10-Q 1 firstqs.txt UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D. C. 20549 FORM 10-Q ( X ) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 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 March 31, 2001 ________________________________ _________________________________ Common stock, without par value 3,449,876,474 EXXON MOBIL CORPORATION FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001 TABLE OF CONTENTS Page Number ______   PART I. FINANCIAL INFORMATION Item 1. Financial Statements EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF INCOME (millions of dollars)

Three Months Ended
March 31,
____________________
2000 1999 _______
_______ ~~REVENUE Sales and other operating revenue, including excise taxes $56,076 $53,273 Earnings from equity interests and other revenue 1,224 808 _______ _______ Total revenue 57,300 54,081 _______ _______ COSTS AND OTHER DEDUCTIONS Crude oil and product purchases 24,878 24,964 Operating expenses 4,989 4,285 Selling, general and administrative expenses 3,060 2,877 Depreciation and depletion 1,976 2,128 Exploration expenses, including dry holes 280 210 Merger related expenses 121 530 Interest expense 77 174 Excise taxes 5,294 5,493 Other taxes and duties 8,193 8,082 Income applicable to minority and preferred interests 212 72 _______ _______ Total costs and other~~

~~deductions 49,080 48,815~~ _______ _______ ~~INCOME BEFORE INCOME TAXES 8,220 5,266 Income taxes 3,260 2,241~~ _______ _______ ~~INCOME BEFORE EXTRAORDINARY ITEM 4,960 3,025 Extraordinary gain from required asset divestitures, net of income tax 40 455~~ _______ _______ ~~NET INCOME $ 5,000 $ 3,480~~ ======= ======= ~~NET INCOME PER COMMON SHARE (DOLLARS) Before extraordinary gain $ 1.44 $ 0.87 Extraordinary gain, net of income tax 0.01 0.13~~ _______ _______ ~~Net income $ 1.45 $ 1.00~~ ======= ======= ~~NET INCOME PER COMMON SHARE - ASSUMING DILUTION (DOLLARS) Before extraordinary gain $ 1.42 $ 0.86 Extraordinary gain, net of income tax 0.01 0.13~~ _______ _______ ~~Net income $ 1.43 $ 0.99~~ ======= ======= ~~DIVIDENDS PER COMMON SHARE $ 0.44 $ 0.44~~

-3- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEET (millions of dollars)

March 31, Dec. 31, 2001 2000

________ ________ ~~ASSETS Current assets Cash and cash equivalents $ 10,906 $ 7,080 Notes and accounts receivable - net 21,117 22,996 Inventories Crude oil, products and merchandise 7,329 7,244 Materials and supplies 1,053 1,060 Prepaid taxes and expenses 2,122~~

~~2,019 ________ ________ Total current assets 42,527 40,399 Property, plant and equipment - net 88,006 89,829 Investments and other assets 18,253 18,772 ________ ________ TOTAL ASSETS $148,786 $149,000 ========= =========~~

~~LIABILITIES Current liabilities Notes and loans payable $ 5,560 $ 6,161 Accounts payable and accrued liabilities 25,164 26,755 Income taxes payable 6,637 5,275 ________ ________ Total current liabilities 37,361 38,191 Long-term debt 7,270 7,280 Deferred income tax liability 16,357 16,442 Other long-term liabilities 15,909 16,330 ________ ________ TOTAL LIABILITIES 76,897 78,243 ________ ________~~

~~SHAREHOLDERS' EQUITY Benefit plan related balances (222) (235) Common stock, without par value: Authorized: 4,500 million shares Issued: 4,010 million shares 3,692 3,661 Earnings reinvested 90,130 86,652 Accumulated other nonowner changes in equity Cumulative foreign exchange translation adjustment (5,867) (4,862) Minimum~~

~~pension liability adjustment (310) (310) Unrealized losses on stock investments (24) (17) Common stock held in treasury: 560 million shares at March 31, 2001 (15,510) 545 million shares at December 31, 2000 (14,132) ________ ________ TOTAL SHAREHOLDERS' EQUITY 71,889 70,757 ________ ________ TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY $148,786 $149,000 ======== ========~~

