item 1. Financial Statements EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF INCOME (millions of dollars)

Three Months Ended Six Months Ended June 30, June 30,

__________________ __________________

2001 2000 2001 2000

________ ________ ________ ________

~~REVENUE Sales and other operating revenue, including excise taxes $ 55,101 $ 54,936 $111,177 $108,209 Earnings from equity interests and other revenue 1,083 1,020 2,307 1,828 ________ ________ ________ ________ ________ Total revenue 56,184 55,956 113,484 110,037~~

________ ________ ________ ________

~~COSTS AND OTHER DEDUCTIONS Crude oil and product purchases 25,731 26,340 50,609 51,304 Operating expenses 4,626 4,456 9,615 8,741 Selling, general and administrative expenses 3,215 2,830 6,275 5,707 Depreciation and depletion 1,871 1,939 3,847 4,067 Exploration expenses,~~

~~including dry holes 266 166 546 376 Merger related expenses 167 202 288 732 Interest expense 70 126 147 300 Excise taxes 5,226 5,457 10,520 10,950 Other taxes and duties 8,057 7,624 16,250 15,706 Income applicable to minority and preferred interests 83 110 295 182~~

________ ________ ________ ________

~~Total costs and other deductions 49,312 49,250 98,392 98,065~~

________ ________ ________ ________

~~INCOME BEFORE INCOME TAXES 6,872 6,706 15,092 11,972 Income taxes 2,587 2,706 5,847 4,947~~

________ ________ ________ ________

~~INCOME BEFORE EXTRAORDINARY ITEM 4,285 4,000 9,245 7,025 Extraordinary gain, net of income tax 175 530 215 985~~

________ ________ ________ ________

~~NET INCOME $ 4,460 $ 4,530 $ 9,460 $ 8,010~~

======== ======== ======== ========

~~NET INCOME PER COMMON SHARE (DOLLARS)* Before extraordinary gain $ 0.64 $ 0.58 $ 1.35 $ 1.02 Extraordinary gain, net of income tax 0.02 0.08 0.03 0.14~~

________ ________ ________ ________

~~Net income $ 0.66 $ 0.66 $ 1.38 $ 1.16~~

======== ======== ======== ========

~~NET INCOME PER COMMON SHARE -~~

~~ASSUMING DILUTION (DOLLARS)* Before extraordinary gain $ 0.63 $ 0.57 $ 1.33 $ 1.00 Extraordinary gain, net of income tax 0.02 0.08 0.03 0.14 ________ ________ ________ ________ Net income $ 0.65 $ 0.65 $ 1.36 $ 1.14 ========= ========= ========= =========~~

~~DIVIDENDS PER COMMON SHARE* $ 0.23 $ 0.22 $ 0.45 $ 0.44~~

2001 amounts include additional dividend of $0.01 per common share (post-split basis) declared on May 30, 2001. * Prior year amounts restated to reflect two-for-one stock split effective June 20, 2001. -3- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEET (millions of dollars)

June 30, Dec. 31,
2001 2000

________ ________ ~~ASSETS Current assets Cash and cash equivalents $ 9,298 $ 7,080 Notes and accounts receivable - net 21,409 22,996 Inventories Crude oil, products and merchandise 7,293 7,244 Materials and supplies 1,102 1,060 Prepaid taxes and expenses 2,220 2,019 ________ ________ Total current assets 41,322 40,399 Property, plant and equipment - net 88,356 89,829 Investments and other assets 17,982 18,772 ________ ________ TOTAL ASSETS $147,660 $149,000 ========= =========~~

~~LIABILITIES Current liabilities Notes and loans payable $ 3,890 $ 6,161 Accounts payable and~~

~~accrued liabilities 25,307 26,755 Income taxes payable 6,417 5,275 ________ ________ Total current liabilities 35,614 38,191 Long-term debt 7,289 7,280 Deferred income tax liability 16,194 16,442 Other long-term liabilities 15,589 16,330 ________ ________ TOTAL LIABILITIES 74,686 78,243 ________ ________ ________ ________ SHAREHOLDERS' EQUITY Benefit plan related balances (203) (235) Common stock, without par value: Authorized: 9,000 million shares Issued: 8,019 million shares 3,745 3,661 Earnings reinvested 93,006 86,652 Accumulated other nonowner changes in equity Cumulative foreign exchange translation adjustment (6,381) (4,862) Minimum pension liability adjustment (310) (310) Unrealized gains/(losses) on stock investments 56 (17) Common stock held in treasury: 1,148 million shares at June 30, 2001 (16,939) 1,089 million shares at December 31, 2000 (14,132) ________ ________ TOTAL SHAREHOLDERS' EQUITY 72,974 70,757 ________ ________ TOTAL LIABILITIES AND SHAREHOLDERS'~~

~~EQUITY $147,660 $149,000~~
========
========

The number of shares of common stock issued and outstanding at June 30, 2001 and December 31, 2000 (restated to reflect two-for-one stock split effective June 20, 2001) were 6,871,078,958 and 6,930,006,228, respectively. -4- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (millions of dollars)

Six Months Ended June 30,
____
2001 2000 ________ ________ ~~CASH FLOWS FROM OPERATING ACTIVITIES Net income $ 9,460 $ 8,010 Depreciation and depletion 3,847 4,067 Changes in operational working capital, excluding cash and debt 1,256 2,224 All other items - net (319) (2,847)~~ ________ ________ ~~Net cash provided by operating activities 14,244 11,454~~ ________ ________ ~~CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (4,370) (3,801) Sales of subsidiaries, investments, and property, plant and equipment 745 3,209 Other investing activities - net 311 699~~ ________ ________ ~~Net cash provided by/(used in) investing activities (3,314) 107~~ ________ ________ ~~NET CASH GENERATION BEFORE FINANCING ACTIVITIES 10,930 11,561~~ ________ ________ ~~CASH FLOWS FROM FINANCING ACTIVITIES Additions to long-term debt 341 143 Reductions in long-term debt (357) (280) Additions/(reductions) in short-term debt - net (2,369) (4,178) Cash dividends to ExxonMobil shareholders (3,037) (3,063) Cash dividends~~

~~to minority interests (94) (91) Changes in minority interests and sales/(purchases) of affiliate stock (274) (112) Net ExxonMobil shares sold/(acquired) (2,776) 195 ________ ________ Net cash provided by/(used in) financing activities (8,566) (7,386) ________ ________ Effects of exchange rate changes on cash (146) (50) ________ ________ Increase/(decrease) in cash and cash equivalents 2,218 4,125 Cash and cash equivalents at beginning of period 7,080 1,688 ________ ________ CASH AND CASH EQUIVALENTS AT END OF PERIOD $ 9,298 $ 5,813 ======== ======== SUPPLEMENTAL DISCLOSURES Income taxes paid $ 4,182 $ 2,582 Cash interest paid $ 244 $ 476~~

