**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 September 30, 2003**

**OR**

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

**For the transition period from _________to_______**

**Commission File Number 1-2256**

**EXXON MOBIL CORPORATION**
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **NEW JERSEY** | **13-5409005** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |
| **5959 Las Colinas Boulevard, Irving, Texas** | **75039-2298** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(972) 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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 September 30, 2003 |
|---|---|
| Common stock, without par value | 6,609,799,513 |

**EXXON MOBIL CORPORATION**

**FORM 10-Q**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003**

**TABLE OF CONTENTS**

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **REVENUE** | 2003 | 2002 | 2003 | 2002 |
| Sales and other operating revenue, including excise taxes | $ 58,760 | $ 53,194 | $ 175,115 | $ 145,758 |
| Earnings from equity interests and other revenue | 1,081 | 904 | 5,671 | 2,537 |
| Total revenue | 59,841 | 54,098 | 180,786 | 148,295 |
| **COSTS AND OTHER DEDUCTIONS** | | | | |
| Crude oil and product purchases | 27,230 | 25,246 | 79,535 | 65,883 |
| Operating expenses | 5,320 | 4,774 | 15,980 | 12,758 |
| Selling, general and administrative expenses | 3,246 | 2,730 | 9,688 | 9,177 |
| Depreciation and depletion | 2,203 | 2,178 | 6,554 | 6,179 |
| Exploration expenses, including dry holes | 227 | 162 | 556 | 609 |
| Merger related expenses | 0 | 129 | 0 | 253 |
| Interest expense | 41 | 51 | 153 | 190 |
| Excise taxes | 5,900 | 5,783 | 17,627 | 16,224 |
| Other taxes and duties | 9,611 | 8,485 | 27,531 | 24,821 |
| Income applicable to minority and preferred interests | 101 | 76 | 574 | 108 |
| Total costs and other deductions | 53,879 | 49,614 | 158,198 | 136,202 |
| **INCOME BEFORE INCOME TAXES** | 5,962 | 4,484 | 22,588 | 12,093 |
| Income taxes | 2,312 | 1,855 | 8,278 | 4,772 |
| **INCOME FROM CONTINUING OPERATIONS** | **3,650** | **2,629** | **14,310** | **7,321** |
| Discontinued operations, net of income tax | 0 | 11 | 0 | 49 |
| Cumulative effect of accounting change, net of income tax | 0 | 0 | 550 | 0 |
| **NET INCOME** | **$ 3,650** | **$ 2,640** | **$ 14,860** | **$ 7,370** |
| **NET INCOME PER COMMON SHARE (DOLLARS)** | | | | |
| Income from continuing operations | $ 0.55 | $ 0.39 | $ 2.15 | $ 1.08 |
| Discontinued operations, net of income tax | 0.00 | 0.00 | 0.00 | 0.01 |
| Cumulative effect of accounting change, net of income tax | 0.00 | 0.00 | 0.08 | 0.00 |
| Net income | $ 0.55 | $ 0.39 | $ 2.23 | $ 1.09 |
| **NET INCOME PER COMMON SHARE - ASSUMING DILUTION (DOLLARS)** | | | | |
| Income from continuing operations | $ 0.55 | $ 0.39 | $ 2.14 | $ 1.07 |
| Discontinued operations, net of income tax | 0.00 | 0.00 | 0.00 | 0.01 |
| Cumulative effect of accounting change, net of income tax | 0.00 | 0.00 | 0.08 | 0.00 |
| Net income | $ 0.55 | $ 0.39 | $ 2.22 | $ 1.08 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **DIVIDENDS PER COMMON SHARE (DOLLARS)** | $ | 0.25 | $ | 0.23 | $ | 0.73 | $ | 0.69 |

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

| | Sept. 30, 2003 | Dec 31, 2002 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 11,015 | $ 7,229 |
| Notes and accounts receivable - net | 20,248 | 21,163 |
| Inventories | | |
| Crude oil, products and merchandise | 8,475 | 6,827 |
| Materials and supplies | 1,282 | 1,241 |
| Prepaid taxes and expenses | 1,938 | 1,831 |
| Total current assets | 42,958 | 38,291 |
| Property, plant and equipment - net | 101,192 | 94,940 |
| Investments and other assets | 22,837 | 19,413 |
| **TOTAL ASSETS** | **$ 166,987** | **$ 152,644** |
| **LIABILITIES** | | |
| Current liabilities | | |
| Notes and loans payable | $ 4,004 | $ 4,093 |
| Accounts payable and accrued liabilities | 27,731 | 25,186 |
| Income taxes payable | 6,906 | 3,896 |
| Total current liabilities | 38,641 | 33,175 |
| Long-term debt | 5,615 | 6,655 |
| Deferred income tax liability | 17,716 | 16,484 |
| Other long-term liabilities | 21,251 | 21,733 |
| **TOTAL LIABILITIES** | **83,223** | **78,047** |
| **SHAREHOLDERS' EQUITY** | | |
| Benefit plan related balances | (342 ) | (450 ) |
| Common stock, without par value: | | |
| Authorized: 9,000 million shares | | |
| Issued: 8,019 million shares | 4,100 | 4,217 |
| Earnings reinvested | 110,955 | 100,961 |
| Accumulated other nonowner changes in equity | | |
| Cumulative foreign exchange translation adjustment | (447 ) | (3,015 ) |
| Minimum pension liability adjustment | (2,960 ) | (2,960 ) |
| Unrealized gains/(losses) on stock investments | 146 | (79 ) |
| Common stock held in treasury: | | |
| 1,410 million shares at September 30, 2003 | (27,688 ) | |
| 1,319 million shares at December 31, 2002 | | (24,077 ) |
| **TOTAL SHAREHOLDERS' EQUITY** | **83,764** | **74,597** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 166,987** | **$ 152,644** |

The number of shares of common stock issued and outstanding at September 30, 2003 and December 31, 2002 were 6,609,799,513 and 6,700,074,272, respectively.

**EXXON MOBIL CORPORATION**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**(millions of dollars)**

| | Nine Months Ended September 30, 2003 | Nine Months Ended September 30, 2002 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 14,860 | $ 7,370 |
| Depreciation and depletion | 6,554 | 6,179 |
| Changes in operational working capital, excluding cash and debt | 4,507 | 2,510 |
| All other items - net | (4,222) | 130 |
| Net cash provided by operating activities | 21,699 | 16,189 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | (9,305) | (8,147) |
| Sales of subsidiaries, investments, and property, plant and equipment | 1,821 | 1,059 |
| Other investing activities - net | (222) | (437) |
| Net cash used in investing activities | (7,706) | (7,525) |
| **NET CASH GENERATION BEFORE FINANCING ACTIVITIES** | **13,993** | **8,664** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Additions to long-term debt | 31 | 382 |
| Reductions in long-term debt | (865) | (208) |
| Additions/(reductions) in short-term debt - net | (600) | (463) |
| Cash dividends to ExxonMobil shareholders | (4,866) | (4,672) |
| Cash dividends to minority interests | (377) | (152) |
| Changes in minority interests and sales/(purchases) of affiliate stock | (171) | (167) |
| Net ExxonMobil shares acquired | (3,788) | (3,402) |
| Net cash used in financing activities | (10,636) | (8,682) |
| Effects of exchange rate changes on cash | 429 | 408 |
| Increase/(decrease) in cash and cash equivalents | 3,786 | 390 |
| Cash and cash equivalents at beginning of period | 7,229 | 6,547 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **$ 11,015** | **$ 6,937** |
| **SUPPLEMENTAL DISCLOSURES** | | |
| Income taxes paid | $ 5,238 | $ 4,360 |
| Cash interest paid | $ 320 | $ 328 |

## 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 2002 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. Stock Option Accounting

Effective January 1, 2003, the corporation adopted the recognition provisions of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (FAS 123), “Accounting for Stock-Based Compensation” for all employee stock-based awards granted after that date. In accordance with FAS 123, compensation expense for future awards will be measured by the fair value of the award at the date of grant and recognized over the vesting period. The fair value of awards in the form of restricted stock is the market price of the stock. The fair value of awards in the form of stock options is estimated using an option-pricing model.