The number of shares of common stock issued and outstanding at March 31, 2001 and December 31, 2000 were 3,449,876,474 and 3,465,003,114, respectively. -4- EXXON MOBIL CORPORATION CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (millions of dollars)

Three Months Ended
March 31,
___________________
2001 2000 _______ _______ ~~CASH FLOWS FROM OPERATING ACTIVITIES Net income $ 5,000 $ 3,480 Depreciation and depletion 1,976 2,128 Changes in operational working capital, excluding cash and debt 1,678 1,830 All other items - net 75 (1,948) _______ _______ Net cash provided by operating activities 8,729 5,490 _______ _______ CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (2,028) (1,769) Sales of subsidiaries, investments, and property, plant and equipment 287 1,982 Other investing activities - net 649 645 _______ _______ Net cash provided by/(used in) investing activities~~

~~(1,092) 858 _______ _______ NET CASH GENERATION BEFORE FINANCING ACTIVITIES 7,637 6,348 _______ _______ CASH FLOWS FROM FINANCING ACTIVITIES Additions to long-term debt 243 85 Reductions in long-term debt (214) (282) Additions/(reductions) in short-term debt - net (720) (3,334) Cash dividends to ExxonMobil shareholders (1,522) (1,531) Cash dividends to minority interests (63) (63) Changes in minority interests and sales/(purchases) of affiliate stock (16) (42) Net ExxonMobil shares sold/(acquired) (1,370) 109 _______ _______ Net cash provided by/(used in) financing activities (3,662) (5,058) _______ _______ Effects of exchange rate changes on cash (149) (50) _______ _______ Increase/(decrease) in cash and cash equivalents 3,826 1,240 Cash and cash equivalents at beginning of period 7,080 1,688 _______ _______ CASH AND CASH EQUIVALENTS AT END OF PERIOD $10,906 $ 2,928 ======= ======= SUPPLEMENTAL DISCLOSURES Income taxes paid $ 1,491 $ 974 Cash interest paid $ 166 $ 225~~

-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. Merger of Exxon Corporation and Mobil Corporation On November 30, 1999, a wholly-owned subsidiary of Exxon Corporation merged with Mobil Corporation so that Mobil became a wholly-owned subsidiary of Exxon (the "Merger"). At the same time, Exxon changed its name to Exxon Mobil Corporation. The Merger was accounted for as a pooling of interests. In the first quarter of 2001, in association with the Merger, $121 million of before tax costs ($90 million after tax) were recorded as merger related expenses. In the first quarter of 2000, merger related costs were $530 million before tax ($325 million after tax). The severance reserve balance at the end of the first quarter of 2001 is expected to be expended in 2001 and 2002. The following table summarizes the activity in the severance reserve for the quarter ended March 31, 2001: Opening Balance at Balance Additions Deductions Period End _______ _________ __________ __________ (millions of dollars) 317 35 113 239 -6- 4. Extraordinary Gains on Required Asset Divestitures First quarter 2001 results included a net after tax gain of $40 million (including an income tax credit of $15 million), or $0.01 per common share, from asset divestments that were required as a condition of the regulatory approval of the Merger. The gain represents further resolution of certain issues associated with the sale of Mobil's interest in the European fuels joint venture with British Petroleum. First quarter 2000 included a net after tax gain of $455 million (net of $549 million of income taxes) or $0.13 per common share from required asset divestments. These net gains on required divestments have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. 5. 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. -7- 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. 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 will appeal 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. 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. -8- 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. 6. Nonowner Changes in Shareholders' Equity The total nonowner changes in shareholders' equity for the three months ended March 31, 2001 and 2000 were $3,988 million and $2,519 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. 7. Earnings Per Share