-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 2000 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 Change As of January 1, 2001, ExxonMobil adopted Financial Accounting Standards Board Statement No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities" as amended by Statements No. 137 and 138. This statement requires that all derivatives be recognized as either assets or liabilities in the financial statements and be measured at fair value. Since the corporation makes limited use of derivatives, the effect of adoption of FAS 133 on the corporation's operations or financial condition was negligible. 3. Recently Issued Statements of Financial Accounting Standards In June 2001, the Financial Accounting Standards Board issued 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, which will be effective for the corporation beginning January 1, 2002, 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 will be negligible. 4. Capital On May 30, 2001, the company's Board of Directors approved a two-for-one stock split to common stock shareholders of record on June 20, 2001. The authorized common stock was increased from four billion five hundred million (4,500,000,000) shares without par value to nine billion (9,000,000,000) shares without par value and the issued shares were split on a two-for-one basis on June 20, 2001. -6- The number of shares of common stock issued and outstanding as of March 31, 2001 and as of December 31, 2000 and 1999, restated to reflect the two-for-one stock split, were 6,899,752,948, 6,930,006,228 and 6,954,846,646, respectively. Net income per common share -- assuming dilution, restated to reflect the two-for-one stock split, for the quarters ended March 31, 2001 and 2000 were $0.71 and $0.49, respectively, and for the years ended December 31, 2000, 1999 and 1998, were $2.52, $1.12, and $1.14, respectively. 5. 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 second quarter of 2001, in association with the Merger, $167 million of before tax costs ($95 million after tax) were recorded as merger related expenses. In the second quarter of 2000, merger related expenses were $202 million before tax ($150 million after tax). For the six months ended June 30, 2001 merger related expenses totaled $288 million before tax ($185 million after tax). For the six months ended June 30, 2000, merger related expenses totaled $732 million ($475 million after tax). The severance reserve balance at the end of the second quarter of 2001 is expected to be expended in 2001 and 2002. The following table summarizes the activity in the severance reserve for the six months ended June 30, 2001: Opening Balance at Balance Additions Deductions Period End _______ _________ __________ __________ (millions of dollars) 317 67 170 214 6. Extraordinary Gain Second quarter 2001 results included a net after tax gain of $175 million (including an income tax credit of $6 million), or $0.02 per common share, from asset management activities in the chemicals segment. Second quarter 2000 included a net after tax gain of $530 million (net of $75 million of income taxes), or $0.08 per common share, from asset divestments that were required as a condition of the regulatory approval of the Merger. For the six months ended June 30, 2001, the net after tax gain from asset management activities and required asset divestitures totaled $215 million (including an income tax credit of $21 million), or $0.03 per common share. For the six months ended June 30, 2000, the net after tax gain from required asset divestitures totaled $985 million (net of $624 million of income taxes), or $0.14 per common share. These net gains from asset management activities in the chemicals segment and required asset divestitures have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. -7- 7. 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. Essentially all of these lawsuits have now been resolved or are subject to appeal. On September 24, 1996, the United States District Court for the District of Alaska entered a judgment in the amount of $5.058 billion in the Exxon Valdez civil trial that began in May 1994. 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 has appealed the judgment. The United States Court of Appeals for the Ninth Circuit heard oral arguments on the appeal on May 3, 1999. The corporation continues to believe that the punitive damages in this case are unwarranted and that the judgment should be set aside or substantially reduced by the appellate courts. 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. Under the October 8, 1991, civil agreement and consent decrees with the U.S. and Alaska governments, the corporation will make a final payment of $70 million in 2001. This payment, along with prior payments, will be charged against the provision that was previously established to cover the costs of the settlement. German and Dutch affiliated companies are the concessionaires of a natural gas field subject to a treaty between the governments of Germany and the Netherlands under which the gas reserves in an undefined border or common area are to be shared equally. Entitlement to the reserves is determined by calculating the amount of gas which can be recovered from this area. Based on the final reserve determination, the German affiliate has received more gas than its entitlement. Arbitration proceedings, as provided in the agreements, were conducted to resolve issues concerning the compensation for the overlifted gas. By final award dated July 2, 1999, preceded by an interim award in 1996, an arbitral tribunal established the full amount of the compensation for the excess gas. This amount has now been paid and a petition to set the award aside has now been dismissed, rendering the award final in all respects. Other substantive matters remain outstanding, including recovery of royalties paid on such excess gas and the taxes payable on the final compensation amount. The net financial impact on the corporation is not possible to predict at this time. However, the ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition. -8- 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 verdict and believes that the verdict is unwarranted and that the judgement should be set aside or substantially reduced. 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 affirmed by the trial court, and the corporation is in the process of taking an appeal to the Louisiana Fourth Circuit Court of Appeals. 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. 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 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. -9- 8. Nonowner Changes in Shareholders' Equity The total nonowner changes in shareholders' equity for the three months ended June 30, 2001 and 2000 were $4,026 million and $3,746 million, respectively. The total nonowner changes in shareholders' equity for the six months ended June

30, 2001 and 2000 were $8,014 million and $6,265 million, respectively. Total nonowner changes in shareholders' equity include net income and the change in the cumulative foreign exchange translation adjustment, the minimum pension liability adjustment and the unrealized gains and losses on stock investments components of shareholders' equity. 9. Earnings Per Share*

Three Months Ended
Six Months Ended June
30, June 30,

2001 2000 2001 2000

NET INCOME PER COMMON SHARE Income before extraordinary item (millions of dollars) $ 4,285 $ 4,000 $ 9,245 $ 7,025 Weighted average number of common shares outstanding (million of shares) 6,883 6,962 6,898 6,962 Net income per common share (dollars) Before extraordinary gain $ 0.64 $ 0.58 $ 1.35 $ 1.02 Extraordinary gain, net of income tax 0.02 0.08 0.03 0.14

Net income $ 0.66 $ 0.66 $ 1.38 $ 1.16

NET INCOME PER COMMON SHARE - ASSUMING DILUTION Income before extraordinary item (millions of dollars) $ 4,285 $ 4,000 $ 9,245 $ 7,025 Adjustment for assumed dilution 1 (3) (2) (10)

Income available to common shares $ 4,286 $ 3,997 $ 9,243 $ 7,015

Weighted average number of common shares outstanding (millions of shares) 6,883 6,962 6,898 6,962 Plus: Issued on assumed exercise of