As permitted by FAS 123, the corporation has retained its prior method of accounting for stock-based awards granted before January 1, 2003. Under this method, compensation expense for awards granted in the form of stock options is measured at the intrinsic value of the options (the difference between the market price of stock and the exercise price of the options) on the date of grant. Since these two prices are the same on the date of grant, no compensation expense was recognized in income for these awards. Additionally, compensation expense for awards granted in the form of restricted stock is based on the price of the stock when it is granted and is recognized over the vesting period, which is the same method of accounting as under FAS 123.

If the provisions of FAS 123 had been adopted in the prior year, the impact on compensation expense, net income, and net income per share would have been as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | (millions of dollars) | | | |
| Net income, as reported | $ 3,650 | $ 2,640 | $ 14,860 | $ 7,370 |
| Add: Stock-based compensation, net of tax, included in reported net income | 19 | 4 | 61 | 11 |
| Deduct: Stock-based compensation, net of tax, determined under fair value method | (21) | (50) | (67) | (154) |
| Pro forma net income | $ 3,648 | $ 2,594 | $ 14,854 | $ 7,227 |
| Net income per share: | (dollars per share) | | | |
| Basic - as reported | $ 0.55 | $ 0.39 | $ 2.23 | $ 1.09 |
| Basic - pro forma | 0.55 | 0.38 | 2.23 | 1.07 |
| Diluted - as reported | 0.55 | 0.39 | 2.22 | 1.08 |
| Diluted - pro forma | 0.55 | 0.38 | 2.22 | 1.06 |

## 3. Discontinued Operations

In 2002, the copper business in Chile and the coal operations in Colombia were sold. Prior periods include reclassifications to reflect the earnings of these businesses as discontinued operations. Income taxes related to discontinued operations in the third quarter of 2002 were $3 million and for the nine months ended September 30, 2002 were $12 million. Revenues and earnings for these businesses were historically reported in the "All Other" line in the segment disclosures located in note 10 on page 12.

## 4. Accounting Change

As of January 1, 2003 the corporation adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 143 (FAS 143), "Accounting for Asset Retirement Obligations." The primary impact of FAS 143 is to change the method of accruing for upstream site restoration costs. These costs were previously accrued ratably over the productive lives of the assets in accordance with Statement of Financial Accounting Standards No. 19 (FAS 19), "Financial Accounting and Reporting by Oil and Gas Producing Companies." At the end of 2002, the cumulative amount accrued under FAS 19 was approximately $3.5 billion. Under FAS 143, the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred, which is typically at the time the assets are installed. Amounts recorded for the related assets will be increased by the amount of these obligations. Over time the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depreciated over the useful lives of the related assets.

The cumulative adjustment for the change in accounting principle reported in the first quarter of 2003 was after-tax income of $550 million (net of $434 million of income tax effects, including ExxonMobil's share of related equity company income taxes of $51 million), or $0.08 per common share. The effect of this accounting change on the balance sheet was a $0.3 billion increase to property, plant and equipment, a $0.6 billion reduction to the accrued liability and a $0.4 billion increase in deferred income tax liabilities.

This adjustment is due to the difference in the method of accruing site restoration costs under FAS 143 compared with the method required by FAS 19, the accounting standard that the corporation has been required to follow since 1978. Under FAS 19, site restoration costs are accrued on a unit-of-production basis of accounting as the oil and gas is produced. The FAS 19 method matches the accruals with the revenues generated from production and results in most of the costs being accrued early in field life, when production is at the highest level. Because FAS 143 requires accretion of the liability as a result of the passage of time using an interest method of allocation, the majority of the costs will be accrued towards the end of field life, when production is at the lowest level. The cumulative income adjustment described above resulted from reversing the higher liability accumulated under FAS 19 in order to adjust it to the lower present value amount resulting from transition to FAS 143. This amount being reversed in transition, which was previously charged to operating earnings under FAS 19, will again be charged to those earnings under FAS 143 in future years.

If FAS 143 had been in effect in 2002, net income that would have been reported would not have been materially different from the net income that was reported under FAS 19. The effect of FAS 143 on net income in the current year period is also not material.

## 5. Recently Issued Statements of Financial Accounting Standards

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities," which provides guidance on when certain entities should be consolidated or the interests in those entities should be disclosed by enterprises that do not control them through majority voting interest. Under FIN 46, entities are required to be consolidated by enterprises that lack majority voting interest when equity investors of those entities have insignificant capital at risk or they lack voting rights, the obligation to absorb expected losses, or the right to receive expected returns. Entities identified with these characteristics are called variable interest entities and the interests that enterprises have in these entities are called variable interests. These interests can derive from certain guarantees, leases, loans or other arrangements that result in risks and rewards that are disproportionate to the voting interests in the entities.

The provisions of FIN 46 must be immediately applied for variable interest entities created after January 31, 2003. For variable interest entities created before February 1, 2003, the adoption of FIN 46 has been deferred by Financial Staff Position FIN 46-6 to the first reporting period ending after December 15, 2003.

There have been no variable interest entities created after January 31, 2003 in which the corporation has an interest. The corporation is reviewing its financial arrangements entered into before February 1, 2003 to identify any that might qualify as variable interest entities. There is a reasonable possibility that certain joint ventures in which the corporation has an interest might be variable interest entities. These joint ventures are operating entities and the other equity investors are third parties independent from the corporation. The corporation's share of net income of these entities is included in the consolidated statement of income. The variable interests arise primarily because of certain guarantees extended by the corporation to the joint ventures. These guarantees are included in the guarantees disclosed on page 10 as part of note 7.

The corporation does not expect any impact on net income if it is required to consolidate any of these possible variable interest entities because it already is recording its share of net income of these entities. The impact to the balance sheet would be an increase in both assets and liabilities, estimated to be in the range of $500 million to $750 million (less than one-half of 1 percent of total assets). However, there would be no change to the calculation of return on average capital employed because the corporation already includes its share of joint venture debt in the determination of average capital employed.

## 6. 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.

There were no merger related expenses in 2003 reflecting the completion of the merger related activities in 2002. Merger related costs in the third quarter of 2002 were $129 million ($85 million after tax) and were $253 million ($175 million after tax) for the nine months ended September 30, 2002. The severance reserve balance at the end of the third quarter of 2003 is expected to be expended mainly in 2003 and 2004. The following table summarizes the activity in the severance reserve for the nine months ended September 30, 2003:

| Opening Balance | Additions | Deductions | Balance at Period End |
|---|---|---|---|
| | (millions of dollars) | | |
| 101 | 0 | 37 | 64 |

## 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. The vast majority of the claims have been resolved leaving a few compensatory damages cases to be resolved. All of the punitive damage claims were consolidated in the civil trial that began in May 1994.

In that trial, on September 24, 1996, the United States District Court for the District of Alaska entered a judgment in the amount of $5 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. ExxonMobil appealed the judgment. On November 7, 2001, the United States Court of Appeals for the Ninth Circuit vacated the punitive damage award as being excessive under the Constitution and remanded the case to the District Court for it to determine the amount of the punitive damage award consistent with the Ninth Circuit's holding. On December 6, 2002, the District Court reduced the punitive damages award from $5 billion to $4 billion. Both ExxonMobil and the plaintiffs appealed to the Ninth Circuit which vacated the judgement on August 18, 2003, and ordered that the District Court reconsider in light of the U.S. Supreme Court decision in *Campbell v. State Farm*.