Three Months Ended

March 31,

___________________

| | 2001 | 2000 |
|---|---|---|
| ~~NET INCOME PER COMMON SHARE~~ | | |
| ~~Income before extraordinary item (millions of dollars)~~ | ~~$4,960~~ | ~~$3,025~~ |
| ~~Weighted average number of common shares outstanding (millions of shares)~~ | ~~3,457~~ | ~~3,478~~ |
| ~~Net income per common share (dollars)~~ | | |
| ~~Before extraordinary gain~~ | ~~$ 1.44~~ | ~~$ 0.87~~ |
| ~~Extraordinary gain, net of income tax~~ | ~~0.01~~ | ~~0.13~~ |
| ~~Net income~~ | ~~$ 1.45~~ | ~~$ 1.00~~ |
| ~~NET INCOME PER COMMON SHARE - ASSUMING DILUTION~~ | | |
| ~~Income before extraordinary item (millions of dollars)~~ | ~~$4,960~~ | ~~$3,025~~ |
| ~~Adjustment for assumed dilution~~ | ~~(3)~~ | ~~2~~ |
| ~~Income available to common shares~~ | ~~$4,957~~ | ~~$3,027~~ |
| ~~Weighted average number of common shares outstanding (millions of shares)~~ | ~~3,457~~ | ~~3,478~~ |
| ~~Plus: Issued on assumed exercise of stock options~~ | ~~38~~ | ~~44~~ |
| ~~Weighted average number of common shares outstanding~~ | ~~3,495~~ | ~~3,522~~ |
| ~~Net income per common share - assuming dilution (dollars)~~ | | |
| ~~Before extraordinary gain~~ | ~~$ 1.42~~ | ~~$ 0.86~~ |
| ~~Extraordinary gain, net of income tax~~ | ~~0.01~~ | ~~0.13~~ |
| ~~Net income~~ | ~~$ 1.43~~ | ~~$ 0.99~~ |



8. Disclosures about Segments and Related Information

Three Months Ended
March 31,

2001 2000 ~~(millions of dollars) EARNINGS AFTER INCOME TAX (Before extraordinary item) Upstream United States $ 1,628 $ 880 Non-U.S. 2,150 1,874 Downstream United States 409 182 Non-U.S. 590 187 Chemicals United States 45 181 Non-U.S. 155 139 All Other (17) (418) Corporate Total $ 4,960 $ 3,025 SALES AND OTHER OPERATING REVENUE Upstream United States $ 2,286 $ 996 Non-U.S. 4,497 3,803 Downstream United States 12,729 13,017 Non-U.S. 31,928 31,092 Chemicals United States 1,965 1,969 Non-U.S. 2,445 2,170 All Other 226 226 Corporate Total $56,076 $53,273 INTERSEGMENT REVENUE Upstream United States $ 1,970 $ 1,481 Non-U.S. 3,427 3,218 Downstream United States 1,292 873 Non-U.S. 4,032 2,418 Chemicals United States 698 671 Non-U.S. 586 446 All Other 51 30~~

 9. 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.

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated __________ __________ _________ __________ ___________ __________ (millions of dollars)

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

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



Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated __________ __________ _________ __________ ___________ __________ (millions of dollars)

Condensed consolidated statement of income for three months ended March 31, 2000

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Revenue Sales and other operating revenue, including excise taxes $ 8,108 $ - $ - $45,165 $ - $53,273 Earnings from equity interests and other revenue 2,756 - 6 705 (2,659) 808 Intercompany revenue 458 179 17 19,426 (20,080) - _______ _____ _____ ________ ________ _______ Total revenue 11,322 179 23 65,296 (22,739) 54,081 _______ _____ _____ ________ ________ _______ Costs and other deductions Crude oil and product purchases 4,589 - - 39,187 (18,812) 24,964 Operating expenses 1,296 - - 3,277 (288) 4,285 Selling, general and administrative expenses 438 - (2) 2,441 - 2,877 Depreciation and depletion 336 1 1 1,790 - 2,128 Exploration expenses, including dry holes 34 - - 176 - 210 Merger related expenses 197 - - 333 - 530 Interest expense 311 162 28 653 (980) 174 Excise taxes 728 - - 4,765 - 5,493 Other taxes and duties 3 - - 8,079 - 8,082 Income applicable to minority and preferred interests - - - 72 - 72 _______ _____ _____ ________ ________ _______ Total costs and other deductions 7,932 163 27 60,773 (20,080) 48,815 _______ _____ _____ ________ ________ _______ Income before income taxes 3,390 16 (4) 4,523 (2,659) 5,266 Income taxes 365 4 (4) 1,876 - 2,241 _______ _____ _____ ________ ________ _______ Income before extraordinary item 3,025 12 - 2,647 (2,659) 3,025 Extraordinary gain, net of income tax 455 - - 430 (430) 455 _______ _____ _____ ________ ________ _______ Net income $ 3,480 $ 12 $ - $ 3,077 $ (3,089) $ 3,480