~~stock options 80 87 76 85~~

~~Weighted average number of common shares outstanding 6,963 7,049 6,974 7,047~~

~~Net income per common share - assuming dilution (dollars) Before extraordinary gain $ 0.63 $ 0.57 $ 1.33 $ 1.00 Extraordinary gain, net of income tax 0.02 0.08 0.03 0.14~~

~~Net income $ 0.65 $ 0.65 $ 1.36 $ 1.14~~

* Prior year amounts restated to reflect two-for-one stock split effective June 20, 2001. -10- 10. Disclosures about Segments and Related Information

Three Months Ended Six Months Ended June 30, June 30,

2001 2000 2001 2000

~~(millions of dollars) EARNINGS AFTER INCOME TAX Upstream United States $ 1,111 $ 1,086 $ 2,739 $ 1,966 Non-U.S. 1,739 1,679 3,889 3,553 Downstream United States 844 594 1,253 776 Non-U.S. 423 404 1,013 591 Chemicals United States 149 238 194 419 Non-U.S. 168 124 323 263 All Other 26 405 49 442~~

~~Corporate Total $ 4,460 $ 4,530 $ 9,460 $ 8,010~~

~~Extraordinary gains included above: Chemicals United~~

~~States $ 100 $ 0 $ 100 $ 0 Non-U.S. 75 0 75 0 All Other 0 530 40 985 ________ ________ ________ ________ ________ Corporate Total $ 175 $ 530 $ 215 $ 985 ======== ======== ======== ======== SALES AND OTHER OPERATING REVENUE Upstream United States $ 1,415 $ 1,195 $ 3,701 $ 2,191 Non-U.S. 3,404 3,312 7,901 7,115 Downstream United States 14,375 14,100 27,104 27,117 Non-U.S. 31,514 31,696 63,442 62,788 Chemicals United States 1,841 2,113 3,806 4,082 Non-U.S. 2,354 2,302 4,799 4,472 All Other 198 218 424 444 ________ ________ ________ ________ ________ ________ Corporate Total $ 55,101 $ 54,936 $111,177 $108,209 ======== ======== ======== ======== INTERSEGMENT REVENUE Upstream United States $ 1,827 $ 1,467 $ 3,797 $ 2,948 Non-U.S. 3,350 3,700 6,777 6,918 Downstream United States 1,092 1,099 2,384 1,972 Non-U.S. 4,813 2,459 8,845 4,877 Chemicals United States 646 697 1,344 1,368 Non-U.S. 439 458 1,025 904 All Other 43 37 94 67~~

11. 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 and the 6.125% notes due 2008 of Exxon Capital Corporation and the deferred interest debentures due 2012 and the debt securities due 2001-2011 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.

SeaRiver Exxon 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 June 30, 2001~~

~~Revenue Sales and other operating revenue, including excise taxes $ 9,477 $ - $ - $ 45,624 $ - $ 55,101 Earnings from equity interests and other revenue 3,687 - 11 960 (3,575) 1,083 Intercompany revenue 1,234 254 17 27,537 (29,042) -~~ ~~Total revenue 14,398 254 28 74,121 (32,617) 56,184~~ ~~Costs and other deductions Crude oil and product purchases 6,062 - - 45,691 (26,022) 25,731 Operating expenses 1,499 - 1 4,361 (1,235) 4,626 Selling, general and administrative expenses 547 1 - 2,667 - 3,215 Depreciation and depletion 388 1 - 1,482 - 1,871 Exploration expenses, including dry holes 39 - - 227 - 266 Merger related expenses 36 - - 131 - 167 Interest expense 323 238 28 1,266 (1,785) 70 Excise taxes 650 - - 4,576 - 5,226 Other taxes and duties 3 - - 8,054 - 8,057 Income applicable to minority and preferred interests - - - 83 - 83~~ ~~Total costs and other deductions 9,547 240 29 68,538 (29,042) 49,312~~ ~~Income before income taxes 4,851 14 (1) 5,583 (3,575) 6,872 Income taxes 566 6 (4) 2,019 - 2,587~~ ~~Income before extraordinary item 4,285 8 3 3,564 (3,575) 4,285 Extraordinary gain, net of income tax 175 - - (25) 25 175~~ ~~Net income $ 4,460 $ 8 $ 3 $ 3,539 $ (3,550) $ 4,460~~

	Exxon Mobil Corporation Parent Guarantor	SeaRiver Maritime Financial Holdings, Inc.	Exxon Capital Corporation	All Other Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
	(millions of dollars)					
Condensed consolidated statement of income for three months ended June 30, 2000						
Revenue						
Sales and other operating revenue, including excise taxes	$ 8,984	$ -	$ -	$ 45,952	$ -	$ 54,936
Earnings from equity interests and other revenue	3,335	-	7	914	(3,236)	1,020
Intercompany revenue	681	228	21	20,460	(21,390)	-
Total revenue	13,000	228	28	67,326	(24,626)	55,956
Costs and other deductions						
Crude oil and product purchases	5,314	-	-	39,031	(18,005)	26,340
Operating expenses	1,469	-	-	5,053	(2,066)	4,456
Selling, general and administrative expenses	362	1	(1)	2,537	(69)	2,830
Depreciation and depletion	353	1	-	1,585	-	1,939
Exploration expenses, including dry holes	7	-	-	159	-	166
Merger related expenses	117	-	-	85	-	202
Interest expense	377	208	29	762	(1,250)	126
Excise taxes	677	-	-	4,780	-	5,457
Other taxes and duties	2	-	-	7,622	-	7,624
Income applicable to minority and preferred interests	-	-	-	110	-	110
Total costs and other deductions	8,678	210	28	61,724	(21,390)	49,250
Income before income taxes	4,322	18	-	5,602	(3,236)	6,706
Income taxes	322	5	(2)	2,381	-	2,706
Income before extraordinary item	4,000	13	2	3,221	(3,236)	4,000
Extraordinary gain, net of income tax	530	-	-	291	(291)	530
Net income	$ 4,530	$ 13	$ 2	$ 3,512	$ (3,527)	$ 4,530
Condensed consolidated statement of income for six months ended June 30, 2001						
Revenue						
Sales and other operating revenue, including excise taxes	$ 18,733	$ -	$ -	$ 92,444	$ -	$111,177
Earnings from equity interests and other revenue	8,039	-	27	2,023	(7,782)	2,307
Intercompany revenue	2,362	548	38	54,883	(57,831)	-
Total revenue	29,134	548	65	149,350	(65,613)	113,484
Costs and other deductions						
Crude oil and product purchases	11,550	-	-	91,093	(52,034)	50,609
Operating expenses	3,178	1	1	8,601	(2,166)	9,615
Selling, general and administrative expenses	1,056	1	-	5,218	-	6,275
Depreciation and depletion	764	2	1	3,080	-	3,847
Exploration expenses, including dry holes	83	-	-	463	-	546
Merger related expenses	71	-	-	217	-	288
Interest expense	703	513	59	2,503	(3,631)	147
Excise taxes	1,258	-	-	9,262	-	10,520
Other taxes and duties	7	-	-	16,243	-	16,250
Income applicable to minority and preferred interests	-	-	-	295	-	295
Total costs and other deductions	18,670	517	61	136,975	(57,831)	98,392
Income before income taxes	10,464	31	4	12,375	(7,782)	15,092
Income taxes	1,219	12	(8)	4,624	-	5,847
Income before extraordinary item	9,245	19	12	7,751	(7,782)	9,245
Extraordinary gain, net of income tax	215	-	-	-	-	215
Net income	$ 9,460	$ 19	$ 12	$ 7,751	$ (7,782)	$ 9,460