On January 29, 1997, a settlement agreement was concluded resolving all remaining matters between the corporation and various insurers arising from the Valdez accident. Under terms of this settlement, ExxonMobil received $480 million. Final income statement recognition of this settlement continues to be deferred in view of uncertainty regarding the ultimate cost to the corporation of the Valdez accident.

The ultimate cost to ExxonMobil from the lawsuits arising from the Exxon Valdez grounding is not possible to predict and may not be resolved for a number of years.

A dispute with a Dutch affiliate concerning an overlift of natural gas by a German affiliate was resolved by payments by the German affiliate pursuant to an arbitration award. The German affiliate had paid royalties on the excess gas and recovered the royalties in 2001. The only substantive issue remaining is the taxes payable on the final compensation for the overlift. Resolution of this issue will not have a materially adverse effect upon the corporation's operations or financial condition.

On December 19, 2000, a jury in Montgomery County, Alabama, returned a verdict against the corporation in a contract dispute over royalties in the amount of $87.69 million in compensatory damages and $3.42 billion in punitive damages in the case of Exxon Corporation v. State of Alabama, et al. The verdict was upheld by the trial court on May 4, 2001. On December 20, 2002, the Alabama Supreme Court vacated the $3.5 billion jury verdict. The decision sent the case back to a lower court for a new trial, which began on October 20, 2003. The ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

On May 22, 2001, a state court jury in New Orleans, Louisiana, returned a verdict against the corporation and three other entities in a case brought by a landowner claiming damage to his property. The property had been leased by the landowner to a company that performed pipe cleaning and storage services for customers, including the corporation. The jury awarded the plaintiff $56 million in compensatory damages (90 percent to be paid by the corporation) and $1 billion in punitive damages (all to be paid by the corporation). The damage related to the presence of naturally occurring radioactive material (NORM) on the site resulting from pipe cleaning operations. The award has been upheld at the trial court. ExxonMobil has appealed the judgment to the Louisiana Fourth Circuit Court of Appeals and believes that the judgment should be set aside or substantially reduced on factual and constitutional grounds. The ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

The U.S. Tax Court has decided the issue with respect to the pricing of crude oil purchased from Saudi Arabia for the years 1979-1981 in favor of the corporation. This decision is subject to appeal. Certain other issues for the years 1979-1993 remain pending before the Tax Court. The ultimate resolution of these issues is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

Claims for substantial amounts have been made against ExxonMobil and certain of its consolidated subsidiaries in other pending lawsuits, the outcome of which is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

The corporation and certain of its consolidated subsidiaries were contingently liable at September 30, 2003, for $3.0 billion, primarily relating to guarantees for notes, loans and performance under contracts. This included $0.9 billion representing guarantees of non-U.S. excise taxes and customs duties of other companies, entered into as a normal business practice, under reciprocal arrangements. Also included in this amount were guarantees by consolidated affiliates of $1.7 billion, representing ExxonMobil's share of obligations of certain equity companies.

Additionally, the corporation and its affiliates have numerous long-term sales and purchase commitments in their various business activities, all of which are expected to be fulfilled with no adverse consequences material to the corporation's operations or financial condition. The corporation's outstanding unconditional purchase obligations at September 30, 2003 were similar to those at the prior year-end period. Unconditional purchase obligations as defined by accounting standards are those long-term commitments that are noncancelable or cancelable only under certain conditions, and that third parties have used to secure financing for the facilities that will provide the contracted goods or services.

The operations and earnings of the corporation and its affiliates throughout the world have been, and may in the future be, affected from time to time in varying degree by political developments and laws and regulations, such as forced divestiture of assets; restrictions on production, imports and exports; price controls; tax increases and retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the corporation vary greatly from country to country and are not predictable.

**8. Nonowner Changes in Shareholders' Equity**

| | **Three Months Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | (millions of dollars) | | | |
| Net income | $ 3,650 | $ 2,640 | $ 14,860 | $ 7,370 |
| Changes in other nonowner changes in equity | | | | |
| Foreign exchange translation adjustment | 652 | (481) | 2,568 | 2,042 |
| Minimum pension liability adjustment | 0 | 0 | 0 | 0 |
| Unrealized gains/(losses) on stock investments | 72 | (38) | 225 | 53 |
| **Total nonowner changes in shareholders' equity** | **$ 4,374** | **$ 2,121** | **$ 17,653** | **$ 9,465** |

## 9. Earnings Per Share

| | Three Months Ended September 30, 2003 | Three Months Ended September 30, 2002 | Nine Months Ended September 30, 2003 | Nine Months Ended September 30, 2002 |
|---|---|---|---|---|
| **NET INCOME PER COMMON SHARE** | | | | |
| Income from continuing operations (millions of dollars) | $ 3,650 | $ 2,629 | $ 14,310 | $ 7,321 |
| Weighted average number of common shares outstanding (millions of shares) | 6,619 | 6,740 | 6,653 | 6,767 |
| Net income per common share (dollars) | | | | |
| Income from continuing operations | $ 0.55 | $ 0.39 | $ 2.15 | $ 1.08 |
| Discontinued operations, net of income tax | 0.00 | 0.00 | 0.00 | 0.01 |
| Cumulative effect of accounting change, net of income tax | 0.00 | 0.00 | 0.08 | 0.00 |
| Net income | $ 0.55 | $ 0.39 | $ 2.23 | $ 1.09 |
| **NET INCOME PER COMMON SHARE - ASSUMING DILUTION** | | | | |
| Income from continuing operations (millions of dollars) | $ 3,650 | $ 2,629 | $ 14,310 | $ 7,321 |
| Weighted average number of common shares outstanding - assuming dilution (millions of shares) | 6,619 | 6,740 | 6,653 | 6,767 |
| Effect of employee stock-based awards | 33 | 47 | 30 | 57 |
| Weighted average number of common shares outstanding - assuming dilution | 6,652 | 6,787 | 6,683 | 6,824 |
| Net income per common share - assuming dilution (dollars) | | | | |
| Income from continuing operations | $ 0.55 | $ 0.39 | $ 2.14 | $ 1.07 |
| Discontinued operations, net of income tax | 0.00 | 0.00 | 0.00 | 0.01 |
| Cumulative effect of accounting change, net of income tax | 0.00 | 0.00 | 0.08 | 0.00 |
| Net income | $ 0.55 | $ 0.39 | $ 2.22 | $ 1.08 |

**10. Disclosures about Segments and Related Information**

Consistent with a change in internal organization in 2002, earnings from the electric power business and U.S. coal operations, previously reported in the All Other line, are now shown in the U.S. upstream for coal and non-U.S. upstream for electric power. Earnings from the coal and minerals businesses divested in 2002, reported as discontinued operations, are included in the All Other line. Earnings and revenues for prior periods have been reclassified to reflect these 2002 events consistent with current period reporting.