| | 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 balance sheet as of March 31, 2001** | | | | | | |
| Cash and cash equivalents | $ 5,541 | $ - | $ - | $ 5,365 | $ - | $ 10,906 |
| Notes and accounts receivable - net | 4,055 | - | - | 17,062 | - | 21,117 |
| Inventories | 1,145 | - | - | 7,237 | - | 8,382 |
| Other current assets | 205 | - | 4 | 1,913 | - | 2,122 |
| Total current assets | 10,946 | - | 4 | 31,577 | - | 42,527 |
| Property, plant and equipment - net | 18,535 | 112 | 8 | 69,351 | - | 88,006 |
| Investments and other assets | 83,227 | - | 574 | 308,375 | (373,923) | 18,253 |
| Intercompany receivables | 6,554 | 22,011 | 1,352 | 196,977 | (226,894) | - |
| Total assets | $119,262 | $22,123 | $1,938 | $606,280 | $(600,817) | $148,786 |
| Notes and loan payables | $ 62 | $ 51 | $ 7 | $ 5,440 | $ - | $ 5,560 |
| Accounts payable and accrued liabilities | 3,664 | 8 | 2 | 21,490 | - | 25,164 |
| Income taxes payable | 1,424 | 15 | - | 5,198 | - | 6,637 |
| Total current liabilities | 5,150 | 74 | 9 | 32,128 | - | 37,361 |
| Long-term debt | 1,221 | 269 | 949 | 4,831 | - | 7,270 |
| Deferred income tax liabilities | 3,350 | 34 | 291 | 12,682 | - | 16,357 |
| Other long-term liabilities | 4,439 | - | - | 11,470 | - | 15,909 |
| Intercompany payables | 33,213 | 20,873 | 382 | 172,426 | (226,894) | - |
| Total liabilities | 47,373 | 21,250 | 1,631 | 233,537 | (226,894) | 76,897 |
| Earnings reinvested | 90,130 | 67 | (87) | 40,847 | (40,827) | 90,130 |
| Other shareholders' equity | (18,241) | 806 | 394 | 331,896 | (333,096) | (18,241) |
| Total shareholders' equity | 71,889 | 873 | 307 | 372,743 | (373,923) | 71,889 |
| Total liabilities and shareholders' equity | $119,262 | $22,123 | $1,938 | $606,280 | $(600,817) | $148,786 |
| **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 loan 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 |

Exxon SeaRiver Mobil Maritime Consolidating Corporation Exxon Financial and Parent Capital Holdings, All Other Eliminating Guarantor Corporation Inc. Subsidiaries Adjustments Consolidated (millions of dollars) Condensed consolidated statement of cash flows for three months ended March 31, 2001

Cash provided by/(used in) operating activities $2,052 $ 14 $ 27 $ 6,921 $ (285) $ 8,729 Cash flows from investing activities Additions to property, plant and equipment (445) - - (1,583) - (2,028) Sales of long-term assets 110 - - 177 - 287 Net intercompany investing 2,492 (2,887) 3 437 (45) - All other investing, net (12) - - 661 - 649 Net cash provided by/(used in) investing activities 2,145 (2,887) 3 (308) (45) (1,092) Cash flows from financing activities Additions to long-term debt - - 243 - 243 Reductions in long-term debt (1) (12) - (201) - (214) Additions/(reductions) in short-term debt - net 2 (23) - (699) - (720) Cash dividends (1,522) - - (285) 285 (1,522) Net ExxonMobil shares sold/(acquired) (1,370) - - - - (1,370) Net intercompany financing activity - 2,908 (30) (2,923) 45 - All other financing, net - - - (79) - (79) Net cash provided by/(used in) financing activities (2,891) 2,873 (30) (3,944) 330 (3,662) Effects of exchange rate changes on cash - - - (149) - (149) Increase/(decrease) in cash and cash equivalents $1,306 $ - $ - $ 2,520 $ - $ 3,826 Condensed consolidated statement of cash flows for three months ended March 31, 2000