SeaRiver Exxon 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 six months ended June 30, 2000~~

~~Revenue Sales and other operating revenue, including excise taxes $ 17,092 $ - $ - $ 91,117 $ - $108,209 Earnings from equity interests and other revenue 6,091 - 13 1,619 (5,895) 1,828 Intercompany revenue 1,139 407 38 39,886 (41,470) - Total revenue 24,322 407 51 132,622 (47,365) 110,037 Costs and other deductions Crude oil and product purchases 9,903 - - 78,218 (36,817) 51,304 Operating expenses 2,765 - - 8,330 (2,354) 8,741 Selling, general and administrative expenses 800 1 (3) 4,978 (69) 5,707 Depreciation and depletion 689 2 1 3,375 - 4,067 Exploration expenses, including dry holes 41 - - 335 - 376 Merger related expenses 314 - - 418 - 732 Interest expense 688 370 57 1,415 (2,230) 300 Excise taxes 1,405 - - 9,545 - 10,950 Other taxes and duties 5 - - 15,701 - 15,706 Income applicable to minority and preferred interests - - - 182 - 182 Total costs and other deductions 16,610 373 55 122,497 (41,470) 98,065 Income before income taxes 7,712 34 (4) 10,125 (5,895) 11,972 Income taxes 687 9 (6) 4,257 - 4,947 Income before extraordinary item 7,025 25 2 5,868 (5,895) 7,025 Extraordinary gain, net of income tax 985 - - 721 (721) 985 Net income $ 8,010 $ 25 $ 2 $ 6,589 $ (6,616) $ 8,010~~

SeaRiver Exxon 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 June 30, 2001~~

~~Cash and cash equivalents $ 3,294 $ - $ - $ 6,004 $ - $ 9,298 Notes and accounts receivable - net 3,904 - - 17,505 - 21,409 Inventories 1,259 - - 7,136 - 8,395 Other current assets 168 - 9 2,043 - 2,220~~ ________ ________ ________ ________ ________ ________ ~~Total current assets 8,625 - 9 32,688 - 41,322 Property, plant and equipment - net 18,695 111 8 69,542 - 88,356 Investments and other assets 85,976 - 584 317,348 (385,926) 17,982 Intercompany receivables 5,995 20,683 1,363 194,879 (222,920) -~~ ________ ________ ________ ________ ________ ________ ~~Total assets $119,291 $ 20,794 $ 1,964 $614,457 $(608,846) $147,660~~

~~Notes and loans payables $ - $ 23 $ 7 $ 3,860 $ - $ 3,890 Accounts payable and accrued liabilities 3,396 11 1 21,899 - 25,307 Income taxes payable 1,502 21 - 4,894 - 6,417~~ ________ ________ ________ ________ ________ ________ ~~Total current liabilities 4,898 55 8 30,653 - 35,614 Long-term debt 1,234 266 972 4,817 - 7,289 Deferred income tax liabilities 3,344 33 292 12,525 - 16,194 Other long-term liabilities 4,398 - - 11,191 - 15,589 Intercompany payables 32,443 19,559 383 170,535 (222,920) -~~ ________ ________ ________ ________ ________ ________ ~~Total liabilities 46,317 19,913 1,655 229,721 (222,920) 74,686 Earnings reinvested 93,006 75 (85) 44,160 (44,150) 93,006 Other shareholders' equity (20,032) 806 394 340,576 (341,776) (20,032)~~ ________ ________ ________ ________ ________ ________ ~~Total shareholders' equity 72,974 881 309 384,736 (385,926) 72,974~~ ________ ________ ________ ________ ________ ________ ~~Total liabilities and shareholders' equity $119,291 $ 20,794 $ 1,964 $614,457 $(608,846) $147,660~~

~~Condensed consolidated balance sheet as of December 31, 2000~~

~~Cash and cash equivalents $ 4,235 $ - $ - $ 2,845 $ - $ 7,080 Notes and accounts receivable - net 4,427 - - 18,569 - 22,996 Inventories 1,102 - - 7,202 - 8,304 Other current assets 262 - 14 1,743 - 2,019~~ ________ ________ ________ ________ ________ ________ ~~Total current assets 10,026 - 14 30,359 - 40,399 Property, plant and equipment - net 18,559 113 9 71,148 - 89,829 Investments and other assets 80,097 2 558 308,584 (370,469) 18,772 Intercompany receivables 9,339 19,124 1,355 212,790 (242,608) -~~ ________ ________ ________ ________ ________ ________ ~~Total assets $118,021 $ 19,239 $ 1,936 $622,881 $(613,077) $149,000~~

~~Notes and loans payables $ 60 $ 74 $ 7 $ 6,020 $ - $ 6,161 Accounts payable and accrued liabilities 3,918 8 2 22,827 - 26,755 Income taxes payable 902 9 - 4,364 - 5,275~~ ________ ________ ________ ________ ________ ________ ~~Total current liabilities 4,880 91 9 33,211 - 38,191 Long-term debt 1,209 281 925 4,865 - 7,280 Deferred income tax liabilities 3,334 31 292 12,785 - 16,442 Other long-term liabilities 4,428 9 - 11,893 - 16,330 Intercompany payables 33,413 17,965 412 190,818 (242,608) -~~ ________ ________ ________ ________ ________ ________ ~~Total liabilities 47,264 18,377 1,638 253,572 (242,608) 78,243 Earnings reinvested 86,652 56 (96) 36,946 (36,906) 86,652 Other shareholders' equity (15,895) 806 394 332,363 (333,563) (15,895)~~ ________ ________ ________ ________ ________ ________ ~~Total shareholders' equity 70,757 862 298 369,309 (370,469) 70,757~~ ________ ________ ________ ________ ________ ________ ~~Total liabilities and shareholders' equity $118,021 $ 19,239 $ 1,936 $622,881 $(613,077) $149,000~~