| | Three Months Ended September 30, 2003 | Three Months Ended September 30, 2002 | Nine Months Ended September 30, 2003 | Nine Months Ended September 30, 2002 |
|---|---|---|---|---|
| | (millions of dollars) | | | |
| **EARNINGS AFTER INCOME TAX** | | | | |
| Upstream | | | | |
| United States | $ 883 | $ 642 | $ 3,049 | $ 1,767 |
| Non-U.S. | 1,819 | 1,635 | 8,184 | 4,829 |
| Downstream | | | | |
| United States | 371 | 42 | 964 | 290 |
| Non-U.S. | 540 | 83 | 1,816 | 189 |
| Chemicals | | | | |
| United States | 25 | 156 | 169 | 313 |
| Non-U.S. | 205 | 197 | 787 | 441 |
| All other | (193) | (115) | (109) | (459) |
| Corporate total | $ 3,650 | $ 2,640 | $ 14,860 | $ 7,370 |
| Included in All Other above | | | | |
| Discontinued operations | $ 0 | $ 11 | $ 0 | $ 49 |
| Cumulative effect of accounting change | $ 0 | $ 0 | $ 550 | $ 0 |
| **SALES AND OTHER OPERATING REVENUE** | | | | |
| Upstream | | | | |
| United States | $ 1,441 | $ 956 | $ 4,649 | $ 2,776 |
| Non-U.S. | 3,355 | 2,775 | 11,051 | 8,501 |
| Downstream | | | | |
| United States | 14,269 | 13,468 | 41,692 | 35,678 |
| Non-U.S. | 34,748 | 31,644 | 102,657 | 86,683 |
| Chemicals | | | | |
| United States | 1,989 | 1,773 | 5,942 | 5,144 |
| Non-U.S. | 2,948 | 2,565 | 9,097 | 6,947 |
| All other | 10 | 13 | 27 | 29 |
| Corporate total | $ 58,760 | $ 53,194 | $ 175,115 | $ 145,758 |
| **INTERSEGMENT REVENUE** | | | | |
| Upstream | | | | |
| United States | $ 1,279 | $ 1,277 | $ 4,134 | $ 3,696 |
| Non-U.S. | 3,674 | 2,584 | 11,520 | 8,630 |
| Downstream | | | | |
| United States | 1,610 | 636 | 4,717 | 3,398 |
| Non-U.S. | 5,728 | 4,448 | 16,108 | 12,664 |
| Chemicals | | | | |
| United States | 891 | 727 | 2,401 | 1,944 |
| Non-U.S. | 781 | 626 | 2,395 | 1,810 |
| All other | 83 | 88 | 237 | 230 |

## 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 ($106 million of long-term debt at September 30, 2003) and the 6.125% notes due 2008 ($160 million) of Exxon Capital Corporation and the deferred interest debentures due 2012 ($1,092 million) and the debt securities due 2004-2011 ($95 million long-term and $10 million short-term) of SeaRiver Maritime Financial Holdings, Inc. Exxon Capital Corporation and SeaRiver Maritime Financial Holdings, Inc. are 100 percent owned subsidiaries of Exxon Mobil Corporation.

The following condensed consolidating financial information is provided for Exxon Mobil Corporation, as guarantor, and for Exxon Capital Corporation and SeaRiver Maritime Financial Holdings, Inc., as issuers, as an alternative to providing separate financial statements for the issuers. The accounts of Exxon Mobil Corporation, Exxon Capital Corporation and SeaRiver Maritime Financial Holdings, Inc. are presented utilizing the equity method of accounting for investments in subsidiaries.

| | Exxon Mobil Corporation Parent Guarantor | Exxon Capital Corporation | SeaRiver Maritime Financial Holdings, Inc. | All Other Subsidiaries | Consolidating and Eliminating Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| | | | (millions of dollars) | | | |
| Condensed consolidated statement of income for three months ended September 30, 2003 | | | | | | |
| Revenue | | | | | | |
| Sales and other operating revenue, including excise taxes | $ 2,799 | $ - | $ - | $ 55,961 | $ - | $ 58,760 |
| Earnings from equity interests and other revenue | 3,670 | - | 2 | 958 | (3,549) | 1,081 |
| Intercompany revenue | 4,430 | 8 | 4 | 34,913 | (39,355) | - |
| Total revenue | 10,899 | 8 | 6 | 91,832 | (42,904) | 59,841 |
| Costs and other deductions | | | | | | |
| Crude oil and product purchases | 4,377 | - | - | 59,513 | (36,660) | 27,230 |
| Operating expenses | 1,583 | 1 | 1 | 5,195 | (1,460) | 5,320 |
| Selling, general and administrative expenses | 509 | - | - | 2,773 | (36) | 3,246 |
| Depreciation and depletion | 365 | 1 | 1 | 1,836 | - | 2,203 |
| Exploration expenses, including dry holes | 42 | - | - | 185 | - | 227 |
| Merger related expenses | - | - | - | - | - | - |
| Interest expense | 133 | 6 | 30 | 1,036 | (1,164) | 41 |
| Excise taxes | - | - | - | 5,900 | - | 5,900 |
| Other taxes and duties | 3 | - | - | 9,608 | - | 9,611 |
| Income applicable to minority and preferred interests | - | - | - | 101 | - | 101 |
| Total costs and other deductions | 7,012 | 8 | 32 | 86,147 | (39,320) | 53,879 |
| Income before income taxes | 3,887 | - | (26) | 5,685 | (3,584) | 5,962 |
| Income taxes | 237 | - | (10) | 2,085 | - | 2,312 |
| Income from continuing operations | 3,650 | - | (16) | 3,600 | (3,584) | 3,650 |
| Discontinued operations | - | - | - | - | - | - |
| Accounting change | - | - | - | - | - | - |
| Net income | $ 3,650 | $ - | $ (16) | $ 3,600 | $ (3,584) | $ 3,650 |

| | Exxon Mobil Corporation Parent Guarantor | Exxon Capital Corporation | SeaRiver Maritime Financial Holdings, Inc. | All Other Subsidiaries | Consolidating and Eliminating Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| | | | *(millions of dollars)* | | | |
| Condensed consolidated statement of income for three months ended September 30, 2002 | | | | | | |
| Revenue | | | | | | |
| Sales and other operating revenue, including excise taxes | $ 2,205 | $ - | $ - | $ 50,989 | $ - | $ 53,194 |
| Earnings from equity interests and other revenue | 2,692 | - | (11) | 773 | (2,550) | 904 |
| Intercompany revenue | 4,843 | 11 | 7 | 31,448 | (36,309) | - |
| Total revenue | 9,740 | 11 | (4) | 83,210 | (38,859) | 54,098 |
| Costs and other deductions | | | | | | |
| Crude oil and product purchases | 4,746 | - | - | 54,715 | (34,215) | 25,246 |
| Operating expenses | 1,187 | 1 | - | 4,341 | (755) | 4,774 |
| Selling, general and administrative expenses | 452 | 1 | - | 2,277 | - | 2,730 |
| Depreciation and depletion | 388 | 1 | 1 | 1,788 | - | 2,178 |
| Exploration expenses, including dry holes | 46 | - | - | 116 | - | 162 |
| Merger related expenses | 27 | - | - | 105 | (3) | 129 |
| Interest expense | 184 | 5 | 28 | 1,194 | (1,360) | 51 |
| Excise taxes | - | - | - | 5,783 | - | 5,783 |
| Other taxes and duties | 1 | - | - | 8,484 | - | 8,485 |
| Income applicable to minority and preferred interests | - | - | - | 76 | - | 76 |
| Total costs and other deductions | 7,031 | 8 | 29 | 78,879 | (36,333) | 49,614 |
| Income before income taxes | 2,709 | 3 | (33) | 4,331 | (2,526) | 4,484 |
| Income taxes | 80 | 1 | (8) | 1,782 | - | 1,855 |
| Income from continuing operations | 2,629 | 2 | (25) | 2,549 | (2,526) | 2,629 |
| Discontinued operations | 11 | - | - | 17 | (17) | 11 |
| Accounting change | - | - | - | - | - | |
| Net income | $ 2,640 | $ 2 | $ (25) | $ 2,566 | $ (2,543) | $ 2,640 |
| Condensed consolidated statement of income for nine months ended September 30, 2003 | | | | | | |
| Revenue | | | | | | |
| Sales and other operating revenue, including excise taxes | $ 8,642 | $ - | $ - | $ 166,473 | $ - | $ 175,115 |
| Earnings from equity interests and other revenue | 14,569 | - | 6 | 5,312 | (14,216) | 5,671 |
| Intercompany revenue | 13,138 | 25 | 14 | 105,101 | (118,278) | - |
| Total revenue | 36,349 | 25 | 20 | 276,886 | (132,494) | 180,786 |
| Costs and other deductions | | | | | | |
| Crude oil and product purchases | 12,867 | - | - | 177,915 | (111,247) | 79,535 |
| Operating expenses | 4,920 | 2 | 1 | 14,556 | (3,499) | 15,980 |
| Selling, general and administrative expenses | 1,399 | 1 | - | 8,361 | (73) | 9,688 |
| Depreciation and depletion | 1,132 | 4 | 2 | 5,416 | - | 6,554 |
| Exploration expenses, including dry holes | 106 | - | - | 450 | - | 556 |
| Merger related expenses | - | - | - | - | - | - |
| Interest expense | 456 | 16 | 91 | 3,068 | (3,478) | 153 |
| Excise taxes | - | - | - | 17,627 | - | 17,627 |
| Other taxes and duties | 6 | - | - | 27,525 | - | 27,531 |
| Income applicable to minority and preferred interests | - | - | - | 574 | - | 574 |
| Total costs and other deductions | 20,886 | 23 | 94 | 255,492 | (118,297) | 158,198 |
| Income before income taxes | 15,463 | 2 | (74) | 21,394 | (14,197) | 22,588 |
| Income taxes | 1,153 | 1 | (28) | 7,152 | - | 8,278 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Income from continuing operations | 14,310 | 1 | (46) | 14,242 | (14,197) | 14,310 |
| Discontinued operations | - | - | - | - | - | - |
| Accounting change | 550 | - | - | 481 | (481) | 550 |
| Net income | $ 14,860 | $ 1 | $ (46) | $ 14,723 | $ (14,678) | $ 14,860 |