Cash provided by/(used in) operating activities $1,513 $ (2) $ 31 $ 4,039 $ (91) $ 5,490 Cash flows from investing activities Additions to property, plant and equipment (342) - - (1,427) - (1,769) Sales of long-term assets 228 - - 1,754 - 1,982 Net intercompany investing 1,122 (403) (32) (722) 35 - All other investing, net 81 - - 564 - 645 Net cash provided by/(used in) investing activities 1,089 (403) (32) 169 35 858 Cash flows from financing activities Additions to long-term debt - - - 85 - 85 Reductions in long-term debt - - - (282) - (282) Additions/(reductions) in short-term debt - net (967) 9 - (2,376) - (3,334) Cash dividends (1,531) - - (91) 91 (1,531) Net ExxonMobil shares sold/(acquired) 109 - - - - 109 Net intercompany financing activity - 396 1 (362) (35) - All other financing, net - - - (105) - (105) Net cash provided by/(used in) financing activities (2,389) 405 1 (3,131) 56 (5,058) Effects of exchange rate changes on cash - - - (50) - (50) Increase/(decrease) in cash and cash equivalents $ 213 $ - $ - $ 1,027 $ - $ 1,240

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

First Quarter
2001 2000 (millions of dollars) Earnings including merger effects

Upstream United States $1,628 $ 880 Non-U.S. 2,150 1,874 Downstream United States 409 182 Non-U.S. 590 187 Chemicals United States 45 181 Non-U.S. 155 139 Other operations 141 119 Corporate and financing (68) (212) Merger expenses (90) (325) Gain from required asset divestitures 40 455 NET INCOME $5,000 $3,480 Net income per common share $ 1.45 $ 1.00 Net income per common share - assuming dilution $ 1.43 $ 0.99 Merger effects Merger expenses $ (90) $ (325) Gain from required asset divestitures 40 455 TOTAL $ (50) $ 130 Earnings excluding merger effects

Upstream United States $1,628 $ 880 Non-U.S. 2,150 1,874 Downstream United States 409 182 Non-U.S. 590 187 Chemicals United States 45 181 Non-U.S. 155 139 Other operations 141 119 Corporate and financing (68) (212) TOTAL $5,050 $3,350 Earnings per common share $ 1.46 $ 0.96 Earnings per common share - assuming dilution $ 1.44 $ 0.95