SeaRiver Exxon 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 six months ended June 30, 2001

Cash provided by/(used in) operating activities $ 3,214 $ 31 $ 37 $ 11,446 $ (484) $ 14,244 ________ ________ ________ ________ ________ ________ Cash flows from investing activities Additions to property, plant and equipment (1,040) - - (3,330) - (4,370) Sales of long-term assets 514 - - 231 - 745 Net intercompany investing 2,268 (1,559) (8) (680) (21) - All other investing, net (23) - - 334 - 311 ________ ________ ________ ________ ________ ________ Net cash provided by/ (used in) investing activities 1,719 (1,559) (8) (3,445) (21) (3,314) ________ ________ ________ ________ ________ ________ Cash flows from financing activities Additions to long-term debt - - - 341 - 341 Reductions in long-term debt (1) (15) - (341) - (357) Additions/(reductions) in short-term debt - net (60) (51) - (2,258) - (2,369) Cash dividends (3,037) - - (484) 484 (3,037) Net ExxonMobil shares sold/(acquired) (2,776) - - - - (2,776) Net intercompany financing activity - 1,594 (29) (1,586) 21 - All other financing, net - - - (368) - (368) ________ ________ ________ ________ ________ ________ Net cash provided by/(used in) financing activities (5,874) 1,528 (29) (4,696) 505 (8,566) ________ ________ ________ ________ ________ ________ Effects of exchange rate changes on cash - - - (146) - (146) ________ ________ ________ ________ ________ ________ Increase/(decrease) in cash and cash equivalents $ (941) $ - $ - $ 3,159 $ - $ 2,218 ======== ======== ======== ======== ======== ======== Condensed consolidated statement of cash flows for six months ended June 30, 2000

Cash provided by/(used in) operating activities $ 4,692 $ 33 $ 48 $ 6,902 $ (221) $ 11,454 ________ ________ ________ ________ ________ ________ Cash flows from investing activities Additions to property, plant and equipment (756) - - (3,045) - (3,801) Sales of long-term assets 1,161 - - 2,048 - 3,209 Net intercompany investing 179 (4,116) (46) 3,951 32 - All other investing, net 93 - - 606 - 699 ________ ________ ________ ________ ________ ________ Net cash provided by/(used in) investing activities 677 (4,116) (46) 3,560 32 107 ________ ________ ________ ________ ________ ________ Cash flows from financing activities Additions to long-term debt - - - 143 - 143 Reductions in long-term debt - - - (280) - (280) Additions/(reductions) in short-term debt - net (978) (6) - (3,194) - (4,178) Cash dividends (3,063) - - (221) 221 (3,063) Net ExxonMobil shares sold/(acquired) 195 - - - - 195 Net intercompany financing activity - 4,089 (2) (4,055) (32) - All other financing, net - - - (203) - (203) ________ ________ ________ ________ ________ ________ Net cash provided by/(used in) financing activities (3,846) 4,083 (2) (7,810) 189 (7,386) ________ ________ ________ ________ ________ ________ Effects of exchange rate changes on cash - - - (50) - (50) ________ ________ ________ ________ ________ ________ Increase/(decrease) in cash and cash equivalents $ 1,523 $ - $ - $ 2,602 $ - $ 4,125 ======== ======== ======== ======== ======== ========

-16- EXXON MOBIL CORPORATION Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations FUNCTIONAL EARNINGS SUMMARY

Second Quarter First Six Months _____________ _______________ 2001 2000 2001 2000 _____ ____ ____ ____ ~~(millions of dollars) Earnings including merger effects and special items~~

~~Upstream United States $ 1,111 $ 1,086 $ 2,739 $ 1,966 Non-U.S. 1,739 1,679 3,889 3,553 Downstream United States 844 594 1,253 776 Non-U.S. 423 404 1,013 591 Chemicals United States 149 238 194 419 Non-U.S. 168 124 323 263 Other operations 128 127 269 246 Corporate and financing (7) (102) (75) (314) Merger expenses (95) (150) (185) (475) Gain from required asset divestitures 0 530 40 985 NET INCOME $ 4,460 $ 4,530 $ 9,460 $ 8,010 Net income per common share* $ 0.66 $ 0.66 $ 1.38 $ 1.16 Net income per common share - assuming dilution* $ 0.65 $ 0.65 $ 1.36 $ 1.14 Merger effects and special items~~

~~Chemicals United States $ 100 $ 0 $ 100 $ 0 Non-U.S. 75 0 75 0 Merger expenses (95) (150) (185) (475) Gain from required asset divestitures 0 530 40 985 TOTAL $ 80 $ 380 $ 30 $ 510 Earnings excluding merger effects and special items~~

~~Upstream United States $ 1,111 $ 1,086 $ 2,739 $ 1,966 Non-U.S. 1,739 1,679 3,889 3,553 Downstream United States 844 594 1,253 776 Non-U.S. 423 404 1,013 591 Chemicals United States 49 238 94 419 Non-U.S. 93 124 248 263 Other operations 128 127 269 246 Corporate and financing (7) (102) (75) (314) TOTAL $ 4,380 $ 4,150 $ 9,430 $ 7,500 Earnings per common share* $ 0.65 $ 0.61 $ 1.38 $ 1.09 Earnings per common share - assuming dilution* $ 0.64 $ 0.60 $ 1.36 $ 1.07~~