| | Exxon Mobil Corporation Parent Guarantor | Exxon Capital Corporation | SeaRiver Maritime Financial Holdings, Inc. | All Other Subsidiaries | Consolidating and Eliminating Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| | | | (millions of dollars) | | | |
| Condensed consolidated statement of income for nine months ended September 30, 2002 | | | | | | |
| Revenue | | | | | | |
| Sales and other operating revenue, including excise taxes | $ 6,398 | $ - | $ - | $ 139,360 | $ - | $ 145,758 |
| Earnings from equity interests and other revenue | 7,545 | 5 | (10) | 2,104 | (7,107) | 2,537 |
| Intercompany revenue | 11,311 | 32 | 21 | 84,559 | (95,923) | - |
| Total revenue | 25,254 | 37 | 11 | 226,023 | (103,030) | 148,295 |
| Costs and other deductions | | | | | | |
| Crude oil and product purchases | 10,844 | - | - | 144,108 | (89,069) | 65,883 |
| Operating expenses | 3,631 | 2 | 1 | 12,271 | (3,147) | 12,758 |
| Selling, general and administrative expenses | 1,386 | 2 | - | 7,789 | - | 9,177 |
| Depreciation and depletion | 1,164 | 4 | 2 | 5,009 | - | 6,179 |
| Exploration expenses, including dry holes | 127 | - | - | 482 | - | 609 |
| Merger related expenses | 63 | - | - | 203 | (13) | 253 |
| Interest expense | 439 | 16 | 84 | 3,375 | (3,724) | 190 |
| Excise taxes | - | - | - | 16,224 | - | 16,224 |
| Other taxes and duties | 10 | - | - | 24,811 | - | 24,821 |
| Income applicable to minority and preferred interests | - | - | - | 108 | - | 108 |
| Total costs and other deductions | 17,664 | 24 | 87 | 214,380 | (95,953) | 136,202 |
| Income before income taxes | 7,590 | 13 | (76) | 11,643 | (7,077) | 12,093 |
| Income taxes | 269 | 5 | (23) | 4,521 | - | 4,772 |
| Income from continuing operations | 7,321 | 8 | (53) | 7,122 | (7,077) | 7,321 |
| Discontinued operations | 49 | - | - | 55 | (55) | 49 |
| Accounting change | - | - | - | - | - | - |
| Net income | $ 7,370 | $ 8 | $ (53) | $ 7,177 | $ (7,132) | $ 7,370 |

| | Exxon Mobil Corporation Parent Guarantor | Exxon Capital Corporation | SeaRiver Maritime Financial Holdings, Inc. | All Other Subsidiaries | Consolidating and Eliminating Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| | | | | (millions of dollars) | | |
| Condensed consolidated balance sheet as of September 30, 2003 | | | | | | |
| Cash and cash equivalents | $ 2,173 | $ - | $ - | $ 8,842 | $ - | $ 11,015 |
| Notes and accounts receivable - net | 4,092 | - | - | 16,156 | - | 20,248 |
| Inventories | 1,178 | - | - | 8,579 | - | 9,757 |
| Prepaid taxes and expenses | 79 | - | 34 | 1,825 | - | 1,938 |
| Total current assets | 7,522 | - | 34 | 35,402 | - | 42,958 |
| Property, plant and equipment - net | 17,032 | 100 | 1 | 84,059 | - | 101,192 |
| Investments and other assets | 120,475 | - | 526 | 343,425 | (441,589) | 22,837 |
| Intercompany receivables | 11,736 | 1,443 | 1,499 | 334,608 | (349,286) | - |
| Total assets | $ 156,765 | $ 1,543 | $ 2,060 | $ 797,494 | $ (790,875) | $ 166,987 |
| Notes and loan payables | $ - | $ - | $ 10 | $ 3,994 | $ - | $ 4,004 |
| Accounts payable and accrued liabilities | 2,930 | 2 | - | 24,799 | - | 27,731 |
| Income taxes payable | 1,234 | 3 | - | 5,669 | - | 6,906 |
| Total current liabilities | 4,164 | 5 | 10 | 34,462 | - | 38,641 |
| Long-term debt | 1,352 | 266 | 1,187 | 2,810 | - | 5,615 |
| Deferred income tax liabilities | 2,940 | 30 | 307 | 14,439 | - | 17,716 |
| Other long-term liabilities | 4,520 | 28 | - | 16,703 | - | 21,251 |
| Intercompany payables | 60,025 | 428 | 382 | 288,451 | (349,286) | - |
| Total liabilities | 73,001 | 757 | 1,886 | 356,865 | (349,286) | 83,223 |
| Earnings reinvested | 110,955 | 1 | (220) | 68,253 | (68,034) | 110,955 |
| Other shareholders' equity | (27,191) | 785 | 394 | 372,376 | (373,555) | (27,191) |
| Total shareholders' equity | 83,764 | 786 | 174 | 440,629 | (441,589) | 83,764 |
| Total liabilities and shareholders' equity | $ 156,765 | $ 1,543 | $ 2,060 | $ 797,494 | $ (790,875) | $ 166,987 |
| Condensed consolidated balance sheet as of December 31, 2002 | | | | | | |
| Cash and cash equivalents | $ 710 | $ - | $ - | $ 6,519 | $ - | $ 7,229 |
| Notes and accounts receivable - net | 3,827 | - | - | 17,336 | - | 21,163 |
| Inventories | 964 | - | - | 7,104 | - | 8,068 |
| Prepaid taxes and expenses | 65 | - | - | 1,766 | - | 1,831 |
| Total current assets | 5,566 | - | - | 32,725 | - | 38,291 |
| Property, plant and equipment - net | 16,922 | 104 | 3 | 77,911 | - | 94,940 |
| Investments and other assets | 104,115 | - | 521 | 340,821 | (426,044) | 19,413 |
| Intercompany receivables | 16,234 | 1,395 | 1,490 | 295,909 | (315,028) | - |
| Total assets | $ 142,837 | $ 1,499 | $ 2,014 | $ 747,366 | $ (741,072) | $ 152,644 |
| Notes and loan payables | $ - | $ 6 | $ 10 | $ 4,077 | $ - | $ 4,093 |
| Accounts payable and accrued liabilities | 2,844 | 6 | - | 22,336 | - | 25,186 |
| Income taxes payable | 916 | 1 | - | 2,979 | - | 3,896 |
| Total current liabilities | 3,760 | 13 | 10 | 29,392 | - | 33,175 |
| Long-term debt | 1,311 | 266 | 1,101 | 3,977 | - | 6,655 |
| Deferred income tax liabilities | 3,163 | 31 | 301 | 12,989 | - | 16,484 |
| Other long-term liabilities | 5,820 | - | - | 15,913 | - | 21,733 |
| Intercompany payables | 54,186 | 290 | 382 | 260,170 | (315,028) | - |
| Total liabilities | 68,240 | 600 | 1,794 | 322,441 | (315,028) | 78,047 |
| Earnings reinvested | 100,961 | 93 | (174) | 54,547 | (54,466) | 100,961 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other shareholders' equity | (26,364) | 806 | 394 | 370,378 | (371,578) | (26,364) |
| Total shareholders' equity | 74,597 | 899 | 220 | 424,925 | (426,044) | 74,597 |
| Total liabilities and shareholders' equity | $ 142,837 | $ 1,499 | $ 2,014 | $ 747,366 | $ (741,072) | $ 152,644 |