-15- FIRST QUARTER 2001 COMPARED WITH FIRST QUARTER 2000 Exxon Mobil Corporation reported record first quarter results. Excluding net merger effects, estimated first quarter 2001 earnings of $5,050 million ($1.44 per share) increased $1,700 million (51 percent) from the first quarter of 2000. Including net merger effects, net income of $5,000 million ($1.43 per share) increased $1,520 million. Revenue for the first quarter of 2001 totaled $57,300 million compared with $54,081 million in 2000. Capital and exploration expenditures of $2,516 million in the first quarter of 2001 were up $292 million, or 13 percent, compared with $2,224 million last year. The record first quarter results reflected higher natural gas realizations and refining margins as well as continued improvements in operating efficiencies across the corporation. Volumes increased in every business line except for natural gas, which was affected by the controlled shutdown of facilities in the Aceh province of Indonesia. Capital expenditures increased in line with higher full-year spending plans. Upstream earnings were $3.8 billion, a sixth consecutive quarterly earnings record. These results were $1,024 million, or 37 percent higher than in the same period a year ago, driven by higher average natural gas realizations, especially in the U.S. This was partly offset by lower crude oil prices and higher exploration expenses. Liquids production increased 1 percent with growth in Equatorial Guinea, Venezuela, Kazakhstan and Canada. These increases were partly offset by lower natural gas liquids production in the U.S. due to reducing gas plant processing rates to maximize natural gas availability. Gas volumes increased by about 1 percent absent the impact of the Aceh shutdown. Downstream earnings were nearly one billion dollars, a substantial improvement from last year's first quarter results when rising crude prices depressed margins. First quarter 2001 results reflected improved refinery performance and stronger refining margins in the U.S. and Europe. Refining margins remained weak in Asia-Pacific. Marketing margins outside the U.S. improved, but remained below historical levels. Marketing margins in the U.S. remained depressed. Sales volumes increased 3 percent and, when adjusted for the impact of U.S. businesses divested as a condition of the regulatory approval of the merger, were up 4 percent. Chemicals earnings declined despite higher sales volumes that exceeded the record first quarter levels achieved last year. Higher U.S. natural gas prices drove up feedstock costs, lowering U.S. earnings in the early part of the quarter to near breakeven levels. Outside of the U.S., positive volume effects were partly offset by weaker margins and unfavorable foreign exchange impacts. Earnings from other operations improved on higher coal realizations and favorable foreign exchange effects. During the quarter, ExxonMobil continued its active investment program, spending $2,516 million on capital and exploration projects, compared with $2,224 million last year, reflecting higher activity in both the upstream and downstream. During the first quarter, the Corporation acquired 17.5 million shares at a gross cost of $1,442 million to offset the dilution associated with benefit plans and to reduce common stock outstanding. -16- OTHER COMMENTS ON FIRST QUARTER COMPARISON Upstream earnings benefited from higher worldwide average natural gas realizations, driven by much higher U.S. gas prices as a result of growing demand and low inventory levels. The favorable earnings impact of higher natural gas prices was partly offset by lower crude realizations. Liquids production of 2,619 kbd (thousands of barrels per day) increased from 2,602 kbd in the first quarter of 2000. This increase reflected higher production in Equatorial Guinea, Venezuela, Kazakhstan and Canadian heavy oil operations, partly offset by lower production in the U.S. due to a decision to reduce gas plant processing to maximize natural gas sales, and by natural field declines in mature areas. First quarter natural gas production of 12,083 mcfd (millions of cubic feet per day) compared with 12,146 mcfd last year. Absent the effect of suspending operations in the Aceh province of Indonesia due to security concerns, worldwide gas production would have been up about 1 percent, reflecting higher production in Qatar. In North America, higher gas volumes in eastern Canada offset natural field declines in mature areas. Earnings from U.S. upstream operations were $1,628 million, an increase of $748 million from the prior year. Upstream earnings outside the U.S. were $2,150 million, an increase of $276 million. Downstream results improved substantially from the first quarter of last year reflecting stronger refining margins in the U.S. and Europe, with continued weakness in Asia-Pacific. Improved refinery performance also benefited earnings. In the U.S. there was an increase in refinery turnaround costs in preparation for the upcoming driving season. Marketing margins outside the U.S. improved modestly, but remained below historical levels. Marketing margins in the U.S. remained depressed. Petroleum product sales were 8,010 kbd, 214 kbd higher than the prior year's first quarter, as higher supply sales mainly in Asia-Pacific were partly offset by the absence of volumes from operations divested as a requirement of the merger. U.S. downstream earnings were $409 million, up $227 million. Non-U.S. downstream earnings of $590 million were $403 million higher than last year. Chemicals earnings were $200 million, down $120 million from the same quarter a year ago as higher feedstock and energy costs, particularly in the U.S., put significant pressure on commodity margins. Prime product sales volumes of 6,533 kt (thousands of metric tons) were slightly above last year's record level. Earnings from other operations, including coal, minerals and power, totaled $141 million, compared with $119 million in the first quarter of 2000. Key contributors were higher coal realizations and favorable foreign exchange effects. Corporate and financing expenses of $68 million compared with $212 million in the first quarter of 2000. The decrease reflected lower net interest costs due to lower debt levels and significantly higher cash balances, and also reflected increased tax-related benefits. 