* Prior year amounts restated to reflect two-for-one stock split effective June 20, 2001. -17- SECOND QUARTER 2001 COMPARED WITH SECOND QUARTER 2000 Exxon Mobil Corporation reported record second quarter results. Excluding merger effects and special items, estimated second quarter 2001 earnings of $4,380 million ($0.64 per share) increased $230 million (6 percent) from the second quarter of 2000. Including merger effects and special items, estimated second quarter net income of $4,460 million ($0.65 per share) was $70 million lower, primarily reflecting the absence of last year's gains on asset divestments required as a condition of the merger. These per share amounts reflect the two-for-one stock split effective June 20, 2001. Included in this year's second quarter net income were merger expenses and special items netting to a favorable $80 million, while last year's second quarter included net favorable merger effects of $380 million. Revenue for the second quarter of 2001 totaled $56,184 million compared with $55,956 million in 2000. Capital and exploration expenditures of $2,834 million in the second quarter of 2001 were up $410 million, or 17 percent, compared with $2,424 million last year and were 13 percent higher than in the first quarter. The improvement in earnings reflected higher U.S. natural gas realizations and refining margins, both of which were very strong early in the second quarter but declined significantly as the quarter progressed. The decline in these key earnings drivers along with crude oil prices has continued into the third quarter. Upstream volumes were higher excluding the effect of suspending natural gas production operations in the Aceh province in Indonesia due to security concerns. Capital expenditures were higher in line with full-year spending plans and company-wide operating cost efficiencies continued to increase. Upstream earnings were $2,850 million, an increase of $85 million from last year, and represent a second quarter record. The higher earnings were driven by higher average natural gas realizations, particularly in the U.S. This was partly offset by lower average crude oil realizations, especially among heavier crude grades, and higher exploration expenses in future growth areas. Liquids production increased 1 percent with growth in West Africa, Kazakhstan and Canada. Natural gas volumes increased by about 4 percent absent the impact of the Aceh shutdown. Downstream earnings of $1,267 million were also a second quarter record. These results were $269 million, or 27 percent higher than the same period a year ago, reflecting stronger refining and marketing margins, particularly in the U.S. Although average U.S. refining margins were well above last year's levels, there was significant margin erosion towards the end of the quarter. Refining margins remained weak in Asia-Pacific. Sales volumes were flat when adjusted for the impact of U.S. businesses divested as a regulatory requirement of the merger. Chemicals earnings of $317 million included $175 million of net gains on asset management activities. Absent this special item, chemicals earnings of $142 million declined $220 million due to a significant deterioration in margins, particularly in the U.S., as higher natural gas prices drove up feedstock costs while product realizations declined. U.S. volumes decreased 6 percent reflecting weak economic conditions in the manufacturing sector. Outside the U.S., higher volumes were offset by lower margins and higher expenses associated with new capacity additions. Earnings from other operations were essentially unchanged from last year as higher volumes and coal realizations were offset by lower copper prices. -18- Second quarter net income included merger expenses of $95 million ($167 million before tax) and $175 million of special gains related to asset management activities in the chemicals segment. In the second quarter, ExxonMobil continued its active investment program, spending $2,834

million on capital and exploration projects, compared with $2,424 million last year, reflecting higher spending in both the upstream and downstream. During the quarter, the Corporation announced a two-for-one stock split and an additional two cents per share dividend (one cent per share on a post-split basis), both with a record date of June 20, 2001. OTHER COMMENTS ON SECOND QUARTER COMPARISON Upstream earnings benefited from higher natural gas realizations, up 25 percent from last year. The higher realizations were driven by higher U.S. gas prices, although these steadily declined during the quarter. Lower crude oil realizations and higher exploration expenses in growth areas were a partial offset. Liquids production of 2,533 kbd (thousands of barrels per day) increased from 2,514 kbd in the second quarter of 2000. This increase reflected higher production in Equatorial Guinea, Nigeria, Kazakhstan and Canadian heavy oil operations, partly offset by natural field declines in mature areas. Worldwide gas production was up about 4 percent, primarily reflecting higher production in Europe, Australia, Canada and Qatar, before including the effect of suspending operations at the Arun facility in the Aceh province in Indonesia due to security concerns. On a year to year basis, including the effects of Arun, second quarter natural gas production was 9,131 mcfd (millions of cubic feet per day) in 2001, compared with 9,247 mcfd last year. Earnings from U.S. upstream operations were $1,111 million, an increase of $25 million from the prior year. Upstream earnings outside the U.S. were $1,739 million, an increase of $60 million. Downstream results improved by 27 percent from the second quarter of 2000 primarily reflecting stronger refining margins in the U.S. Asia-Pacific margins remained depressed. Refining margins in all regions declined throughout the quarter, particularly in the U.S., while improving marketing margins provided a partial offset. Petroleum product sales of 7,933 kbd decreased from 8,035 kbd in the second quarter of 2000. Absent the volumes from operations divested as a regulatory requirement of the merger, sales were flat. U.S. downstream earnings were $844 million, up $250 million. Non-U.S. downstream earnings of $423 million were $19 million higher than last year. Chemicals earnings, excluding a $175 million net gain on asset management activities, were $142 million, down $220 million from the same quarter a year ago as higher feedstock costs and energy costs, particularly in the U.S., put significant pressure on commodity margins. Prime product sales volumes of 6,418 kt (thousands of metric tons) were 3 percent below last year's level, reflecting a difficult U.S. market, partly offset by higher sales outside of the U.S. which were helped by recent capacity additions. -19- Earnings from other operations, including coal, minerals and power, totaled $128 million, compared with $127 million in the second quarter of 2000. Higher volumes from continuing operations and higher coal realizations were offset by lower copper prices. Corporate and financing expenses of $7 million compared with $102 million last year, reflecting lower net interest costs due to lower debt levels and higher cash balances, and favorable foreign exchange effects. During the period, the company's operating segments continued to benefit from reductions in the tax rates of several countries and favorable resolution of tax-related issues. Second quarter net income included $95 million of after tax merger expenses and special gains of $175 million from asset management activities in chemicals. During the second quarter of 2001, Exxon Mobil Corporation purchased 34.8 million shares of its common stock for the treasury at a gross cost of $1,516 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 6,900 million at the end of the first quarter of 2001 to 6,871 million at the end of the second quarter. Purchases may be made in both the open market and through negotiated transactions, and may be discontinued at any time. The number of common shares reflect the two-for-one stock split which had a record date of June 20, 2001. FIRST SIX MONTHS 2001 COMPARED WITH FIRST SIX MONTHS 2000 Excluding merger effects and special items, record first half 2001 earnings of $9,430 million ($1.36 per share) increased $1,930 million, or 26 percent from the first half of last year. Including merger effects and special items, first half net income of $9,460 million ($1.36 per share) increased $1,450 million. Included in this year's first half net income was a net favorable $30 million in merger effects and special items, while last year's first half included net favorable merger effects of $510 million. Upstream earnings increased primarily due to higher natural gas realizations, particularly in the U.S., which reached historical highs at the beginning of 2001 but have eased over the first six months, ending the period below prior year levels. The impact of higher average gas realizations was slightly offset by lower crude oil realizations and higher exploration expenses in future growth areas. Liquids production of 2,574 kbd increased 16 kbd over the first half of 2000, reflecting higher production in West Africa, Kazakhstan and Canada, partly offset by natural field declines in mature areas and the decision early in the year to reduce gas plant processing to maximize natural gas sales. Absent the effect of suspending operations in the Aceh province of Indonesia due to security concerns, worldwide gas production was up about 3 percent, with increases in Europe, Australia, Canada and Qatar. Including the impact of lower Indonesia volumes, first half 2001 worldwide natural gas production of 10,612 mcfd compared with 10,696 mcfd in 2000. Earnings from U.S. upstream operations for the first half of 2001 were $2,739 million, an increase of $773 million. Earnings outside the U.S. were $3,889 million, $336 million higher than last year. -20- Downstream earnings improved by 66 percent versus the first half of 2000, reflecting higher refining margins in the U.S., higher marketing margins, particularly outside the U.S., and improved refinery operations. Petroleum product sales of 7,959 kbd compared with 7,916 kbd in the first half of 2000. Excluding the effect of the required divestments, volumes were up 2 percent. U.S. downstream earnings were $1,253 million, up $477 million. Earnings outside the U.S. of $1,013 million were $422 million higher than last year. First half chemicals earnings were $517 million, including $175 million of net gains on asset management activities. Absent this special item, chemicals earnings were $342 million, $340 million lower than last year. Most of the reduction occurred in the U.S. as higher feedstock and energy costs put significant pressure on commodity margins. Prime product sales volumes of 12,951 kt were slightly below last year's level. Lower sales in the U.S., reflecting reduced industry demand, were largely offset by higher sales outside the U.S. Earnings from other operations totaled $269 million, an increase of $23 million reflecting higher volumes from continuing operations and higher coal realizations, partly offset by lower copper prices. Corporate and financing expenses decreased $239 million to $75 million, reflecting lower net interest costs due to lower debt levels and higher cash balances, along with favorable foreign exchange and tax effects. 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 second quarter of 2001, in association with the Merger, $167 million of before tax costs ($95 million after tax) were recorded as merger related expenses. In the second quarter of 2000, merger related expenses were $202 million before tax ($150 million after tax). For the six months ended June 30, 2001 merger related expenses totaled $288 million before tax ($185 million after tax). For the six months ended June 30, 2000, merger related expenses totaled $732 million ($475 million after tax). The severance reserve balance at the end of the second quarter of 2001 is expected to be expended in 2001 and 2002. The following table summarizes the activity in the severance reserve for the six months ended June 30, 2001: Opening Balance at Balance Additions Deductions Period End _______ _________ __________ __________ (millions of dollars) 317 67 170 214 Merger related expenses are expected to grow to approximately $2.5 billion before tax on a cumulative basis by 2002.