| | Exxon Mobil Corporation Parent Guarantor | Exxon Capital Corporation | SeaRiver Maritime Financial Holdings, Inc. | All Other Subsidiaries | Consolidating and Eliminating Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| | | | (millions of dollars) | | | |
| Condensed consolidated statement of cash flows for nine months ended September 30, 2003 | | | | | | |
| Cash provided by/(used in) operating activities | $ 1,154 | $ 20 | $ (9) | $ 21,644 | $ (1,110) | $ 21,699 |
| Cash flows from financing activities | | | | | | |
| Additions to property, plant and equipment | (1,315) | - | - | (7,990) | - | (9,305) |
| Sales of long-term assets | 126 | - | - | 1,695 | - | 1,821 |
| Net intercompany investing | 10,152 | (48) | 9 | (10,119) | 6 | - |
| All other investing, net | - | - | - | (222) | - | (222) |
| Net cash provided by/(used in) investing activities | 8,963 | (48) | 9 | (16,636) | 6 | (7,706) |
| Cash flows from financing activities | | | | | | |
| Additions to long-term debt | - | - | - | 31 | - | 31 |
| Reductions in long-term debt | - | - | - | (865) | - | (865) |
| Additions/(reductions) in short-term debt - net | - | (6) | - | (594) | - | (600) |
| Cash dividends | (4,866) | (93) | - | (1,017) | 1,110 | (4,866) |
| Net ExxonMobil shares sold/(acquired) | (3,788) | - | - | - | - | (3,788) |
| Net intercompany financing activity | - | 148 | - | (121) | (27) | - |
| All other financing, net | - | (21) | - | (548) | 21 | (548) |
| Net cash provided by/(used in) financing activities | (8,654) | 28 | - | (3,114) | 1,104 | (10,636) |
| Effects of exchange rate changes on cash | - | - | - | 429 | - | 429 |
| Increase/(decrease) in cash and cash equivalents | $ 1,463 | $ - | $ - | $ 2,323 | $ - | $ 3,786 |
| Condensed consolidated statement of cash flows for nine months ended September 30, 2002 | | | | | | |
| Cash provided by/(used in) operating activities | $ 260 | $ 12 | $ 13 | $ 16,324 | $ (420) | $ 16,189 |
| Cash flows from financing activities | | | | | | |
| Additions to property, plant and equipment | (1,274) | - | - | (6,873) | - | (8,147) |
| Sales of long-term assets | 120 | - | - | 939 | - | 1,059 |
| Net intercompany investing | 8,063 | (97) | (13) | (8,075) | 122 | - |
| All other investing, net | - | - | - | (437) | - | (437) |
| Net cash provided by/(used in) investing activities | 6,909 | (97) | (13) | (14,446) | 122 | (7,525) |
| Cash flows from financing activities | | | | | | |
| Additions to long-term debt | - | - | - | 382 | - | 382 |
| Reductions in long-term debt | - | - | - | (208) | - | (208) |
| Additions/(reductions) in short-term debt - net | - | (12) | - | (451) | - | (463) |
| Cash dividends | (4,672) | - | - | (420) | 420 | (4,672) |
| Net ExxonMobil shares sold/(acquired) | (3,402) | - | - | - | - | (3,402) |
| Net intercompany financing activity | - | 97 | - | 25 | (122) | - |
| All other financing, net | - | - | - | (319) | - | (319) |
| Net cash provided by/(used in) financing activities | (8,074) | 85 | - | (991) | 298 | (8,682) |
| Effects of exchange rate changes on cash | - | - | - | 408 | - | 408 |
| Increase/(decrease) in cash and cash equivalents | $ (905) | $ - | $ - | $ 1,295 | $ - | $ 390 |

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

**FUNCTIONAL EARNINGS SUMMARY**

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | (millions of dollars) | | | |
| **Net Income (U.S. GAAP)** | | | | |
| Upstream | | | | |
| United States | $ 883 | $ 642 | $ 3,049 | $ 1,767 |
| Non-U.S. | 1,819 | 1,635 | 8,184 | 4,829 |
| Downstream | | | | |
| United States | 371 | 42 | 964 | 290 |
| Non-U.S. | 540 | 83 | 1,816 | 189 |
| Chemicals | | | | |
| United States | 25 | 156 | 169 | 313 |
| Non-U.S. | 205 | 197 | 787 | 441 |
| Corporate and financing | (193) | (41) | (659) | (333) |
| Merger expenses | 0 | (85) | 0 | (175) |
| **Income from continuing operations** | **3,650** | **2,629** | **14,310** | **7,321** |
| Discontinued operations | 0 | 11 | 0 | 49 |
| Accounting change | 0 | 0 | 550 | 0 |
| **Net Income (U.S. GAAP)** | **$ 3,650** | **$ 2,640** | **$ 14,860** | **$ 7,370** |
| | | | | |
| Net income per common share | $ 0.55 | $ 0.39 | $ 2.23 | $ 1.09 |
| Net income per common share - assuming dilution | $ 0.55 | $ 0.39 | $ 2.22 | $ 1.08 |
| | | | | |
| Other special items included in net income | | | | |
| Non-U.S. Upstream | | | | |
| Gain on transfer of Ruhrgas shares | $ 0 | $ 0 | $ 1,700 | $ 0 |
| U.K. deferred income tax adjustment | $ 0 | $ (215) | $ 0 | $ (215) |

**REVIEW OF THIRD QUARTER 2003 RESULTS**

Exxon Mobil Corporation estimated net income of $3,650 million ($0.55 per share) in the third quarter, an increase of $1,010 million from the third quarter of 2002. Third quarter earnings were the second highest ever for this quarter and increased by 38 percent versus last year due to significant improvement in the downstream. Revenue for the third quarter of 2003 totaled $59,841 million compared with $54,098 million in 2002.

Upstream earnings were $2,702 million, an increase of $425 million from third quarter 2002 reflecting higher average crude and natural gas prices and the absence of a $215 million charge in the prior year quarter related to the deferred income tax effect of the 10% supplementary U.K. tax on North Sea operations.

Liquids production of 2,485 kbd (thousands of barrels per day) increased 1 percent from 2,453 kbd in the third quarter of 2002. Higher production from new projects in West Africa and Canada, and reduced OPEC quota restrictions in Abu Dhabi, were partly offset by natural field decline in mature areas.

Third quarter natural gas production was 8,268 mcfd (millions of cubic feet per day) compared with 9,222 mcfd last year. Contributions from new projects and work programs were more than offset by lower demand in Europe, natural field decline in mature areas and reduced entitlement effects.