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. First quarter net income included gains on required asset divestments of $40 million and $90 million of merger expenses. -17- MERGER OF EXXON CORPORATION AND MOBIL CORPORATION On November 30, 1999, a wholly-owned subsidiary of Exxon Corporation merged with Mobil Corporation so that Mobil became a wholly-owned subsidiary of Exxon (the "Merger"). At the same time, Exxon changed its name to Exxon Mobil Corporation. The Merger was accounted for as a pooling of interests. In the first quarter of 2001, in association with the Merger, $121 million of before tax costs ($90 million after tax) were recorded as merger related expenses. In the first quarter of 2000, merger related costs were $530 million before tax ($325 million after tax). The severance reserve balance at the end of the first quarter of 2001 is expected to be expended in 2001 and 2002. The following table summarizes the activity in the severance reserve for the quarter ended March 31, 2001: Opening Balance at Balance Additions Deductions Period End _______ _________ __________ __________ (millions of dollars) 317 35 113 239 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. Certain property -- primarily refining, marketing, pipeline and natural gas distribution assets -- were divested in 2000 as a condition of the regulatory approval of the Merger by the U.S. Federal Trade Commission and the European Commission. First quarter 2001 results included a net after tax gain of $40 million (including an income tax credit of $15 million), or $0.01 per common share, from asset divestments that were required as a condition of the regulatory approval of the Merger. The gain represents further resolution of certain issues associated with the sale of Mobil's interest in the European fuels joint venture with British Petroleum. First quarter 2000 included a net after tax gain of $455 million (net of $549 million of income taxes) or $0.13 per common share from required asset divestments. These net gains on required divestments have been reported as extraordinary items in accordance with accounting requirements for business combinations accounted for as a pooling of interests. -18- LIQUIDITY AND CAPITAL RESOURCES Net cash generation before financing activities was $7,637 million in the first three months of 2001 versus $6,348 million in the same period last year. Operating activities provided net cash of $8,729 million, an increase of $3,239 million from the prior year, influenced by higher net income. Investing activities used net cash of $1,092 million, compared to cash provided of $858 million in the prior year, reflecting the absence of proceeds from the asset divestments in 2000 that were required as a condition of regulatory approval of the merger. Net cash used in financing activities was $3,662 million in the first quarter of 2001 versus $5,058 million in the same quarter last year. The decrease was driven by lower debt reductions in the current year period versus last year, partially offset by purchases of shares of ExxonMobil common stock. During the first quarter of 2001, Exxon Mobil Corporation purchased 17.5 million shares of its common stock for the treasury at a gross cost of $1,442 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 3,465 million at the end of 2000 to 3,450 million at the end of the first quarter 2001. Purchases may be made in both the open market and through negotiated transactions, and may be discontinued at any time. Revenue for the first quarter of 2001 totaled $57,300 million compared to $54,081 million in the first quarter 2000. Capital and exploration expenditures were $2,516 million in the first quarter 2001 compared to $2,224 million in last year's first quarter. 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 $12.8 billion at March 31, 2001 decreased $0.6 billion from year-end 2000. The corporation's debt to total capital ratio was 14.6 percent at the end of the first quarter 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. Litigation and other contingencies are discussed in note 5 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. -19- 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. -20- EXXON MOBIL CORPORATION Item 3. Quantitative and Qualitative Disclosures About Market Risk Information about market risks for the three months ended March 31, 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 January 19, 2001, the Environmental Protection Agency (EPA) issued a Notice of Violation regarding the corporation's Baytown, Texas refinery, alleging that two projects at the refinery conducted during the 1980's resulted in significant net emission increases of at least NOx and alleging that the corporation failed to obtain Prevention of Significant Deterioration permits. On January 29, 2001, the EPA issued a Notice of Violation regarding the former Mobil refinery at Paulsboro, New Jersey, alleging that projects undertaken during 1988 and 1992 triggered New Source Review pre-construction permitting and pollution control requirements. Both Notices of Violation were issued in connection with the EPA's New Source Review Enforcement Initiative. Neither Notice included a demand for specific fines or penalties. The corporation and the EPA are expected to commence discussions regarding the Notices during the second quarter. Refer to the relevant portions of Note 5 on pages 7 through 9 of this Quarterly Report on Form 10-Q for further information on legal proceedings. Item 6. Exhibits and Reports on Form 8-K a) Exhibits The registrant has no exhibits for the period ended March 31, 2001. b) Reports on Form 8-K The registrant has not filed any reports on Form 8-K during the quarter.  EXXON MOBIL CORPORATION SIGNATURE Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. EXXON MOBIL CORPORATION Date: May 14, 2001 /s/ DONALD D. HUMPHREYS ______________________________________________ Donald D. Humphreys, Vice President, Controller and Principal Accounting Officer 