Merger synergy initiatives, including cost savings, efficiency gains, and revenue enhancements, are on track. -21- Certain property -- primarily refining, marketing, pipeline and natural gas distribution assets -- were divested as a condition of the regulatory approval of the Merger by the U.S. Federal Trade Commission and the European Commission. For the six months ended June 30, 2001, the net after tax gain from required asset divestitures, all in the first quarter, totaled $40 million (including an income tax credit of $15 million), or $0.01 per common share. Second quarter 2000 included a net after tax gain of $530 million (net of $75 million of income taxes), or $0.08 per common share, from required asset divestments. For the six months ended June 30, 2000, the net after tax gain from required asset divestitures totaled $985 million (net of $624 million of income taxes), or $0.14 per common share. These merger related net gains from required asset divestitures have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. LIQUIDITY AND CAPITAL RESOURCES Net cash generation before financing activities was $10,930 million in the first six months of 2001 versus $11,561 million in the same period last year. Operating activities provided net cash of $14,244 million, an increase of $2,790 million from the prior year, influenced by higher net income. Investing activities used net cash of $3,314 million, compared to cash provided of $107 million in the prior year, reflecting higher additions to property, plant, and equipment and the absence of proceeds from the asset divestments that were required as a condition of regulatory approval of the merger. Net cash used in financing activities was $8,566 million in the first half of 2001 versus $7,386 million in the same period last year. The increase was driven by purchases of shares of ExxonMobil common stock, partially offset by lower debt reductions in the current year period versus last year. During the first half of 2001, Exxon Mobil Corporation purchased 69.7 million shares of its common stock for the treasury at a gross cost of $2,958 million. These purchases were to offset shares issued in conjunction with company benefit plans and programs and to reduce the number of shares outstanding. Purchases may be made in both the open market and through negotiated transactions, and may be discontinued at any time. Revenue for the first half of 2001 totaled $113,484 million compared to $110,037 million in the first half of 2000. Capital and exploration expenditures were $5,350 million in the first half 2001 compared to $4,648 million in last year's first half. Given the breadth of ExxonMobil's portfolio of attractive growth opportunities, capital and exploration investments are expected to increase by 15 to 20 percent in 2001 versus 2000 and another 10 percent in 2002. Total debt of $11.2 billion at June 30, 2001 decreased $2.3 billion from year-end 2000. The corporation's debt to total capital ratio was 12.8 percent at the end of the first half of 2001, compared to 15.4 percent at year-end 2000. 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. -22- Litigation and other contingencies are discussed in note 7 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, within the constraints of pooling of interests accounting, which will result in either gains or losses. 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; synergy benefits from the merger (including cost savings, efficiency gains, and revenue enhancements); 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. These factors include management's ability to implement merger plans successfully and on schedule; 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 2000 Form 10-K. -23- EXXON MOBIL CORPORATION Item 3. Quantitative and Qualitative Disclosures About Market Risk Information about market risks for the six months ended June 30, 2001 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2000. PART II. OTHER INFORMATION Item 1. Legal Proceedings On May 21, 2001, the Puerto Rican Environmental Quality Board ("EQB")in Case No. OA-99-TE-102 issued an order alleging that Esso Standard Oil Company has failed to perform its obligations for investigation and remediation of alleged hydrocarbon contamination associated with underground storage tanks at the La Vega Esso Station, Barranquitas, Puerto Rico, in violation of the Puerto Rico Environmental Public Policy Act, Act No. 9 of June 18, 1970, as amended, 12 L.P.R.A. Sections 1121 et seq., and Underground Storage Tank Control Regulation and Water Quality Standards Regulation promulgated pursuant thereto. The EQB seeks a penalty of $75,960,000. On July 10, 2001, Mobil Oil Corporation was served by the State of New York in a case captioned State of New York v. Mobil Oil Corporation, ____ et al. The case is pending in the New York State Supreme Court, 3rd _____ District, Albany County, New York, Cause No. L-00054-01. The State alleges violations of Article 12 of the New York Navigation Law in connection with an underground storage tank clean-up in the City of Liberty, New York. In addition to seeking approximately $1.1 million in compensatory damages, the State is seeking statutory penalties of up to $25,000 for each offense for each day of violation. Refer to the relevant portions of Note 7 on pages 8 and 9 of this Quarterly Report on Form 10-Q for further information on legal proceedings. -24- Item 4. Submission of Matters to a Vote of Security Holders At the annual meeting of shareholders on May 30, 2001, the following proposals were voted upon. Votes are presented on a pre-split basis since the voting was before the June 20, 2001 effective date of the two-for-one stock split. Percentages are based on the total of the shares voted for and against. Concerning Election of Directors Votes Votes Nominees for Directors Cast For Withheld ______________________ ________ ________ Michael J. Boskin 2,809,088,501 28,452,094 Rene Dahan 2,810,220,563 27,320,032 William T. Esrey 2,809,687,874 27,852,721 Donald V. Fites 2,807,295,334 30,245,261 Charles A. Heimbold, Jr. 2,808,130,956 29,409,639 James R. Houghton 2,809,407,888 28,132,707 William R. Howell 2,808,140,103 29,400,492 Helene L. Kaplan 2,751,863,231 85,677,364 Reatha Clark King 2,809,122,376 28,418,219 Philip E. Lippincott 2,809,170,486 28,370,109 Harry J. Longwell 2,809,550,007 27,990,588 Marilyn Carlson Nelson 2,809,489,818 28,050,777 Lee R. Raymond 2,808,419,961 29,120,634 Eugene A. Renna 2,809,526,746 28,013,849 Walter V. Shipley 2,808,975,981 28,564,614 Concerning Ratification of Independent Auditors Votes Cast For: 2,761,310,680 98.0% Votes Cast Against: 57,087,321 2.0% Abstentions: 19,142,592 Broker Non-Votes: 2 Concerning Government Service Votes Cast For: 101,107,058 4.4% Votes Cast Against: 2,182,609,772 95.6% Abstentions: 63,359,197 Broker Non-Votes: 490,464,568 Concerning Two Director Nominees Votes Cast For: 96,562,700 4.2% Votes Cast Against: 2,195,209,686 95.8% Abstentions: 55,303,641 Broker Non-Votes: 490,464,568 -25- Concerning Policy on Board Diversity Votes Cast For: 214,825,773 9.6% Votes Cast Against: 2,019,283,526 90.4% Abstentions: 112,966,728 Broker Non-Votes: 490,464,568 Concerning Amendment of EEO Policy Votes Cast For: 290,271,760 13.0% Votes Cast Against: 1,950,194,247 87.0% Abstentions: 106,610,020 Broker Non-Votes: 490,464,568 Concerning Executive Pay and Downsizing Votes Cast For:

213,366,313 9.3% Votes Cast Against: 2,069,583,496 90.7% Abstentions: 64,126,218 Broker Non-Votes: 490,464,568 Concerning Executive Compensation Factors Votes Cast For: 215,915,010 9.5% Votes Cast Against: 2,050,034,422 90.5% Abstentions: 81,126,595 Broker Non-Votes: 490,464,568 Concerning Additional Report on ANWR Drilling Votes Cast For: 215,394,152 9.6% Votes Cast Against: 2,035,008,315 90.4% Abstentions: 96,673,560 Broker Non-Votes: 490,464,568 Concerning Renewable Energy Sources Votes Cast For: 199,035,075 8.9% Votes Cast Against: 2,037,646,752 91.1% Abstentions: 110,394,200 Broker Non-Votes: 490,464,568 See also pages 3 through 9 and pages 26 through 42 of the registrant's definitive proxy statement dated April 18, 2001. -26- Item 5. Other Information This selected financial data from Item 6 of the registrant's Annual Report on Form 10-K for 2000 has been restated to reflect the two-for-one stock split effective June 20, 2001. Restated data elements are marked with an asterisk (*).

Years Ended December 31,

2000 1999 1998 1997 1996 ____ ____ ____ ____ ____

~~(millions of dollars, except per share amounts) Sales and other operating revenue, including excise taxes $228,439 $182,529 $165,627 $197,732 $210,038 Net income Before extraordinary item and cumulative effect of accounting change $ 15,990 $ 7,910 $ 8,144 $ 11,732 $ 10,474 Extraordinary gain from required asset divestitures, net of income tax $ 1,730 $ - $ - $ - $ - Cumulative effect of accounting change $ - $ - $ (70) $ - $ - ________ ________ ________ ________ ________ Net income $ 17,720 $ 7,910 $ 8,074 $ 11,732 $ 10,474 Net income - per common share* Before extraordinary item and cumulative effect of accounting change $ 2.30 $ 1.14 $ 1.16 $ 1.66 $ 1.48 Extraordinary gain, net of income tax $ 0.25 $ - $ - $ - $ - Cumulative effect of accounting change $ - $ - $ (0.01) $ - $ - ________ ________ ________ ________ ________ Net income $ 2.55 $ 1.14 $ 1.15 $ 1.66 $ 1.48 Net income per common share - assuming dilution* Before extraordinary item and cumulative effect of accounting change $ 2.27 $ 1.12 $ 1.15 $ 1.64 $ 1.46 Extraordinary gain, net of income tax $ 0.25 $ - $ - $ - $ - Cumulative effect of accounting change $ - $ - $ (0.01) $ - $ - ________ ________ ________ ________ ________ Net income $ 2.52 $ 1.12 $ 1.14 $ 1.64 $ 1.46 Cash dividends per common share* $ 0.88 $ 0.84 $ 0.83 $ 0.81 $ 0.77 Total assets $149,000 $144,521 $139,335 $143,751 $146,939 Long-term debt $ 7,280 $ 8,402 $ 8,532 $ 10,868 $ 11,986~~

Item 6. Exhibits and Reports on Form 8-K a) Exhibits Exhibit 3(i) - Restated Certificate of Incorporation, as restated November 30, 1999, and as further amended effective June 20, 2001. b) Reports on Form 8-K On April 2, 2001 the registrant filed a regulation FD disclosure in a Current Report on Form 8-K listing informational reports provided by the company and announcing a presentation to the investment community and media and the ExxonMobil annual meeting of shareholders. -27- 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 13, 2001 /s/ DONALD D. HUMPHREYS ____

Donald D. Humphreys, Vice President, Controller and Principal Accounting Officer -28- EXXON MOBIL CORPORATION FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001 INDEX TO EXHIBITS 3(i). Restated Certificate of Incorporation, as restated November 30, 1999, and as further amended effective June 20, 2001. -29-