On an oil-equivalent basis, actual production in the third quarter was down 3 percent with contributions from new projects more than offset by lower European gas demand and natural field decline of both oil and gas.

Earnings from U.S. upstream operations were $883 million, up $241 million. Non-U.S. upstream earnings of $1,819 million were $184 million higher reflecting the absence of the U.K. tax charge.

Downstream earnings of $911 million increased $786 million from the third quarter of last year reflecting stronger worldwide refining and marketing margins. Petroleum product sales were 7,935 kbd, 172 kbd higher than last year's third quarter.

U.S. downstream earnings were $371 million, up $329 million. Non-U.S. downstream earnings of $540 million were $457 million higher than last year's third quarter.

Chemicals earnings of $230 million were down $123 million from the same quarter a year ago due to higher worldwide feedstock costs. Prime product sales of 6,694 kt (thousands of metric tons) were up 38 kt.

Corporate and financing expenses of $193 million increased by $152 million due to higher U.S. pension costs and the absence of last year's foreign exchange gains.

**FIRST NINE MONTHS 2003 COMPARED WITH FIRST NINE MONTHS 2002**

ExxonMobil's net income for the first nine months of 2003 was a record $14,860 million ($2.22 per share), more than double the first nine months of 2002, reflecting improved results in all areas of the business. Net income for the nine months of 2003 included a $550 million positive impact for the required adoption of FAS 143 relating to accounting for asset retirement obligations and a one-time gain of $1,700 million from the transfer of shares in Ruhrgas AG, a German gas transmission company. Net income for the first nine months of 2002 included $175 million of after-tax merger expenses, $49 million in earnings from discontinued operations and a special charge of $215 million related to the deferred income tax effect of the 10% supplementary U.K. tax on North Sea operations.

Upstream earnings of $11,233 million increased $4,637 million due to higher liquids and natural gas realizations and the Ruhrgas gain.

Liquids production of 2,488 kbd decreased 8 kbd from 2002. Higher production in West Africa and Canada, and lower OPEC-driven quota constraints, were offset by natural field decline and the impact of operational problems in the North Sea and West Africa which mainly occurred in the second quarter of 2003.

Natural gas production of 9,839 mcfd decreased 203 mcfd from 2002. Higher demand in the first half of the year in Europe and contributions from new projects and work programs were more than offset by natural field decline, reduced entitlements and operational outages in the North Sea.

Excluding the effects of operational outages in the North Sea and West Africa and the national strike in Venezuela, total oil and natural gas producible volumes increased 1 percent versus the first nine months of last year. Actual oil-equivalent production, including these impacts, was down 1 percent. Plans for long-term capacity increases remain on track as reflected by higher capital spending, which for the year is up over 15 percent.

Earnings from U.S. upstream operations for the first nine months of 2003 were $3,049 million, an increase of $1,282 million. Earnings outside the U.S. were $8,184 million, $3,355 million higher than last year.

Downstream earnings of $2,780 million increased by $2,301 million from a weak first nine months of 2002 reflecting higher worldwide refining and marketing margins. Petroleum product sales of 7,865 kbd compared with 7,670 kbd in the first nine months of 2002.

U.S. downstream earnings were $964 million, up $674 million. Non-U.S. downstream earnings of $1,816 million were $1,627 million higher than last year.

Chemicals earnings of $956 million were up $202 million from the first nine months of 2002 due to improved margins and favorable foreign exchange effects. Prime product sales of 19,954 kt were down 38 kt.

Corporate and financing expenses of $659 million increased by $326 million mainly due to higher U.S. pension costs.

## 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.

There were no merger related expenses in 2003 reflecting the completion of the merger related activities in 2002. Merger related costs in the third quarter of 2002 were $129 million ($85 million after tax) and were $253 million ($175 million after tax) for the nine months ended September 30, 2002. The severance reserve balance at the end of the third quarter of 2003 is expected to be expended mainly in 2003 and 2004. The following table summarizes the activity in the severance reserve for the nine months ended September 30, 2003:

| Opening Balance | Additions | Deductions | Balance at Period End |
|---|---|---|---|
| | (millions of dollars) | | |
| 101 | 0 | 37 | 64 |

**LIQUIDITY AND CAPITAL RESOURCES**

Net cash generation before financing activities was $13,993 million in the first nine months of 2003 versus $8,664 million in the same period last year. Operating activities provided net cash of $21,699 million, an increase of $5,510 million from the prior year, influenced by higher net income.

Investing activities used net cash of $7,706 million, comparable to the prior year, including higher additions to property, plant, and equipment and higher proceeds from asset divestments.

Net income in 2003 included a one-time gain of $1,700 million from the transfer of ExxonMobil's interests in the Ruhrgas AG shares. The shares were valued at approximately $2.6 billion. In the third quarter of 2002, a loan of $1.5 billion was received in connection with the restructuring of BEB Erdgas und Erdoel GmbH that allowed for the transfer of the Ruhrgas shares. The remainder was received upon completion of the share transaction and has been reported as proceeds from sales of investments in the current period. The "All other items -- net" line in the current year includes an adjustment of the non-cash net income gain included in first quarter 2003 for the cash received and reported in the third quarter of 2002 and the cash received and reported in cash flows from investing activities in the first quarter of 2003.

Net cash used in financing activities was $10,636 million in the first nine months of 2003 versus $8,682 million in the same period last year reflecting higher levels of debt reductions and purchases of ExxonMobil shares in the current year.

During the third quarter of 2003, the corporation acquired 46 million shares at a gross cost of $1,664 million to offset the dilution associated with benefit plans and to reduce common stock outstanding. The cost of shares acquired in the third quarter was $470 million higher than in the second quarter of this year. Shares outstanding were reduced from 6,652 million at the end of the second quarter of 2003 to 6,610 million at the end of the third quarter.

During the first nine months of 2003, Exxon Mobil Corporation purchased 114 million shares of its common stock for the treasury at a gross cost of $4,049 million. Purchases may be made in both the open market and through negotiated transactions. Purchases may be increased, decreased or discontinued at any time without prior notice.

Total debt of $9.6 billion at September 30, 2003 was $1.1 billion lower than at year-end 2002. The corporation's debt to total capital ratio was 10.0 percent at the end of the third quarter of 2003, compared to 12.2 percent at year-end 2002.

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.

All funded U.S. pension plans were fully funded in 2002 under the standards set by the Department of Labor and the Internal Revenue Service. In addition to the $2.3 billion contributed to worldwide pension funds in the first nine months of 2003, the corporation expects to make contributions totaling about $0.6 billion during the fourth quarter of 2003 from existing cash in order to maintain the funded status of non-U.S. plans.

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 which will result in either gains or losses.

## TAXES

Income, excise and all other taxes for the first nine months of 2003 of $55,286 million were up $7,924 million compared to last year. First nine months of 2003 income tax expense was $8,278 million and the effective tax rate was 38.5 percent, compared to $4,772 million and 42.0 percent, respectively, in the prior year period. The increase in income tax expense reflects higher pre-tax income. Excluding the income tax effects of the gain on the Ruhrgas share transfer in the first quarter, the effective rate in the first nine months of 2003 was similar to the prior year. During both periods, the corporation continued to benefit from the favorable resolution of tax related issues.

## CAPITAL AND EXPLORATION EXPENDITURES

In the third quarter, ExxonMobil continued its active investment program, spending $3,838 million on capital and exploration projects, compared with $3,563 million last year, reflecting continued growth in upstream spending.

Capital and exploration expenditures were $11,165 million in the first nine months of 2003 compared to $9,930 million in last year's first nine months consistent with our long-term investment plans.

In 2003, capital and exploration investments are expected to increase to about $15 billion reflecting the continued spending on ExxonMobil's large portfolio of upstream projects and foreign exchange effects.

## REPORTING INVESTMENTS IN MINERAL INTERESTS IN OIL AND GAS PROPERTIES

Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations" and No. 142 (FAS 142), "Goodwill and Other Intangible Assets" were issued by the Financial Accounting Standards Board (FASB) in June 2001 and became effective for the corporation on July 1, 2001 and January 1, 2002, respectively. The Securities and Exchange Commission (SEC) has requested the Emerging Issues Task Force (EITF) to consider the issue of whether FAS 141 and 142 require interests held under oil, gas and mineral leases to be separately classified as intangible assets on the balance sheets of companies in the extractive industries. If such interests were deemed to be intangible assets by the EITF, mineral rights to extract oil and gas for both undeveloped and developed leaseholds would be classified separately from oil and gas properties as intangible assets on the corporation's balance sheet. Historically, in accordance with Statement of Financial Accounting Standards No. 19 (FAS 19), "Financial Accounting and Reporting by Oil and Gas Producing Companies", the corporation has capitalized the cost of oil and gas leasehold interests and, consistent with industry practice, reported these assets as part of tangible oil and gas property, plant and equipment.

This interpretation of FAS 141 and 142 would only affect the classification of oil and gas leaseholds on the corporation's balance sheet, and would not affect total assets, net worth or cash flows. The corporation's results of operations would not be affected, since these leasehold costs would continue to be amortized in accordance with FAS 19.

At September 30, 2003, the corporation had leasehold costs for mineral interests of approximately $4.5 billion, net of accumulated depletion, that would be classified on the balance sheet as "leasehold costs for the right to extract oil and gas" if the interpretation the SEC requested the EITF to consider was applied.

The corporation will continue to classify its leasehold costs for mineral interests as tangible oil and gas property, plant and equipment assets until further guidance is provided by the EITF.

## FORWARD-LOOKING STATEMENTS

Statements in this discussion regarding expectations, plans and future events or conditions are forward-looking statements. Actual future results, including; production and capacity growth; financing sources; the resolution of contingencies; the effect of changes in prices, interest rates and other market conditions; and environmental and capital and exploration expenditures could differ materially depending on a number of factors. These factors include the outcome of commercial negotiations; changes in the supply of and demand for crude oil, natural gas and petroleum and petrochemical products; changes in technical or operating conditions or rates of natural field decline; and other factors discussed above and under the caption "Factors Affecting Future Results" in Item 1 of ExxonMobil's 2002 Form 10-K.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the nine months ended September 30, 2003 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2002.

## Item 4. Controls and Procedures

As indicated in the certifications in Exhibit 31 of this report, the corporation's principal executive officer, principal accounting officer and principal financial officer have evaluated the corporation's disclosure controls and procedures as of September 30, 2003. Based on that evaluation, these officers have concluded that the corporation's disclosure controls and procedures are effective for the purpose of ensuring that material information required to be in this quarterly report is made known to them by others on a timely basis. There have not been changes in the corporation's internal control over financial reporting that occurred during the corporation's last fiscal quarter that have materially affected, or are reasonably likely to materially affect the corporation's internal control over financial reporting.

# PART II. OTHER INFORMATION

## Item 1. Legal Proceedings

In a previously reported matter, on September 5, 2003, Mobil Pipe Line Company entered into a settlement agreement and consent order with the New Mexico Environment Department whereby Mobil Pipe Line Company agreed to pay $109,910 to resolve the matter. The original complaint had alleged violations of the New Mexico Air Quality Control Act, including failure to install a control device on a storage tank, failure to obtain a permit prior to construction of a storage tank, and failure to test, monitor, report, and keep records for a storage tank at a tank battery station in Buckeye, New Mexico.

In another previously reported matter, the New York State Department of Environmental Conservation ("NYSDEC") and ExxonMobil Oil Corporation entered into a Consent Order on September 12, 2003, providing for a payment of $983,000 to cover penalties, past costs, and future capped NYSDEC administrative costs. The Consent Order resolved NYSDEC allegations of improper petroleum discharges into waters of the state from two service stations. ExxonMobil Oil Corporation had previously entered into a stipulation agreement providing for performance of remedial activities.

In a previously reported matter, the Louisiana Department of Environmental Quality and ExxonMobil Chemical Company entered into a settlement agreement to resolve allegations of improper monitoring of fugitive emissions at the Baton Rouge Chemical Plant. The settlement agreement provides for a penalty amount of $100,000 and for $250,000 to fund two beneficial environmental projects.

The Texas Commission on Environmental Quality ("TCEQ") issued a Notice of Enforcement on June 25, 2003, alleging leak detection and repair violations and failure to submit deviation reports required by a permit. These allegations relate to Colonial Tank Farm, which is operated by ExxonMobil Oil Corporation's Beaumont Refinery under an agreement with Colonial Pipeline. Although the TCEQ has not made a specific penalty demand, it is possible that the penalty sought will exceed $100,000.

The Texas Commission on Environmental Quality ("TCEQ") issued a Notice of Enforcement on August 29, 2003, alleging leak detection and repair violations and inadequate notifications of several emission events as required by air quality regulations at ExxonMobil Oil Corporation's Beaumont Refinery. Although the TCEQ has not made a specific penalty demand, it is possible that the penalty sought will exceed $100,000.

The Illinois Environmental Protection Agency ("IEPA") issued a Violation Notice on August 22, 2003, addressing potential regulatory issues at ExxonMobil Oil Corporation's Joliet Refinery, including requirements for drain system controls, alleged failure to reduce emissions from a coker blowdown tank, and related reporting and recordkeeping requirements. Most of the issues addressed in the Notice of Violation had been voluntarily disclosed to IEPA previously, and ExxonMobil Oil Corporation has already negotiated a compliance schedule and filed a permit application, where appropriate, to address such issues. Although the IEPA has not yet made a specific penalty demand, it is possible that the IEPA will seek a penalty in excess of $100,000.

The Illinois Attorney General filed a civil complaint on August 11, 2003, relating to alleged violations of Illinois water pollution laws by Wolverine Pipeline Company (in which ExxonMobil Oil Corporation (EMOC) owns 36.1% and provides certain operating services) for a September 1, 2001, alleged product release at Lockport, Illinois. The State of Illinois has offered to settle the matter for $150,000 plus remediation of the affected area by Wolverine. While settlement negotiations continue, Wolverine has proceeded with a voluntary cleanup, and has submitted an investigation report and remediation plan, which were approved by the Illinois EPA.

Refer to the relevant portions of note 7 on pages 9 and 10 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

31.1 Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Chief Executive Officer.

31.2 Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Accounting Officer.

31.3 Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Financial Officer.

32.1 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer.

32.2 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Accounting Officer.

32.3 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Financial Officer.

b) Reports on Form 8-K

On July 31, 2003, the registrant filed a Current Report on Form 8-K furnishing under Item 9, and also pursuant to Item 12, its News Release, dated July 31, 2003, announcing second quarter results and the information in the related 2Q03 Investor Relations Data Summary.

On August 26, 2003, the registrant filed a Current Report on Form 8-K under Item 5, about a court ruling related to the Exxon Valdez accident.

On October 30, 2003, the registrant filed a Current Report on Form 8-K furnishing under Item 9, and also pursuant to Item 12, its News Release, dated October 30, 2003, announcing third quarter results and the information in the related 3Q03 Investor Relations Data Summary.

Reports listed above as "furnished" under Item 9 and Item 12 are not deemed "filed" with the SEC and are not incorporated by reference herein or in any other SEC filings.

## 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: November 13, 2003

By: /s/ DONALD D. HUMPHREYS
Name: Donald D. Humphreys
Title: Vice President, Controller and
Principal Accounting Officer

## INDEX TO EXHIBITS

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